



# Working Together for a Change

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Government, Business, and Civic Partnerships for Poverty Reduction in Latin America and the Caribbean

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## Contents

Foreword	<a href="#">link</a>
Acknowledgments	<a href="#">link</a>
1. Introduction	<a href="#">link</a>
What Are Partnerships?	<a href="#">link</a>
Why Are Partnerships Emerging As a New Development Alternative?	<a href="#">link</a>
Partnerships and Social Capital	<a href="#">link</a>
2. A Partnership-Based Approach to Poverty Reduction: An Empirical Exploration	<a href="#">link</a>
Bringing New Resources to Poverty Reduction	<a href="#">link</a>
Quantitative and Qualitative Productivity Gains in Output through Complementarities and Synergies	<a href="#">link</a>
Improvement of Social Services: Education, Health, and Nutrition	<a href="#">link</a>
Creating New Assets through Partnerships	<a href="#">link</a>
Conclusions	<a href="#">link</a>
3. The Enabling Environment for Partnerships: What Is Helping and What Is Hindering?	<a href="#">link</a>
Making the State an Honest Partner	<a href="#">link</a>
Bringing in Business As a Partner for Poverty Reduction	<a href="#">link</a>
Participation as Partnership: Civil Society as Actor and Subject of Poverty Reduction	<a href="#">link</a>
Preliminary Conclusions	<a href="#">link</a>
4. Conclusions	<a href="#">link</a>

Summary of Key Points	<a href="#">link</a>
Scaling–up: From the Micro to the Macro	<a href="#">link</a>
An Emerging Research Agenda	<a href="#">link</a>
Toward a New Paradigm for Poverty Reduction?	<a href="#">link</a>
Annex 1: Summaries of Selected Case Studies	<a href="#">link</a>
Annex 2: Basic Information on the Selected Case Studies	<a href="#">link</a>
Annex 3: Further Information on the Partnerships for Poverty Reduction Program: Methodology, Collaborating Partners, Case Studies, and Web Page	<a href="#">link</a>
Bibliography	<a href="#">link</a>
Abbreviations and Acronyms	<a href="#">link</a>

## Foreword

This volume 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 Latin America and the Caribbean (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 among the state, civil society, and business have the potential to become the basis of an approach to poverty reduction that can replace 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 LAC countries: Argentina, Bolivia, Colombia, El Salvador, Jamaica, and Venezuela. The program was designed to promote the adoption of an approach to poverty reduction that relies on partnerships among local, regional, and central governments; other public sector agencies; nongovernmental organizations (NGOs); 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. To meet the objective, (i) governments, business leaders, and organizations of civil society needed to be informed of the benefits of the partnership approach and the practical alternatives and best practices derived from other experiences in their countries or elsewhere in the region; (ii) the action of local groups committed to the construction of partnerships required support; and (iii) public recognition was needed to highlight innovative initiatives, and to create opportunities for other partnerships to benefit from their ideas.

The approach followed by the program involved learning from initiatives already in place and making use of local human resources, particularly in universities and research centers, to enhance 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 of 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 each country. A series of workshops with members of the network and representatives from the case studies have provided forums 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 can serve as an

analytical resource for researchers and as a stimulus to policymakers in Latin America and elsewhere.

VINOD THOMAS  
DIRECTOR  
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## 1 — Introduction

This volume summarizes the lessons of the first year of an ongoing learning program, Partnerships for Poverty Reduction in Latin America and the Caribbean, cosponsored by the Economic Development Institute of the World Bank, the United Nations Development Programme, and the Inter-American Foundation. The program aims to promote and facilitate collaboration among the governments, businesses, and civic organizations of the region in initiatives to reduce poverty. The notion of collaborative, rather than contractual or narrowly instrumental, relationships among these actors is expressed by the shorthand term *partnerships*; its 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 Latin America and the Caribbean remain unacceptably high. This has much to do with the previous state-centric development (and poverty reduction) paradigm, which 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 through 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 of challenges implied by effective poverty reduction?

## Working Together for a Change

We will argue that public–private partnerships (a short–hand we will use for partnerships among governments, business, and civic organizations) provide part of the answer. Partnerships bring new resources to poverty–reduction initiatives; not surprisingly, this leads to both quantitative and qualitative gains in output. The synergies and complementarities achieved by different social actors working together explain gains in output, which generally exceed those explained by the added resources. In other words, the partnerships increase the productivity of the available resources. Furthermore, partnerships imply a number of forms of asset generation that 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 past 15 years have facilitated the emergence of innovative collaborations among 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 for both the Partnerships Program and for this book.

Although the changing context has created some of the conditions necessary for the emergence of such new experiences, the obstacles to their multiplying sufficiently to provide any significant contribution to poverty reduction remain immense. Some blocks are informational, both in understanding the benefits of partnerships and the nature of the obstacles confronting them. These issues are what this volume 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. It is designed to generate knowledge about existing innovative poverty–reducing strategies based on public–private partnerships, while at the same time attempting to motivate different actors in society to adopt similar partnership–based approaches to poverty reduction in the region. In that sense, the report is intended to both describe what we believe is an emerging pattern of interaction among governments, organizations of civil society, and business and to present the case in favor of such an approach.

The body of evidence that serves as the basis for this document comes from six countries—Argentina, Bolivia, Colombia, El Salvador, Jamaica, and Venezuela—where the program was active in its first year. A total of 50 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.<sup>1</sup> This document draws directly on 27 of these cases (all cases studied are reproduced, in summarized form, in Annex 1). The remaining cases 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 (see Arroyo and Estébanez 1997 and Lowden 1997) and by 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.<sup>2</sup>

Both the type and the scale of social challenges addressed by these partnerships are immensely varied, even with the "control" of selecting only those partnerships with poverty–reducing objectives. Nevertheless, a rough typology of the activities of the cases presented would include: (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, and the like); (iii) income and employment generation; (iv) special programs aimed at vulnerable groups; (v) new themes such as environmental protection, participatory policymaking, and initiatives aimed at enhancing the poor's access to the judicial system

through alternative conflict resolution approaches; and (vi) combinations of all the above, in multifaceted approaches aimed at integrated local development. They cover a balanced mixture of both urban- and rural-based experiences: twelve are urban, ten are rural, and five have coverage in both settings.

These themes do not reflect any *a priori* selection on the part of the authors; but rather the kinds of activities the partnerships have begun to address and that came to the attention 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.<sup>3</sup>

The book focuses attention on a generic approach regarding the *form* of poverty reduction initiatives—partnerships—rather than on specific 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—and still less, any measurement—of the actual poverty-reducing impact of the products of the partnerships, particularly because many of the activities revolve around such imponderables as improvement of the quality of education in poor communities. Instead, the approach is to take as a given that such activities as the improvement of the poor's access to basic and social services, and their quality, is a positive step and to concentrate attention on why it is that partnerships may be both the most efficient and the most effective means of producing those outcomes.

We also do not attempt to offer recipes for the partnerships that 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 risk being mechanistic. Instead, we present a remarkable collection of innovative programs that suggest ways in which individuals and organizations in Latin America and the Caribbean can make progress in achieving more equitable and wealthier societies. The clear bias in the selection of case studies, therefore, is toward those representing *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 necessarily require 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 volume are valid for other development challenges. The potential of public-private partnerships has already been explored for other themes, particularly in the environmental field (see, for example, Long and Arnold 1995). 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 that can be used to produce material changes in peoples' well-being, while at the same time generating new institutional assets as a by-product of their operations.

### **What Are Partnerships?**

*Partnerships*, as the term is used in this report, means—at its most basic—joint initiatives of the public sector in conjunction with the private, for-profit and not-for-profit sectors, also referred to as the government, business, and civic sectors. Within these partnerships, each of the actors contributes resources (financial; human; technical; and intangibles, such as information or political support) and participates in the decisionmaking process. The focus is on partnerships that primarily aim to reduce poverty, albeit with a range of specific activities, as just

outlined.

The use of the term *partnership* denotes a more mutually interdependent nature in the relationship among the actors than one would expect to find in joint initiatives under contractual, principal-agent, or governing-governed relationships. Naturally, "more mutually interdependent" can mean a multiplicity of things, and cover a multitude of sins. The term is always at risk of being over-stretched and over-used—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 in the case studies has been: "Well, I hadn't realized I was part of a partnership, but now you come to mention it."

Perceptions and value judgments as to exactly what 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 the recognition of absolute mutual interdependence; the contribution of each is considered essential to the whole, regardless of the variation in the strengths and weaknesses of the parties.<sup>4</sup> While such cases of horizontal relations among all parties—for example, from a multinational corporation down to community association—may exist, there is a degree of risk in this idyllic definition, which may then be used as 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 on the subjective view of each of the partners about its own role and those of the others.

A minimalist criteria for identifying a partnership would simply be that the actors are present, and that they are making some kind of contribution to the whole. Clearly, the problem with this approach is that one risks throwing a great diversity 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" (see Lewis 1990). The problem of applying that kind of definition to the partnerships of 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, assuming an element of risk that is intrinsic to the nature of the undertaking. In many of the cases we are considering, however, there is an asymmetry of risk because the nature of the joint initiative is not always equally central to the core business of all actors.<sup>5</sup>

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

Partnerships, we will demonstrate, can bring new inputs to poverty reduction. They also can produce outputs that carry the seeds of multiplier effects that enhance enormously the potential for real incremental progress in improving the lives of the poor. One dimension of this 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 the sharing of the leadership role with others.

Nevertheless, partnerships are not always—or often—easily established or maintained. Both the transactional and material costs they imply clearly also need to be taken into account in the assessment of whether or not the payoff for engaging in partnerships is positive. Nor do they take place in a vacuum. They are both positively and

negatively affected by their environment, including the national institutional and cultural context, 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 past decades provides an auspicious backdrop.

### 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 it is of more importance that they are already emerging as a new development alternative, thanks to the transformation of the institutional and political environment of the region in the past 15 years. A series of transformations that have taken place in Latin America and the Caribbean (and to a certain extent, worldwide) during that time both facilitate the construction of partnerships and make them necessary to address the challenge of poverty

**Table 1–1. Changes in Subnational Finance in Selected Countries**  
(percent of total)

<i>Country</i>	<i>Subnational expenditure</i>		<i>Subnational revenues</i>	
	1974	1994	1974	1994
Argentina	25	45	25	37
Brazil	30	38	23	25
Chile	2	9	2	5
Colombia	25	33	16	18

*Source:* World Bank 1997c.

reduction in an effective and sustainable fashion. These trends can be characterized as democratization, decentralization, and the shift to market-led growth (see Fiszbein and Crawford 1996).

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. Countries with established liberal constitutional orders that were overturned by military intervention have regained those orders (Argentina and Bolivia, of the six countries that are our particular focus of interest); those in which that order was undermined from within have attempted to reinvigorate their regimes through constitutional and other far-reaching state reforms (Colombia and Venezuela); and there are others just beginning to see the establishment and consolidation of free, competitive politics, as in El Salvador.<sup>6</sup> In short, the region has adopted liberal democracy as the accepted political system. Although in 1980 only half a dozen countries in the region had elected national authorities, today representative democracy is the "rule of the game" in Latin America and the Caribbean.<sup>7</sup> But this consensus is much broader than simply elected governments. It implies 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. At the same time, it implies that civil society cannot be neglected by the state.

The most important single concrete demonstration of these changes of attitude regarding the role of the state and its relationship with society is undoubtedly the processes of decentralization that have been implemented in ever-growing numbers of countries in the region since the 1980s. While constitutional and legal frameworks vary among countries, there has been a general trend toward delegation of functions and fiscal resources to local and regional governments (see table 1–1).<sup>8</sup>

Together with decentralization of resources have come the equally important measures of political

decentralization (in the form of the introduction or re-introduction of local election of mayors) and departmental and state governments at the intermediary level (Colombia and Venezuela). 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 election of mayors was 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.

New public actors have thus been constituted at the local level by these measures, providing many municipalities with a new corps of local leaders who have the incentive to act as agents of development, since they are now answerable to their local electorate rather than to higher levels of the political and governmental establishment (see, for example, Fiszbein 1997). There are two major reasons that the presence of such new actors at the local level is important. First, it is at this level that there is the greatest opportunity for local public choice and the greatest potential advantages are to be had from community participation in both determining its needs and contributing to their satisfaction. This, after all, is one of the most powerful and widely acknowledged reasons for decentralization. Second, municipal governments' own resources—financial, institutional, and human—are more limited than they are in the national government, which creates a clear need to share responsibility for running local affairs with the community.

None of the above is intended to imply that decentralization represents the panacea that will drive local development, nor that it is even a sufficient condition for such ends.<sup>9</sup> Rather, as the case studies demonstrate, it has been an important factor in opening up the potential for partnerships at the local level. Among the 27 partnership cases reviewed in this volume, 21 had only local or regional coverage, and only 6 had coverage that extended beyond municipalities in one region of the country.<sup>10</sup> 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 cases. When the national government appeared to play a leadership role, municipal governments were still generally 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. Nevertheless, in order to simplify or schematize the argument, they may be seen as having to do essentially with allowing the constitution of civil society to serve as a basic reference point and partner for development. It has become almost commonplace to refer to the considerable growth in civil society in the region over the last decade and more.<sup>11</sup> Equally important is that it is not merely a quantitative change, but, above all, a transformation in the emerging characteristics of organized civil society. It has ceased to be either essentially antagonistic or marginal to those in control of the state apparatus; it has an identity and an agenda—or rather, identities and agendas—that can, and increasingly do, interact constructively with the state (see Oxhorn 1995).

The economic changes that have accompanied this political process are equally far-reaching. Again, however, for the purposes of this report, we shall focus primarily on how they have affected the relationship between the state and the private sector. The previous state-led development models implied a relationship between business and government that tended 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 the opportunities for rent-seeking and pork barrel activities that go with it.

The second was the frustration of other business sectors that they were either excluded from such benefits or, more fundamentally, stifled by controls and crowded out by public production.<sup>12</sup>

Liberalizing and privatizing policies, therefore, have tended to generate a change in the state–business relationship. This change has made the relationship less antagonistic and paternalistic. In essence, the economic reform programs undertaken in the region have allowed the emergence of a new, autonomous private sector, one that has become a key protagonist in national life. These transformations are beginning to create the conditions for a new sharing of social responsibility between the public and private sectors, because the presence and weight of the private sector in national affairs grows in direct inverse proportion to the presence of public sector, and the recognition by the private sector of the need to contribute to social development shows corresponding signs of increasing. In this sense, the conditions are being created that will allow business in the region to follow the path of increased interest in corporate citizenship that has emerged in developed countries in the past 15 years.

Since corporate citizenship remains a relatively new phenomenon, is worth reviewing some of the key factors that drive it. The significant changes experienced in the global economy over the past 15 years are placing intense pressure on companies to enhance efficiency and the quality of their products.<sup>13</sup> This has sometimes implied a degree of downsizing that has often carried great social costs. Then again, these changes are coming with the emergence of more participatory political systems, the accompanying strengthening of civil society, the rapid expansion of global communications technology, all of which 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 about the role of business in ensuring sustainable growth, a term that is increasingly seen as encompassing social and environmental concerns, as well as more narrowly economic considerations.<sup>14</sup> 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 that "increase their name recognition among consumers, boost employee productivity, reduce R&D costs, overcome regulatory obstacles and foster synergy among business units" (see Smith 1994). It is further noted 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" (Smith 1994). The demonstration effect of such practices, as well as the expansion of the multilateral corporations in the region, is another factor arguing for change in Latin American business circles.

In the Latin American context, both global and national forces of change are thus expanding the role of business, a role that includes 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 (although their presence is more significant in some countries than in others), and trends toward 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 the pervasive view that philanthropy equates with elitism and is a hobby of the wealthy.<sup>15</sup> The concept of business working as a partner with other sectors, therefore, has some distance to travel before it can be recognized as anything approaching a "common" practice. The demonstration that gains to business are to be had from so doing, a theme we will further develop, is thus of considerable importance.

In these new circumstances—characterized by far–reaching political and economic transformations—there is an emerging pattern of leaving the onus of responsibility for poverty reduction in the public sphere, while its capacity to rise to the challenge is increasingly dependent on leveraging its limited resources, capacities, and legitimacy by working together with other actors. For the state, at least in many instances, it is either "partner or perish." Nongovernmental organizations (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 funds, they have recognized that they cannot work alone. The new consensus regarding the primacy of the market as the driving force of economic development also creates new challenges for the business community. Business, it is increasingly recognized, has a role to play in poverty reduction beyond that of job creation. While business could go its own way—for example, through the independent action of its community affairs departments—NGOs and governments do have a comparative advantage in poverty reduction. For business, 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.

### Partnerships and Social Capital

There is another very important reason that 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 (1986) and Coleman (1988) and the immense interest generated by Putnam's (1993) 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 developing countries.

Social capital may be thought of as glue that produces cohesion among and within groups (Stiglitz 1997). It has important elements of organizational capital that can foster the sur-

vival of social networks and groups. Yet it also represents the cognitive attitudes and predispositions that underlie those social structures.<sup>16</sup> Common association of social capital with "trust" refers to that concept, and that trust is itself capable of generating the conditions for the interaction among and within groups that can create virtuous circles of exchange and interaction, and whose absence tends to greatly raise transaction costs.<sup>17</sup>

Nevertheless, while the social consequences of the breakdown of the social fabric have been eloquently documented (see, for example, Moser and Holland 1997 for the case of Jamaica), it remains difficult to pin down exactly the positive contribution made by a rich and closely woven fabric, or even to define the criteria that can be used to determine whether it is in place or not.<sup>18</sup> Nonetheless, as the issue moves to the fore in development thinking, studies are emerging that begin to tell us that "yes, it does matter," and it matters equally in both the developing and the developed countries.<sup>19</sup>

A particularly interesting perspective 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 that addressed the relationship between social capital and the generation of synergistic relations *between* state and society. These studies focus on collaborative development projects, rather than viewing 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.<sup>20</sup> These are intended as success stories because they show what *can* make the state work, as an antidote to the countless disaster stories accumulated by social scientists and practitioners over the years. They are also useful 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 important, they begin to address issues along the following 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.<sup>21</sup>

The view that social capital can be created 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. Instead, it means that the kinds of public–private interaction we will explore, which we have called partnerships, can go a long way toward generating the virtuous circles of more interaction, more synergies, more social capital, and onward. Cer-

tainly provisos are in order. Of these, perhaps the most critical is also well–expressed in the study just quoted (Evans 1996, p. 1124):

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.

The case studies we present cannot, by themselves, provide the answers to the issues surrounding the scaling up of programs, but the conclusions offered here provide some tentative thoughts about what the patterns among them may suggest about ways forward to making micro success repeatable and expandable. Building to that point, Chapter 2 of this volume seeks to develop the positive story further, including the ranges of benefits partnerships bring to poverty reduction as demonstrated by the case studies gathered in the course of the program. This is followed, in Chapter 4, by an overview of some of the factors that impinge (both positively and negatively) on the opportunity to form successful partnerships. Both formal institutional arrangements, because of their relevance in a number of countries of the region, and informal institutions, which determine how the rules of the game are actually played, are included.<sup>22</sup> We conclude with an overview of some of the key lessons to emerge from the cases reviewed, including some reflections on the future research agenda.

### Notes

1. These 50 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 composed of leading members of the three key sectors of society, together with nationally based representatives of the World Bank and the United Nations Development Programme (UNDP). In Annex 2 we present a list of all 50 cases, the institutions and individuals involved in their identification and preparation, and the composition of the selection committees in the 6 countries, together with a brief 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 bilingual database on the cases and further information about the ongoing Partnerships Program.

2. 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.

## Working Together for a Change

3. The cases do not include a particularly clear gender focus. This was not deliberate on the part of the authors, but simply reflects the helpfulness of the cases collected in describing the 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.

4. 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 in September of 1996. The views expressed in that seminar were summarized clearly in Arboleda and Villar 1996. According to Arboleda and Villar, partnerships are characterized by (i) a common objective, (ii) active partners, (iii) interdependent 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 1994; see also U.S. Agency for International Development 1997 for USAID's approach to this issue.

5. For example, where a firm has undertaken to become involved in social outreach 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.

6. 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. It may be argued that in Jamaica as well, although to a lesser extent, a legitimacy crisis in the political order and at many levels of the state persists. A thorough analysis of how violence grew in the 1970s and 1980s, particularly as a consequence of the breakdown in liberal democratic practices and through the action of political party gangs at the shantytown level, is provided in Moser and Holland 1997.

7. The sociopolitical 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 that most countries discarded without the trauma their Latin neighbors experienced. Nevertheless, Jamaica shares the presence of paternalistic governments with Latin America.

8. For some comparative regional overviews of the differing processes of decentralization in Latin America, see, for example: Borja and others 1989; Campbell and others 1991; Rodriguez and Velasquez 1994; Programa de Gestión Urbana 1995; and Nickson 1995. The most recent, concise overview is Peterson 1997.

9. One well-known article on the political dimensions of decentralization that makes this point is De Mattos 1989. Some of the potential fiscal pitfalls are discussed, for example, in Prud'homme 1995 and World Bank 1997c. McLure 1995 and Shah 1997 present a contrasting view on these matters. However, it is beyond the scope of this report to enter into these issues.

10. The same proportions hold when all 50 cases are considered.

11. Quantification of this remains patchy. A study on the size of the third sector in a selection of countries of the developed world (see Salamon and Anheier 1996) is now being extended to countries in the developing world,

including several in Latin America and the Caribbean.

12. See Bartell and Payne 1995 for an excellent discussion of the changing relationship between business and government in the context of democratization in six Latin American countries.

13. This section draws partially upon Nelson 1996. This publication is also an excellent source of international case studies of corporate social activity.

14. In the words of international financier George Soros, "Although I have made a fortune in the financial markets, I now fear that the untrammelled 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 . . . 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 1997.)

15. See Thompson and Landim (n.d.) and Thompson, Tancredi, and Kisil (n.d.). Two countries with relatively strong traditions of philanthropy, but which nonetheless display the tensions just outlined, are Colombia and Argentina. See Toro and Rey 1996 and Luna 1995 for, respectively, an overview of aspects of the phenomenon in those countries.

16. This is essentially the same notion described by Putnam (1993, p. 35): "social capital refers to features of social organization, such as networks, norms and social trust, that facilitate coordination and cooperation for mutual benefit."

17. The best-known formulation of that argument, of course, is Fukuyama 1995. Stiglitz (1997) also refers to reputations, designating social capital as being "both an aggregation of reputations and a way to sort out reputations."

18. It is beyond the scope of this report to treat such issues in depth. Putnam takes a quite blunt approach, focusing on the notion of *civiness*, including whether people read newspapers or not. Certainly proxies appear the only way to begin to approach measurement.

19. See, for example, Brown and Ashman 1996 (p. 1477). From a collection of 13 country case studies, including of a range of local development initiative types, 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 and Pritchett 1997).

20. They are edited by Peter Evans and presented in overview in Evans 1996 and comprise studies in Nepal, Kerala (India), Nigeria, Russia, and Mexico, by, respectively: Lam, Heller, Ostrom, Burawoy, and Fox. The Brazilian case is Tendler 1997, which looks at, among other experiences, the transformation of health service delivery in Ceará, Brazil, thanks to the dedication of local health workers, and reinforced by the joint effects of close relationships with the community and effective monitoring (and encouragement) on the part of government.

21. Evans 1996, p. 1125. Because we are interested in "bringing in business," our focus is, of course, not exclusively on the pitfalls of the public sector.

22. The uses of formal and informal institutions understood as the "rules of the game" derives from Douglass North, particularly North 1990.

## 2 —

### **A Partnership-Based Approach to Poverty Reduction: An Empirical Exploration**

This chapter provides a review of the evidence from 27 case studies of the benefits of public-private partnerships for poverty reduction. The cases collected vary in both the nature of the activity and the character and depth of the public-private partnership involved. Notwithstanding such differences, however, all these experiences reflect the decision of actors from different sectors of society that they *can* work together in the pursuit of a common objective, regardless of their differing immediate interests in the achievement of that objective.

Establishing and maintaining a partnership is not cost-free. Particularly when the parties are setting out to work together for the first time, considerable time and effort may be spent making contacts; determining respective responsibilities, working procedures, and so forth; improving systems of coordination; and responding to change in a manner that will sustain the relationship over time. Even when relations begin, and continue, on a positive footing, these concerns continue to apply. It may well be that barriers of mistrust, mutual uncertainty, difference of language, and frames of reference also need to be overcome. Differences in perspective and interests are almost certain to pertain, given precisely that the actors come from different spheres. To those informal factors are often added bureaucratic, financial, and legal impediments to partnerships. Without doubt, transaction costs of all these types are likely to be higher when various 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 together in partnerships? The answer emerging from case reviews in the program is that partnerships pay off. The arrangements adopted among partners in each case can be legitimately seen as a means of improving the cost-benefit relationship. The purpose of this chapter is to review the evidence on the benefits of partnerships for poverty reduction.

The argument is threefold:

- There are many ways in which partnerships can offer new resources that (not surprisingly) lead to both quantitative and qualitative gains in output.
- The gains in output often exceed those explained by the added resources. In other words, there is an increase in the productivity of resources that is made possible by the partnership. These tend to be associated with the complementarities and synergies among the contributions made by the partners.
- Beyond the immediate gains in output, partnerships also imply a number of forms of asset generation that relate primarily to areas of human and social capital building. The best evidence that this is occurring, and a particularly interesting aspect of such assets, is that they 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 mentioned, and they are numbered in the text according to their order of appearance, which is also their order of appearance in the Annex.

### **Bringing New Resources to Poverty Reduction**

Partnerships increase the resources available for poverty–reduction initiatives, and thus expand the range of solutions. While the cases reviewed differ in many aspects, a common element 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 that partnerships can offer may be material resources, such as funds and in–kind contributions, or nonmaterial, such as technical skills, information, or other intangibles such as credibility and "clout." In the cases under review, the net gain in resources usually involves combinations of these ingredients. The two principal ways in which new resources are brought with partnerships are by bringing in new contributors and by leveraging more and new contributions from "old" contributors.

The notion of "new contributors" is most often associated with the involvement of private sector representatives. Their contributions generally bring a net increase in material resources, but also, and often equally important, new skills, such as management expertise. Where the lines blur in determining whether these are "new contributors" is in the business–based social foundations; many of these institutions have long–established histories in some of the countries in the region.<sup>1</sup> Nevertheless, the direction of change toward more private sector involvement in poverty–reducing initiatives may be taken as a net increase in new types and forms of private sector involvement.

The lines are also somewhat blurred in defining whether representatives of civil society, such as NGOs, represent "new contributors" or not. In general, the answer is no. They

have a historical presence in poverty reduction and their comparative advantages in areas such as targeting and the ability to access the poorest groups, and thus reach areas the state has been unable to serve, are well established.<sup>2</sup> 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 some degree in the execution of their social emergency funds.<sup>3</sup> Thus, the growth in numbers and in strength of NGOs and other civil society organizations, as well as their greater incidence of working with the state, has amounted to a sea change in the level of availability of the "new" resources they can bring to bear.

In many instances, this means that the NGO sector represents a "new contributor," with a new kind of contribution to make, a traditionally scarce resource in poverty reduction. Not surprisingly, this is more clearly discerned in some countries than others. The presence of NGOs available to work with the state is very new in El Salvador,

and relatively new in Venezuela. This is less clearly so in Colombia or Argentina, although even in these countries, NGO involvement has been quite exceptional until recent years. Newer still in the majority of these countries is the notion of NGOs collaborating with the business sector.

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 experience in community participation in social programs (although this has also tended to be more prevalent in some sectors, such as housing, and is only recently being brought into new kinds of projects, such as improvement of education).

In the cases collected, new contributions from old contributors were sometimes the result of additional funding by governments, and sometimes by the community itself. More generally, however, the cases show repeated instances of new contributions deriving, at least partly, from a reorientation in the use of existing resources toward higher-priority uses or more deserving groups. Thus, while it would be difficult to show that there is any net increase in government spending on the poor at the national level, many of the cases do demonstrate examples of partnerships effectively leveraging resources previously available for other purposes and targeting them to poverty reduction. Often this is associated with the effective creation of a "new contributor" in the form of local and regional governments; this is particularly apparent in Colombia, Venezuela, and Bolivia.<sup>4</sup>

As will be shown 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 divided into material and nonmaterial 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 U.S. corporation in El Salvador), which 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 the 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. The foundation is designed to expedite community development programs and provide closer links with grassroots organizations. The main company has stepped in to make larger donations as well, such as funds to sponsor 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 the main activities revolve around the construction of rural primary schools in response to requests from the local community. Another such alliance is **CITA (4)**, a consortium of 30 companies from Antioquia (Colombia) that has provided major funding for the reconstruction of a municipal secondary school, together with sponsorship of 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 that provides **Mobile Health Clinics (5)** to the poorest areas of the city.
- The private sector does not necessarily mean only 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 municipalitywide effort to develop small and medium-size enterprises, and thus recreate an economic structure for the locality.

The cases of Conelca, Oracabessa, and the *Dividendo Voluntario* are fairly exceptional because the principal source of funding is private. 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 donated saplings to plant at one school, only to find that the school had been without water for many months, with horrific sanitary consequences. The only 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 loan of heavy machinery for laying pipes; the pipes were provided by Conelca. This reflects the limited resources and responsibilities of local gov-

ernments in El Salvador. The situation is still more dramatic in Jamaica, where local government is virtually an empty box.<sup>5</sup> For its part, the *Dividendo* is managing 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 intergovernmental 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 support.

State funds appear to be important, even when the private sector provides substantial inputs. In the case of Palpalá, for example, funding from the federal government toward training and credit schemes has been crucial to the success of the experience to date. In Itagüí, the financial contribution by CITA has been matched by the municipality, both for construction costs and monthly payments to the school for each student.

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

- **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 \$US9 to \$US16 in 1996), it is equally important to poverty reduction that the public funds are now allocated in a greater proportion to preventive health activities in rural communities.

Even some of the poorest groups in the community contribute with resources in the experiences reviewed. Those contributions can take the form of monetary contributions (particularly paying for loans and other forms of savings) and in-kind payment (particularly through community labor). This is not unique to partnerships: community labor has been present in a good many of the more traditional and "participatory" programs, and loans have been an element of many NGO-led initiatives. In the context of a partnership, however, these contributions can often be more forthcoming and be put to more effective use in the context of the range of contributions from other sectoral actors:

- In the city of Cali (Colombia), the **Self-Help Construction Program of Basic Infrastructure (8)** (henceforth, 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**" (10) (*Vaso de Vida*) nutrition program—which reaches 315,000 children through the adoption of a partnership 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 \$US1.5 million. Another such Colombian federation of cooperatives, from the neighboring department of the Norte de Santander (province of Ocaña), is **Cencooser (12)**. One of its members 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 run as a mixed enterprise, providing water for 17,000 people whose livelihoods were previously in peril.

### Nonmaterial Resources

Partners offer more than money. They also add such elements as *managerial and specialized technical skills*. In some cases, these could be seen as in-kind, labor-based contributions, complementing cash offerings. 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 that demand longer-term commitments. When these skills reside in one actor—such as a local company, a technical unit within 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 that has acted as technical adviser to the program. Although the consultants do receive payment for their services, the relationship goes beyond a purely commercial one because of the long commitment on both sides. Moreover, *Consultar* also plays a key role in bringing in the 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 that has won the attention of the government's principal social housing program, Operation PRIDE. It stands to receive significant further government funding through PRIDE.

- In the slums of Córdoba (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 added entrepreneurial skills to the management of the program (including training for community leaders). The provincial government brought with it the insistence that the nutritional program be extended to wider child care support and monitoring; it 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 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, the **Center for Wood Production (16)**, with a view to diversifying the local economic base and providing 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 individual actors have access to different information sets, and a partnership may be the only way of sharing them.<sup>6</sup> 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 in the program. This has included not only public support from the municipality and other firms in the area, but also the crucial 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 oversight and management of teaching.

In the Glass of Life program, the combination of the information at the disposal 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. This new network 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 presence of a specific actor implies the difference between having or not having a project, because the addition of that party raises the level of credibility of the partnership to the minimum level needed for implementation. Credibility is, of course, particularly essential where there is likely to be 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 spreading the innovative **Escuela Nueva (New School) (17)** model in the rural primary schools in the department.<sup>7</sup> Combining the roles of cofunder, 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 gradually undermine the endemic clientelism in the education system that had previously impeded the spread of the *Escuela Nueva* model.

In other cases, the resistance may come from nongovernmental actors: business, NGOs, or the communities. Fundación Carvajal in Cali, for instance, brought both an accumulated experience in working in Aguablanca and a great deal of credibility in the local community to the municipal basic infrastructure project. It also had 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 it, the access needed to work in often difficult communities. In many cases, NGOs provide bridges that allow higher authorities to work in poor communities. Very often, however, the first steps in that direction rely on the community organizations themselves:

- In the *Colonia Milagro de la Paz (18)* district of the city of San Miguel (El Salvador), an area notorious for its criminality and violence, the NGO *Fundación Maquilishuat (FUMA)* was able to introduce a program to provide 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 that a single agent is not always able—or willing—to attain.

A still more dramatic case of the ability of partnerships 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 among guerrilla, army, and paramilitary groups, with the civilian population all too often caught in the cross-fire in 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, going to areas rendered too unsafe for any form of state authority to enter by a particular crisis. 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 spread awareness of human rights issues.

New nonmaterial resources may also take the form of *entirely new approaches* that bring in other generally neglected areas of poverty reduction. The importance of granting access to the justice system to large segments of the population typically excluded is one area that has only recently been added to the poverty agenda:<sup>8</sup>

- 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 arbiters for conflict resolution, immensely broadening their ability to deal with minor disputes. Implementation of the system required a strategic alliance among the NGO, a government ministry, private sector communications companies, and other contributions, as well as a multiplicity of local-level partnerships among community organizations and the local government with the leadership of *Primero Justicia*.

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

### **Quantitative and Qualitative Productivity Gains in Output through Complementarities and Synergies**

The gains in output observed in many cases—such as more and improved education for poor children, water and housing for low-income households, more income-generating opportunities, and other welfare

achievements—go beyond what can 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. At a minimum, they rationalize efforts, and thus reduce duplication and waste. Beyond that, a partnership allows 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 improve the technology used to solve a given problem.<sup>9</sup>

The range of ways in which the cases achieve such gains are many and varied, and there is naturally an important degree of variety in their scope, determined by the nature of the activity—such as 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 activities) toward reviewing the lessons from some of the cases mentioned in the previous section (as well as introducing some new ones). We also seek to explore the connection between the demands imposed by the nature of the activity, the form taken by the partnerships, and the ways in which the 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 the kinds of approaches facilitated by partnership responses in meeting specific poverty-reduction challenges.

### **Provision of Basic Infrastructure**

The main objective of one significant group of the experiences reviewed is provision of basic infrastructure—water and sanitation, housing, and the like—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 for coordinating the provision of materials, technical design issues, and the physical work involved. These activities can be characterized as being largely "one-shot" projects. Second, these are activities in which costs are of the essence: providing adequate services in large-scale infrastructure such as water and waste disposal to poor communities, whether urban or rural, is a costly business, as clearly demonstrated by the continuing deficiencies of coverage in poor communities. Third, it is an area in which the private sector is playing an increasing role in both provision and production, albeit generally with public subsidies for the poor. Finally, future maintenance and upgrading issues are more likely to be successful and efficient when the community has been a partner in the initial construction work.

Given these common elements, it is not surprising to find that in many of these cases, partnerships among public, private, civic, and community actors facilitate improved productivity in the provision of basic infrastructure. More output at similar cost is achieved, 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 noted 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 among 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 to contributing the value of its own labor. The critical player here was Carvajal, which provided the bridge that connected the municipality, the community, and the local producers of building materials. 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 that 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 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"). This scheme brings a construction company 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 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 the added component of the cost of the housing itself and matching needs with the 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) in 1991. The FVP used the model it had already developed of working with community-based organizations, ASOVIVs (*Asociaciones Civil de Vivienda*, or Civil Housing Associations), which the foundation had 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. This model has proven so successful that it has been adopted in 4 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 management capacity as it had in community organizations, and, with the vital injection of important public funding, spread this model to other communities. For INAVI,

it means that it only has to deal with one organization in those communities, instead of each ASOVIV separately; this creates considerable efficiency gains through the virtual elimination of transaction costs.<sup>10</sup> Once more, the complementarities implicit in the partnership generate substantial productivity gains in the use of resources, enabling the long-term sustainability of the model.

### **Improvement of Social Services: Education, Health, and Nutrition**

In health, education, and other social services, there are obviously issues of infrastructure provision in play, as well as the more complex concerns of management of the service in question. While the cases collected do provide interesting examples of partnership-based infrastructure provision—for example, with the *Dividendo Voluntario* in Venezuela—this is not an issue of primary concern here. Rather, what distinguishes social service provision from that of basic infrastructure in the demands it places on would-be providers is that a service must be supplied and adapted over time as an on-going process, rather than on a single occasion. This requirement

## Working Together for a Change

emphasizes operational issues such as those of personnel. In addition, it is an area in which immense qualitative issues are involved that require a diverse, yet specialized, skills base that must 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 of how to meet these challenges, nor do the cases we have collected guarantee uniformity in the quality of the response they offer to the challenge. Rather, the cases are meant to provide something of the flavor of the kinds 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 and the other with child nutrition, provide good examples of how a project that starts as a public sector program can achieve important productivity gains through innovations made possible by the synergistic relationships within the partnership. In both cases, it should be noted, decentralization operates in the background as an important factor, because the experiences are largely driven by subnational governments as they attempt to take over new responsibilities in the social sectors.

A fascinating example of reaching areas that had not been served is the case of the transformation of an inefficient national nutrition program, the Glass of Milk Program, into a dynamic, 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 at subsidized rates; they have also contributed investment in research to produce a more nutritious product. A wide network of community organizations provided 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 daily by the program risen from

70,000 to 315,000, but they also receive more and better nutritional benefits than in the original program. There have also been more widespread nutritional gains through the training of over 1,680 parents who have collaborated with the program in good nutrition practices. The program has also encouraged the creation of microenterprises to recycle containers and to provide foodstuffs that are distributed with the milk.

An excellent example of productivity gains is the design of a sophisticated distribution network that allows milk to reach the intended population in 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 Fundasalud, the state administrative agency, plays a critical role in articulating the efforts, it is the involvement (and ownership) of the community groups and private companies that explains the quantitative and qualitative gains observed.

The other case comes from Maracaibo, with an innovative program initiated by the local government. Mobile medical units are sent into the poor parts of the city, where previously no health care was available. A range of contributions is 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 through programs to train community health workers.

The synergy here is that the success of the mobile units is further multiplied by the work of the NGO, and the latter 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 an improvement in the quality of the service delivered. For example, the mobile units were continually adapted, which prompted the company that produces them to introduce several changes in the original design. The program has been maintained under new political leadership in the local government. It has been reported that it is received as a kind of miracle in some of the areas it has managed to reach. While the municipal authorities have been the initiators and provided

continuous leadership in 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 of a partnership can also be illustrated in another health care case that shares the presence of a strong leading actor, in this case a private party, with the previous examples. 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 also to a switch in the orientation of the service toward building an integral local health system. Health care has been extended to rural areas that public services never previously reached, thanks largely to joining forces with FUSAL's 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 far more willing to refer patients to the Health Unit when necessary. As a result, there has been a doubling in the specified, expected norms of the ministry in the numbers of consultations and vaccinations. FUSAL's own goals in these areas have also been exceeded significantly. FUSAL points to these gains as an important demonstration of the degree of synergy achieved in the program. In addition, other areas of work have been introduced by FUSAL, including nutritional and infrastructure programs that have leveraged both public and local resources. The experience led to the establishment of an intersectoral committee, including local authorities, community groups, an NGO, and other civic organizations. The secret behind this case is not just FUSAL's technical capacity, but also the strategy it followed of integrating public, civic, and community groups into the program in ways that facilitated achieving such extensive coverage under a new type of service orientation.

A somewhat different way in which a partnership can 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 above, these are partially financial resources gained through the involvement of the CITA consortium and 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 in a wide range of development skills, but education has been a particular strength 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 advantage—among the three partners, as well as the adoption of an innovative educational technology made possible by the presence of business, an 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. It is unlikely at best that these results would be achieved within a nonpartnership 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. 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 presented by providing basic infrastructure in the establishment of an effective system that can maintain and adapt over time, then the challenges of promoting income-generating opportunities for the poor appear to be more complex still. In essence, rather than setting in place a combination of actors that are able to achieve the maintenance of a specific service or series of services over time, the creation of income-generating opportuni-

ties requires the establishment of a set of conditions that facilitate the flourishing of independent, private initiatives by providing the poor with adequate skills and a resource base at the outset. Ideally, a flexible support system that can be maintained over time would be created as well.

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 face of the worst national institutional framework. It is a different proposition to create income-generating opportunities, particularly in adverse macroeconomic circumstances. Nonetheless, that does not mean to imply that guiding 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 this truism, but it is not the only example.

Microenterprise programs are 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. The provision of technical training and management skills is likely to require a specialized institution or institutions, 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 program in the region has been that run by the Venezuelan **Fundación Mendoza (22)**. In the ten years it has functioned, the program has provided training for over 12,000 microentrepreneurs. Originally, Fundación Mendoza developed its microenterprise program with technical assistance from the Colombian Carvajal Foundation, and initial funding was provided by 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 government's program to develop small enterprise), supplemented increasingly over the years with management of credits from commercial banks. Contributions toward operating costs in various parts of the country have come from private industry, affiliates of the national petroleum company, FONCOFIN, and 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.

This represents another example of the fundamental role played by an institution that is well-placed to win the confidence of funders and is able to benefit from a range of technical assistance in the process of developing the program. The Foundation was thus able to gain incrementally the capacity to connect with growing numbers of actors in order to

extend the reach of the program in a self-reinforcing manner. As the program was extended, the range of technical assistance and funding was broadened, and was thus able to pass an ever-growing range of services down to the beneficiaries, while at the same time constantly expanding their numbers. The partnerships Mendoza has established with this broad range of institutions allowed it not just to gain additional funding, but also to improve the effectiveness of the use of those resources through a higher degree of complementarity among partners.<sup>11</sup>

This experience—as well as that of similar programs in other countries<sup>12</sup>—relies on an approach to income generation on a national scale, without a specific regional or local focus. It is based on promoting microenterprise per se—that is, without sectoral specificity beyond the niches that small-scale industry is able to furnish without creating 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 provide 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. This is a case of complementarities that produced an innovative approach to reshaping a local economy away from dependence on the declining coffee sector. Having secured important outside funding for the program through 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 (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 key local business group (the Dario Maya Foundation), which has provided the management training skills for both the center itself and for its beneficiaries, and the local logging companies, which provide wood offcuts to the students as practice material, as well as providing equipment for the center.

Once more, we see an experience that simply could not have been put together without the ample participation of the various actors involved. Given the complexity of the challenges involved in generating an alternative economic base in the region—not solved entirely in the barely five years of the center's existence—multiple local, national, and (in this case) international actors were required. But the most interesting aspect of the experience is that its outcomes were achieved through the productivity gains provided by a very strong process of specialization among the actors and the creativity made possible by the interaction among technical institutions, local business, and local government. At heart this is a local, at most subregional, 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 a still more dramatic 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) when the publicly owned *Altos Hornos Zapla* steel mills were privatized. The local response—led by the municipal government, but delivered through a strong and growing partnership with local businesses, displaced workers, NGOs, neighborhood associations, schools, and so forth—was to transform Palpalá into a town of entrepreneurs through a strategy of training, coordination, and innovation, building on the strong local industrial tradition.

The establishment of approximately 100 new small and medium-size enterprises—the 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 nonmaterial resources of public, private, and civic origin was behind this experience. But it is the high productivity of those resources, compared with more traditional attempts to counteract shocks arising from episodes of major economic dislocation, that is particularly impressive. The complementarity among 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 a variety of productive projects to be generated, including 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 citywide partnership. Furthermore, Palpalá presents perhaps one of the most notable examples of how partnerships—by offering opportunities for public-private collaboration—create an atmosphere conducive to creativity and innovation, another avenue to productivity gains. The latest example of such activity is the creation of a citywide 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) to the future entrepreneurs of Palpalá.

In the description of the productivity gains achieved by the partnerships in question, examples of how the implicit collaboration among different actors tends to facilitate second- and third-round effects and externalities of various types can already be seen. We now turn our attention to the potential of public-private partnerships to create these kinds of assets.

### **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, both individually and collectively, creating the potential for an even more profound impact on poverty reduction to be made.

First, the cases reviewed present clear evidence that partnerships can also strengthen the partners in a number of ways that 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 that 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 to expand their sphere of activities and the range of actors involved. 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 that some of the most successful and/or most enduring experiences demonstrate, and it is clearly an area made particularly attractive by the potential of partnerships to make significant gains over time in their impact in poverty reduction.

Both these individual and collective gains, albeit more obvious collective progress, clearly amount to the kinds of human and social capital building that may prove the best guarantor of long-term social development. As noted in the introduction, the program provides evidence that social capital—or at least the seeds of its formation—*can* be generated in a relatively short time. Thus, a third lesson emerging from the cases is that partnerships are not only an effective way of generating trust among actors—an important outcome in many of the countries considered—but also 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 during the course of the partnership.

Naturally, there is wide variation across cases and across sectors; particular actors have more or less to gain. Some simple patterns, however, can be observed. First, even the relatively strong appear to become stronger, a point exemplified by the gains of 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 relative gain. Third, where the partner in question is the poor community itself, it follows that the community stands to gain the most of all (a matter discussed in more detail later in this section).

## Working Together for a Change

Although many of the categories of gain from partnerships apply to more than one sector, each sector does tend to have specific interests in those gains. For this reason, the following discussion is divided by sector.

### Business

Just as we have seen that many contributions from the business sector represent new resources for poverty reduction, it follows that the kinds of benefits business may derive from its participation in partnerships are frequently new and interesting to the sector. This is particularly likely in the circumstances of tighter markets and rising competition that have come with structural economic reforms in much of the region. It is also crucial that the benefits derived from working in partnerships are largely related directly 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 spring from working with the local community. Conelca's CEO, for example, reports that the company's leading role in local development through its support of surrounding primary schools and other outreach work into the wider community has 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 the 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 United States, current patterns of globalization favor transnational corporations that encourage their subsidiaries to behave like civic-minded local companies. This is partially because the strategies of such corporations may include plans to stay in a location for extended periods in order to justify the investment involved, and also because of the growing realization of the kinds of "total quality" gains that may be implied. In many cases, corporation subsidiaries themselves subcontract with a number of local suppliers, and for this reason, the nature of their insertion into the local milieu is often important to the effectiveness of their productive activity.

Another very different kind of benefit that many companies have realized from their involvement in other experiences, and one that relates more directly to core business activities, is a gain in markets (see Smith 1994; Nelson 1996). Through its partnership with an NGO (IIED-AL) and the municipal and provincial governments, *Aguas Argentinas* 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. In addition, its staff has been trained (by the NGO) and acquired new skills in 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 cities in the developing world where the parent company operates. Furthermore, the

company's ability to work with this nontraditional clientele has become a strong element in 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 gaining new markets in communities where such products have previously been extremely scarce. In like manner, the partnership has been an immense boon for the

milk-producing company COLACA, which works on the *Vaso de Vida* program. A company representative reported:

When we heard about the program we were only finding a market for 60 percent 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 percent 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 kinds of benefits that can accrue to business through working in partnerships. Others include improved relations with local and higher public authorities, name recognition for 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 the organization, other than the simple fact that it has been able to fulfill its mission more effectively than would have been the case if 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), 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 that permits such firms to gain the greatest benefit through close interaction with other sectors.

### **Civil Society Organizations**

Unlike businesses, with core operations that are not specifically oriented toward poverty reduction, achieving the immediate goals of the partnership does constitute the core activity of the organizations of civil society, particularly, but not exclusively, development-orientated NGOs. Gains from participating in partnerships are, therefore, principally seen in greater effectiveness in securing products, 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 the 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 toward 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 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 such as El Minuto de Dios in Colombia appears to have benefited in its recognition through the partnership it established with the private sector consortium (CITA) and the municipality of Itagüí.

Finally, it is worth considering cases in which NGOs acquire whole new dimensions in 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 serves to broaden the curriculum and give greater authority to its teachers in the

community.

### **The Public Sector**

One way of looking at the public sector, in a very broad sense, is that it shares both business's need to "sell itself" (to elect officials, maximize tax receipts, and so forth) and the need of organizations of civil society to fulfill their appointed development mission. The public sector, moreover, is 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 the public sector most needs to gain are both the institutional capacity to fulfill its mission and the credibility of an honest partner. In Palpalá, the improvement of the institutional capacity of the 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 microentrepreneurs; the organizational structure and administrative procedures have changed (becoming more goal-oriented) through interactions with nongovernmental actors. In effect, a different institutional culture is developing. Another interesting case of reported mutual gains in institutional capacity comes from the AIOSPPEM 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 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 work of the Jamaican Housing Ministry with the COMAND organization. In the first case, the effort 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 that often elude the reach of official programs.

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 naturally gains in credibility. Sometimes these gains are registered in political terms through the reelection 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 reelected despite the popularity of the Mobile Clinics program among its beneficiaries. At the same time, recognition of its success by 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 also as an end in themselves, inasmuch as they are, in essence, a vehicle that allows the state to transform its role from executor to that of facilitator. What this evidence is suggesting is that a large-scale 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 the modernization of the state. Those cases, and others, show how the state can increase its capacity for effective poverty reduction by combining efforts with private and civic actors, according to their comparative advantages.<sup>13</sup>

### **The Poor**

As the principal beneficiaries of the cases reviewed, the poor obviously stand to gain most from the product of the partnership, otherwise there would be little point to it. The focus of this study, however, is not on the impact of certain kinds of products, such as improvements in the quality of public and social services in the reduction of

poverty, but rather on the impact of the means of their creation: partnerships. For the poor and their grassroots organizations, 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 (World Bank 1996b). In virtually all of the cases collected, the core of the partnership is formed by the poor community and the one or more agents actively 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; the critical elements include identifying and training leaders and creating conditions that provide organizations with reasons and stimu-

lus to grow. Building institutional capacity is very closely tied to the issue of empowerment of the poor. We would argue that empowerment is both critical to the ability of the poor to become a collective actor and a social good in itself, as representative of 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 actors 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 form a group known as "Lynx." They 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 in achieving the long-term goals of the creators of the foundation, Island Communications, which is to develop a form of tourist development that 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; instead, the leadership came from one committed community leader determined to create the basis for collective responses to squatter problems from within the community. In this case, most strikingly, the question of empowerment was explicitly included from the outset, because the squatters needed to form themselves into actors whom the authorities would be obliged to take seriously in order to foster any future partnership. Precisely how successful they will be over time in dealing with the authorities remains to be seen. It is reported, however, that their rapidly achieved levels of organization, combined in an umbrella group of several savings trusts, has facilitated both easier access to the formal financial sector for members and 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, in which building the poor into a collective actor predated and was an essential precondition for their capacity to enter into partnerships with others, comes from the Valle del Cauca, Colombia:

- In Versalles (Valle del Cauca, Colombia), an initiative that began in the late 1980s to train community participation committees—initially to promote and implement integral local health care—has been instrumental in the creation of a local development corporation, **Corpoversalles (23)**. Public and private organizations joined in the corporation to share the responsibility to lead 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.<sup>14</sup> The case amounts to a process that allows the community to become sufficiently empowered to seek out other partners. The institutional capacity building within the community organizations that has taken place is

demonstrated by the increasingly marginal role played by Carvajal 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 of much longer duration, dating from the 1970s, and also suggestive of the importance of a degree of consolidation over time and of building success upon success. Not coincidentally, like COMAND, they are also 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 much do partnerships with other actors further contribute to processes of empowerment? The answer is probably that some do and some do not, and some do more than others, and 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 the regional university provided vital inputs that allowed 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 in laying the foundations for the cooperative movement, but from there it has been the movement's own strength that has forced the state to treat it as a partner.

Most common are cases where we see that the process of forming a partnership—in itself—implies a strengthening of community organization, as in the case of Cencooser. These are 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 in monthly meetings 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 among those communities through their need to coordinate closely with each other. Moreover, being given such responsibility by the state has enhanced the confidence and self-esteem of community organizations, while at the same time developing their management skills.

From Argentina, another illustrative case is the network of community organizations (the Unión de Organizaciones de Base) that has been strengthened through their participation in the nutritional program with Caritas, Fundación Arcor, and the provincial government. They are now a key actor participating in broader social policy discussion in the province.

These gains in collective capacity among organizations of the poor are, by extension, gains in forming social capital, and such progress is of more importance here than in other

sectors. That is, the communities gain, whether their organizations work again with other partners or not. They are also gains that enable further interaction of the poor with other sectors, and of the multiplier effects this produces in further rounds of both tangible and intangible products.

What the two large Colombian cooperative studies also underline is that, however impressive the achievements that derive from the poor forming alliances 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 fill this role. The question remains, moreover, of how extensively the structures of power are 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 toward 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 we have studied are, by their very definition, examples of interaction among different actors that build relationships and networks of relationships that foster and provide the basis for public–private cooperation. Because we have been concerned with cases that can demonstrate some degree of success in achieving their objectives, it is not surprising that the kinds of relationships generated have been largely positive and constructive: nothing succeeds like success. Arguably, even failed experiences could be equally representative examples of building social capital (Hirschman 1984)—but that is not our concern here.

What all the cases reviewed here do demonstrate is the forging of social linkages that imply profound processes of social capital formation. The immediate additional question is "why do we care?" We propose a twofold response to that. First, the creation of social capital implies a form of positive social development *in and of itself*, however intangible. Second, because it can create the conditions for making further tangible gains and lead to virtuous circles of cooperation and development.<sup>15</sup> The particular focus here is on the issue of how far partnerships can, and do, more directly generate social capital, and to determine what positive spillover effects this can have in 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.

A country that 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 demonstrates that positive change is emerging at a number of levels. The partnership in Colonia Milagro de la Paz (among the community, the NGO FUMA, the business foundation FEPADE, and

the local police) has not only given outside actors access to this conflicted neighborhood, allowing the implementation of an innovative program to address the needs of street children, but also has generated reflection on the part of both community members and the police on issues of human rights. This has itself led to greater cooperation among the parties and to a more preventive, less punitive, approach on the part of the forces of the law.

These developments in San Miguel both reflect changes such as internal reforms of the police force and, more important, point toward 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 that 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 the principal arenas of the civil war, which was bitterly contested by government and guerrillas, and thus suffered particularly severe environmental damage that 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 (Prochamate) and an NGO (Adel–Chalatenango). It 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 there. 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, as exemplified when a fire broke out and 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 context where such issues are increasingly being taken seriously as critical elements of development and poverty reduction. Alternative forms of conflict resolution—present on a large scale in the Venezuelan *Jueces de Paz* case and, on a micro scale, in the Oracabessa case in Jamaica—often require partnerships, since they imply not only arbitration, but also the creation of the conditions that make arbitration possible, as 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 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 show that the formation of 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 is added to an initial partnership. It will be seen that there are a number of ways in which positive spillovers can be produced. Some involve adding further dimensions and enriching a single experience, others include transfer of successful models to other localities, and 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, creating a trend toward an integrated local development approach. Some approaches 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 partnership around the Minuto de Dios school in Itagüí 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 them: (i) a plan for scholarships for children with good academic records and parents with income below the minimum wage has been established as a partnership among 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; and (iii) CITA, El Minuto de Dios, the local government, the students' association, and two other members of the CITA consortium contracted a specialized training NGO (the Family Relations Center) to carry out a series of classes for mothers on good family relations practices. These classes, which have been held twice a week over two years, are bearing fruit. 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 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 microcenters and has given the model worldwide promotion; (iii) teacher management is now provided by the local administrations, with resources decentralized to the department and the municipalities;<sup>16</sup> (iv) the public budget to extend the program has been supplemented by a World Bank loan managed through the national Social Investment Fund; and (v) the Fundación Social has provided leadership and cofunding in a civic education campaign among the schools, linking the development of school curricula to the debate over the process of national educational reform.

## Working Together for a Change

The effect of this extension and evolution of the original partnership of 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 (out of the total of 1,300 in the Caldas region) in 1997. As well as the continuing effort to reach the remaining schools, of equal significance is that the program is currently implementing

the introduction of an additional three instructional 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 of the potential for substantial productivity gains through partnerships. Given the complexity of the issues in question when it comes to offering poor children genuine opportunities for their futures, it is clear that these kinds of multifaceted initiatives may be the best means of providing long-term solutions. No single sector is in the position to provide such solutions 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 an almost decade-long, growing partnership in which the 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 both parties and Fundación Arcor, and so forth—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 creates an 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 example of promoting a successful model is the Mobile Health Clinics experience in Maracaibo, where the leading private sector firm participating in the partnership (which produces the vans) 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 of 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—involving the "importing" of a successful model from outside through the Carvajal Foundation—grew from the experience of building community participation around the issue of preventive health projects. From this, some of the further innovations led by the corporation include: (i) the creation 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;<sup>17</sup> (ii) Women's Productive Groups have been established in all six rural zones of the municipality, with support from a national foundation (FES); and (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 how the trust and social links generated between the state and a variety of nonstate actors (and among them) and the way this trust has facilitated the growth of new partnerships. The initial efforts involved responses to countervail the loss of jobs brought about by the privatization of Zapla. Efforts initially were concentrated on the creation of new microenterprises or 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 that link 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. There is also a 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 those 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 also to initiate a dynamic process of local economic development.

### Conclusions

Partnerships are no miracle solution to 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 traditional state-led programs, as well as wider economic policy issues for generating wealth and opportunities for the region's poor. Nor is it useful to look exclusively for the involvement of all three actors—government, business, and civic organizations—in all undertakings. From the basis of the case studies we present here, it is difficult to show many clear trends of who best achieves what, or how they do it; who should, and does, tend to play the leadership role; and so on. We outline these issues in more detail in Annex 2, which presents charts and tables to further illustrate the conformation of the cases.<sup>18</sup>

However that may be, it *can*— and we hope, *has*— been shown that partnerships do bring benefits that point once more to our introductory statements 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 bring new resources to bear to address a range of specific poverty-related problems, achieve not only concomitant gains in output but also increase the productivity of those resources, and lead to the kinds of asset generation of human and social capital that yield multiplier effects and other positive spillovers associated with setting virtuous circles of cooperation into play. Put simply, the cases 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 that are success stories. Although *success* is always a relative term, these projects succeeded, at least in the products they have generated. They are also successful *as partnerships* because the actors involved have decided that it is worth working together. But that does not mean the partnerships are cost-free, particularly considering the transaction costs among the parties in the daily business of working together. These 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, it is important to consider what kinds of factors in the wider context can help and hinder—that is, reduce or increase the costs of partnerships—their success and the potential for their multiplication.

### Notes

1. Indeed, the lines also blur frequently in distinguishing business social foundations from NGOs, and many foundations think of themselves as NGOs. While we do not dispute that they are civil society actors, we have maintained their distinction from NGOs, both in the interest 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 the organizations we have termed NGOs.

2. While the literature on the subject is voluminous, one succinct overview is Clark 1995.

3. The latest World Bank references on this subject are Narayan and Ebbe 1997 and Bigio, forthcoming.
4. For clear, descriptive overviews of the process of decentralization in the three countries, see Programa de Gestión Urbana 1995.
5. See, for example, the analysis of Parish jurisdictional responsibilities in World Bank 1996a.
6. A similar point is made for business partnerships. See Lewis 1990 and Williamson 1985 for a transaction cost economics approach to this issue.
7. For more on *Escuela Nueva* see Colbert, Chiappe, and Arboleda 1993.
8. For a thorough empirical analysis for the case of Chile, for example, see Correa 1993. Another detailed study, including the kinds of government and civic support that advances in this direction may require, comes from Brazil: UNCH/HABITAT/Brazilian Institute of Municipal Administration 1995.
9. In other words, partnerships have the ability to translate into developmental, poverty-reducing strategies the kinds of gains that, 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, p. 1).
10. 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 percent of credits, recovery is near total where it works with FVP.
11. Thus, the program is now poised to rely almost exclusively on private, commercial loans that can be managed in a sustainable fashion. One key partner is Banco Caribe, which has recognized the benefits to be had from gaining new clients, while at the same time entrusting the management of the loans to the foundation and keeping its own risks low.
12. Such as of Fundación Santo Domingo in Colombia, another of the cases studied by the Partnerships Program.
13. For more complementary information along these lines for the case of Pensilvania, see World Bank 1995. A matter we have not discussed here is that of partnerships between different levels of government. Intergovernmental relations are, in many cases, conflictive, and some of the cases we have studied involve interesting examples of intergovernmental collaboration.
14. The concept of corporations for local development has been adopted by the Consortium of Organizations for Community Development, comprising 11 private sector foundations and others. Carvajal belongs to the

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

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

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

17. By March 1997 Coopsaver had 6,168 affiliates and managed an annual budget of 350 million pesos (\$US350,000), of which 100 million are provided by the municipality and the rest by the Solidarity and Guarantee Fund (FOSYGA).

18. 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 a joint government–civic enterprise, to make up the 27).

### 3 —

## **The Enabling Environment for Partnerships: What Is Helping and What Is Hindering?**

The productivity and spillover gains from partnerships outlined in Chapter 2 have depended greatly on individual effort and conviction. This applies whether the initial impetus for the experience comes from the public, private, or civic sector. All partnerships have owed their success to the dedication of greater and lesser numbers of individuals who have decided that the benefits to be had from working together outweigh the costs.

At the same time, partnerships do not take place in an institutional vacuum. The kinds of transaction costs they incur are determined to some extent by the institutional framework in which they operate. Following the tenets of institutional economist Douglass North (1990), we consider institutions to be the "rules of the game," with both formal and informal dimensions. Formal institutions are the laws, codes, and regulations that structure the interaction of state and society, from national constitutions down to contract laws and budgeting regulations. Informal institutions are the uncodified norms and attitudes that underpin the formal rules and determine how those rules are actually interpreted. Politics and power structures clearly come to the fore in this context, as do the deeply rooted cultural factors that support 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 in working together, and the attitudes such experiences have shaped. It is the combination of formal and informal factors that provides the basis of the incentive structure for forming partnerships and creates an environment that can be either helpful or obstructive to them.

With such complexity in mind and with due recognition that environmental issues will only be *part* of the story, the objective of this chapter is to explore the evidence 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 spillovers 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 their institutional contexts. Information from the case studies is also complemented by three case studies undertaken in Argentina, Colombia, and Venezuela that included interviews with a broad range of actors from different sectors on their views and experiences of the influences that affected their opportunity to form successful partnerships<sup>1</sup>. The organizing principle is to focus on the key issues for each actor in turn, while paying attention to levels of interplay among them.

### **Making the State an Honest Partner**

The state faces the dual challenge of being in the position of rule-maker, while at the same time having to abide by the rules it makes. This challenge brings with it the potential benefit of being able to create a favorable incentive structure for public-private partnerships. It also carries the risk of not only failing to do so, but also that some elements of the same state will 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 ways outlined in Chapter 1, the individuals and institutions that represent the state, 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, at a minimum, a state prepared to "open the game" by creating new opportunities for 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 will 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.

#### **Decentralization**

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

There are a number of reasons why decentralization (understood as the increasingly important formal role played by subnational 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 reasons tend to be closely interrelated, although in what follows we will attempt to identify 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 nonstate 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 where the business sector can become engaged in social issues most effectively.

In other words, having a "state" at the local level with real authority implies that nonstate actors have an available partner. The state presence at the local level has the additional benefit of encouraging the involvement of nonstate

actors. For example, in Itagüí, it was the decision of the city's business leaders that action was needed to counter rising unemployment, lack of opportunities, and crime among poorer young people that led to the creation of the Minuto de Dios school experience. The companies in the municipality had a vested, as well as philanthropic, interest in taking action. But the presence of a local public sector with the formal obligation, funds, and interest in collaborating with those private actors was critical in making such an innovative project possible.

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 because of an inadequate decentralization process. In Ilopango (El Salvador), the central ministry remained the authority formally in charge of the local schools with which the Conelca company worked. The center's lack of ability to tackle the problems facing these schools was only too clear from their appalling state. For its part, the municipal government had neither the authority nor the funds to collaborate with the company beyond providing some heavy machinery to assist with the process of infrastructural improvement. This provides sharp contrast with the case of Itagüí, where the authorities were in the position to fund the bulk of infrastructural improvement, the running costs of the school, and to 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. They are essentially without funds or responsibilities. In the case of Oracabessa, the Island Company's intervention to help improve local education (which has included extensive rebuilding, expansion, and refurbishing of the principal primary school) has been entirely self-generated and funded. Official support for the school's expansion and refurbishing project has come in the personal dedication of the school's headmaster to working with the Oracabessa Foundation, but there has been no financial or technical support from the Education Ministry. The ministry 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. The foundation's efforts to stimulate community participation in local development projects are also hampered by the weakness of locally based public authorities—a problem underlined when the small local police station fell down in early 1997, and it was Island that 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 when doubts on the part of the local community as to their motives could be, 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 toward working with Island. The reverse can also apply in other settings, where the public authorities lack credibility, and it is provided by private actors. Nonetheless, where the local electoral process has credibility, the presence of locally elected leaders representing, at least in theory, the interests of the common good is something that the private sector cannot, of course, provide.

What emerges from both the positive and negative stories 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 representatives who are able to work effectively with them. 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 examples, again underlining the importance of combining opportunities 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. This statute strengthened the municipalities, while 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 percent of the funds for

the irrigation works; the other half was provided by the local government and the community. In another municipality, Irupana, the local government was able and willing to pay for the entirety of the cost of the works, with technical support and training from Seapas.

- In the Cochabamba department municipality of **Mizque (26)**, the decentralization process enabled cofunding 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, we again see the local authorities able to function as partners, with the space for private sector actors to work with them. The close collaboration among the church, municipal authorities, and the community (in the case of Murillo) is a reflection of the public leaders being members of that same community, now empowered through decen-

tralization 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 to institutionalize and safeguard its maintenance over time.

Effective local actors, both public and private, with the opportunity to interact among themselves, are also able to overcome problems of information that may otherwise increase the costs associated with partnerships substantially. The informational blocks that prevent the discovery of comparative advantages and the particular skills of local organizations by the national-level government are either insurmountable in small, outlying municipalities (and not necessarily only there) or 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, the integration of both local business and community organizations was facilitated, which allowed for their immense contributions 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 possible to see the importance of locally generated information at work. Although the decentralization process in Argentina is of longer standing than in Colombia or Venezuela, and it has a number of characteristics of its own arising from 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 that was 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 that information was the principal comparative advantage and contribution from the local government. Its own resources, both financial and in skills, were not sufficient to set up the center, far less run it. However, here the mayor had enough

## Working Together for a Change

vision to see that his role was to facilitate and explain the project, and then to withdraw from further active participation.

Here we see an additional reason why the presence of progressive local governments can prove a good stimulus for forming partnerships: they very often lack the resources to carry out more than essential basic programs, and 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 lure that the potential benefits of collaboration are high. The real impact of projects, of whatever nature, is almost inevitably felt locally and regionally, but it is much more difficult to measure nationally. That is important, because it means that local processes are much more likely to gain momentum as their impact becomes noticeable, and both public and private support build to expand and develop them.

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 Prochamate 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 that 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, 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. In Maracaibo (Venezuela), the perceived benefits of the mobile clinics program have been so great 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 power of the initial impact of the project to bring in a range of other actors eager to be identified with it, and who have then contributed to expansion and/or consolidation.

To recap 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 that catalyze latent local capacity. They do so by building on local knowledge, maximizing potential resources, and legitimizing other actors. Their role can be either proactive, in convoking other groups, or reactive, in seeking or agreeing to take part in private initiatives. It is no accident that the majority of our cases are local and regional in scope—21 out of 27—and the public partners were also predomi-

nantly subnational. Of course, while this is an intrinsic part of the nature of partnerships, and the source of much of their success, it is also a limitation in scaling up—an issue we will discuss 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 that 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 such the stories as 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 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 below some of the issues in play. Before doing so, however, it is worth looking at how other cases demonstrate the importance of devolving responsibility to private actors as the other principal way for the state 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 offering the potential for scaling up.

### **Devolving Authority to Private Actors**

Since the mid 1980s, states in Latin America and the Caribbean have been implementing some profound transformations of their structure that involve varying degrees of the transfer of selected functions and authorities to nonstate actors. Devolving authority to private actors can take a number of forms that do not actually involve privatization as such, as defined as the actual selling-off of state assets and companies. Indeed, the focus here is not primarily on privatization, 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.

Our main focus of attention is thus on the kinds of reforms that 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 offer ample documentation of how partnerships are facilitated when national governments are open to the reform of their operations and involve private actors (both for-profit and notfor-profit) as legitimate actors in the delivery of services. These reforms often involve 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 that illustrates central authorities taking direct action in order 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, the scheme sought 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 were, in effect, a means of injecting public funds into a form of service provision that worked, enabling it to expand. This expansion, however, is relative. So far the partnership is working in four states, and there are clearly immense unsatisfied needs in the social housing sector here, as in other countries where the state is still less well placed to inject funds, as the Venezuelans have done.<sup>2</sup> Here again, the effectiveness of the partnership approach has been validated.

Another example of legislative reform that has clearly been of key importance to one of the partnership experiences comes from Colombia. It involves the importance of 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*) that permit private agencies (as well as

public or mixed groups) to administer the so-called "subsidized health sector." Detailed household income surveys, administered by the municipal planning departments, determine the eligibility of families for health care subsidies. The EPS system 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 in which the state served as facilitator in designing and passing this reform for local initiative, rather than more directly as 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.<sup>3</sup> This initiative provided the basis of local community organization, which led to the creation of the Corpoversalles. In this way, local and regional resources for local development projects were maximized, 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 the need to oversee the creation of an EPS in the municipality, named Coopsaver.<sup>4</sup> Beyond providing health services, Coopsaver provides other services such as funerals, and also reinvests in productive ventures such as fish and meat production, which are then sold at low cost to members. Here we see a fascinating case in which the opportunity provided for private innovation at the local level as a result of national sectoral reform has been the catalyst for a wide range of poverty-reducing initiatives that continue to involve the active participation of a range of public and private actors.

As mentioned earlier, opening up the game to private actors does not necessarily involve legislative reforms, but at least initially, it 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—a design that 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 also to bring in private service providers as partners with the

local health unit in order to introduce practices for the provision of more innovative and integral health care measures. 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 its third year) is, according to witnesses from both sides, a success that has achieved the kinds of synergies outlined in the previous chapter. These achievements are creating 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 interinstitutional committee, bringing together the local government, officials of the Agriculture Ministry, police, and civil society organizations, including the church and other NGOs.

This pilot 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.<sup>5</sup> 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 toward 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 of privatization (in this case, the 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. The incentive for the private company in question to provide services for the poorest citizens 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 underserved neighborhoods. Under these new conditions, it took the new partnership (among the private company, the community, an NGO, and the local and provincial governments) a year to resolve a serious gap that several decades of public ownership were unable to address. Again, it is not that privatization experiences always lead to this kind of fast and commendable outcome. As with the other cases, what the institutional change did was to provide opportunities (and incentives) for nonstate actors—in partnership with public sector representatives—to innovate and find alternative solutions to a previously intractable problem.

These are not the only cases that demonstrate the positive effects of such forms of opening the game on the part of governments, but they are a sufficient example for the immediate purpose of illustrating the importance of such reforms in stimulating and facilitating partnerships. Moreover, they are symptomatic of broad processes of change under way in the rules that govern the relationship between state and society in the region as a whole, an encouraging development.

These processes 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 and to the political developments that have accompanied such measures. The 1991 Constitution of Colombia is one of the more dramatic manifestations of a broad will to make significant shifts, with the statement that its fundamental intention is to take the country from a *representative* to a *participatory* democracy (Presidencia de la República 1991). 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 far–reaching decentralization laws, also suggests a change of direction. It goes without saying, however, that such changes still have a very long way to go, and they can be adversely effected by political or economic crises that tend to undermine confidence in the state, or at least in the central government.

We now consider 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 the cases are generally 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 reference to examples of friction within or with the state will also be included.

### **Remaining Bottlenecks**

The examples of opening the game reviewed above essentially depend upon the state's ability to recognize its own limitations and the comparative advantages of others. It is where that same limited capacity itself prevents the state from being able or willing to achieve that recognition and act accordingly that the greatest bottlenecks to partnerships arise. In spite of the profound process of state reform experienced by most countries in Latin America and the Caribbean, which creates the facilitating conditions for the development of partnerships, significant limitations persist. The remaining bottlenecks to making the state an honest partner in working with other sectors may be divided into two generic categories. One involves bureaucratic and procedural obstacles to working with other sectors—that is, the state's actual ability and capacity to adapt its practices to the demands implied by working with private actors. The other is its will to do so, as determined by political culture, power

structures, and attitudes, on the part of both public and private actors.

### **Bureaucratic and Procedural Obstacles**

The challenges of working in partnership with other sectors are likely to be threefold. First, each separate public entity, be it a ministry, a national institute, or municipal or other subnational department, needs to be able to function effectively with its own internal procedures. This is not necessarily a straightforward

proposition, as indicated by the testimony of one government official, in this case from a central ministry, although the same general problems apply to all levels of government:[6](#)

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.

Second, it may often be the case that one branch or level of the public sector has to coordinate 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.

In addition to 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 complicated and slow disbursement procedures from the center. This can occur even when resources are readily available, which is not, of course, always the case. For example, such problems have long dogged the Colombian cofinancing system, whereby municipalities were able to apply for sectoral funds for social and agricultural infrastructure investment support on a cost-sharing basis. Delays in disbursement have been endemic throughout the system.

Third, intersectoral collaboration means, of course, that the public sector must have the capacity to interact with the private sector, in both profit-making and non-profit-making forms. This often can have the effect of compounding the kinds of problems the state has in its own internal coordination. In contrast to the Anglo-Saxon tradition, governments in the region customarily do only what they have been explicitly told to do (the principle of *competencias reguladas*), 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.[7](#)

Particularly severe problems can arise from the shorter time frame generally expected by the private sector, whether for-profit or not-for-profit, for executing phases of any project other than those customary in the public sector. Tension can often arise as well 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 that public bodies

are not required to do, and that they waste time and energy in so doing. That is in addition to problems of slow disbursement, and all this assumes that the 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 that can come from partnerships, as outlined earlier. 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 the cost is sometimes high—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.

### **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 nonstate actors, are clearly 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, such reform very often implies loss of power and patronage for established elites.

Political resistance to decentralization is clearly the key factor limiting its implementation in countries that remain highly centralized, and where it has been taken further, rivalries among different levels of the state tend to reflect political tensions at least as much as they mirror 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 leap–frogging the intermediate level of government and taking advantage of his good contacts with the federal authorities. The issue of the cofinancing system in Colombia, referred to above in connection with its bureaucratic difficulties, has become notorious in the country, principally because there appears to have been widespread pressure on the part of congressmen to channel funds to their constituencies.<sup>8</sup> Such changes tend to heighten rivalries between locally and nationally elected representatives because the shift in power provided by access to funds is increasingly toward 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 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 (for example, 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 when this means losing control of the neighborhood or sectoral networks that 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 to proceed in the face of public sector resistance.

The other politically rooted evil of the public sector most lamented by would-be reformers and other sectoral actors 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 that the expropriation of the resources and institutions of the state by political bosses is often almost absolute.

Underlying and underpinning these negative forces is the equally serious lack of a culture of public service. Throughout the region, it is common to speak almost exclusively of *public functionaries* or *officials* rather than public *servants*. This is more than a question of semantics. It points toward 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 viewing public office 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 is that this situation creates a vicious circle, whereby the substandard practices and products of the public sector risk becoming self-perpetuating. Partnerships should not be seen as a substitute for conscious efforts directed toward the strengthening of public sector capacity. The majority of the cases reviewed 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, the degree to which they show a kind of impermeability to reform remains worrisome. One general and unexpected lesson from both the cases and responses to the partnerships program itself has been that the most difficult sector to approach and engage has been the public sector, at both national and subnational levels. The idea of partnerships is clearly

still one that 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 the business sector that was expected to be 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 this has not proven to be the case.

### **Bringing in Business As a Partner for Poverty Reduction**

The primary role of business is to generate wealth, and thus indirectly contribute to poverty reduction. 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 to the state, whose responsibility toward 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 is generally maintained at a subsidiary level, such as the United States, the role of private philanthropy has been quite important. In Latin America and the Caribbean, 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 involvement in 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. Nonstate efforts (particularly through NGOs) to reach the poorest had generally been 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 that 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 motivation. First, it must perceive that it has a social role to play that goes beyond sporadic charity activity or patronage of the arts and 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, such activity continues to be more the exception than the rule among businesses in many countries in Latin America and the Caribbean. Second, and a partial means of overcoming resistance to involvement, business needs to realize that it stands to gain by becoming involved in ways that impinge positively upon its primary activities, such as improving community relations, building market recognition, and improving its own internal productivity. 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 subissues. First, there is the question of how businesses organize themselves internally to undertake social activities; second, 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 when 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 toward 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 the emergence of such a movement. 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 when they were struggling for survival. The picture in the region is clearly immensely varied from one country, or subregion, to another, and by sectoral activity and size and type of business, but 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; where they do exist, they are very low. This tends to reinforce the reluctance of business leaders to undertake responsibilities they either consider rightfully those of the state, or are unwilling to share when they feel the state is giving contradictory signals. An Argentinean business leader complains, for example (Arroyo and Estébanez 1997):

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, the state should avoid sending unclear signals to business leaders if it seeks to promote their involvement in social programs. The question of the desirability of tax incentives for philanthropy remains a controversial one, however. In addition to the low level of corporate taxes in the region generally, and high rates of evasion, 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 business can offer to improve education are considerable, as outlined in the education cases presented in Chapter 2.9 Moreover, it is important to recognize the positive signals sent by the state through tax incentives for philanthropy in creating a "culture of giving" that could increase net resources for poverty reduction.

What factors do 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 (Arroyo and Estébanez 1997):

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 has probably decreased in importance, enlightened self-interest appears to be a major factor inspiring businesses to undertake social responsibilities, although that does not mean that altruism is dead.<sup>10</sup> 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 adviser to an organization founded by Eugenio Mendoza, one of that country's key philanthropists.<sup>11</sup> Such leaders have clearly had an impact not merely through the works they have undertaken, but also by 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." As the case of the AOISPEM 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 interest. A case in point that has been mentioned several times is that of the formation of the CITA consortium in Itagüí, which is an effort on the part of the local business community to counter mounting levels of criminality and the climate of insecurity these levels imply. Notably, the original stimulus for the formation of the consortium was 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, if Island wants to succeed in building "harmonious" tourism, 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 overwhelming majority, poor.

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 social initiatives as a means of improving community relations, building better relations with the public sector, building market recognition, and improving internal corporate working practices and efficiency. With this 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 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 that may follow.

More direct gains can be had from such undertakings, as shown by *Aguas Argentinas'* approach of developing new markets by providing services in areas it had previously been unable to reach. The mobile clinics program in Maracaibo was able to secure the collaboration of pharmaceutical and toiletries companies that provided free samples of their products for the same reason. In some quarters of the business sector, a new concept of social marketing is gradually emerging that builds on old and new kinds of motivation to undertake 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 that may accrue to private companies through working with the poor in win-win undertakings.

The further question is how the development of such a new concept can be promoted in the interest of making business an actor of substance in overcoming poverty in the region. Here the evidence from the cases is rather patchy, but as a whole it seems that the initiative of the business sector to take action has come from individual business concerns that have perceived the need to take action on some local issue. They 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. 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 Call.

In other words, in the cases examined, the actual stimulus for working on any given social issue tends to arise on a rather piecemeal basis, with few clear trends. Nevertheless, a number of lessons can be derived about the 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 the Ability of Business to Develop As a Social Actor**

Perhaps the most basic factor of all, but one that 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 the incidence of poverty is often the highest and the most difficult to tackle.

In such contexts, the answers are clearly 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 provide the means 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 the kind of support that can greatly benefit cooperative movements, such as the basic training and more sophisticated technical support that have evolved during the long association between Coopcentral and the diocese's social organization, Sepas.<sup>12</sup>

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

What these cases demonstrate most strongly, however, is 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 behind the many efforts to promote microenterprise that have appeared in the region; one of these, the Mendoza Foundation, is featured here. Such efforts generally focus on urban areas. The case of Palpalá demonstrates 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 (in the form of the redundancy payments given workers

dismissed from the steel mill) to the informal private sector.

But here again, what is really at issue is the creation of a private sector, one with a clear identity, purpose, and organizational support system that 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 that make up so many poor communities. At issue is the need to recognize the potential of this actor to help itself and to 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 ways they can be overcome. When one company acts on its own, there are likely to be limitations on how much it is able to do, both for reasons of funding and its own ability, in staff know-how and time, to act effectively. As one Argentinean civil society leader notes of the frustrations often encountered in trying to work with companies (Arroyo and Estébanez 1997):

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, companies 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. First, the foundations represent a professionalization of one company or economic group's social endeavors, allowing for a specialization that can act independently of the company's primary activities. They can 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 volume. 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, foundations have been *the* critical business actor.<sup>13</sup>

Second, and equally important, 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). In essence, business foundations have a privileged position: they are both civic—and certainly not profit-making—institutions and business-based, and thus have credibility with the profit-making private sector.

Perhaps the single most important factor in the enabling environment for business to undertake social initiatives 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 studied, this culture is already quite well established,<sup>14</sup> although relative success may carry with it the danger of broader failure, inasmuch as there appears to be 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 seems to be a concerted effort in various quarters to develop an organized business response to social problems.<sup>15</sup>

This is not, however, intended to dictate that foundations are the sole possible response in developing the ability of business 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 that the agenda of the Partnerships Program has discovered; it has merely reconfirmed it.<sup>16</sup>

Another critical underlying issue is that in many circumstances, collegiate responses on the part of business might be needed to address free-rider problems.<sup>17</sup> Among the cases we have discussed, three examples of such collegiate responses are worth mentioning. In Itagüí, the participation of 30 local companies in investing in the long-term prospects of the poor children of that city through CITA means that they are sharing the costs of doing so. The same is true of the *Dividendo Voluntario para la Comunidad* in Venezuela, which brings together some 400 companies. That does not mean, of course, that free-riding is not also prevalent. There are over 300 companies in Itagüí, for example, not to mention how many there are in Venezuela. It may be 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 that could also bear emphasis.

The third case is that of the *Escuela Nueva* program, where the participation of the business sector is channeled 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 also on 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 the strengths that it brings to a variety of social and economic endeavors. 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 business associations are beginning to view the promotion of social responsibility among their members as a part of their function. This has been the case in the Industrialists' Association in Colombia (ANDI), which has, for example, drawn up a code of business ethics, including those affecting company community relations.<sup>18</sup> The Partnerships for Poverty Reduction program benefited from (and encouraged) this growing involvement on the part of business associations in social initiatives.<sup>19</sup>

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 of the foundations themselves to join together. This 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 by 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 that have been led by business interests, five 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 that has not yet been mentioned 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 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.<sup>20</sup> Nevertheless, 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 this issue that we now consider.

### **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 was sufficiently detailed in Chapter 2 and does not require further emphasis here.<sup>21</sup> 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 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—they feel that they have reason to believe that tax revenues are being misspent or even misappropriated and their needs in infrastructure and services are 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.

Where the local business leaders wish to have nothing to do with the political bosses, the feeling tends to be mutual. Distrust of the motives of business leaders, and the belief that they are only interested 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 (Lowden 1997):

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 of whether it was more or less difficult to act with the national government or local authorities varied immensely. Yet again, there is a growing number of examples of how such mutual distrust is being overcome through both public and private

initiative. This was the case with FUSAL and the local health unit in San Julián, for example, as well as 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 in 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, but it is often impossible to substitute any other approach.

The attitudinal constraints that often create strained business–state relations are frequently mirrored in business–NGO relations, where these relationships 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 NGOs 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,<sup>22</sup> only one, San Miguel, involves important collaboration between a traditional NGO and the business sector.<sup>23</sup> Attitudes are changing, but as with so many of these kinds of issues, changes are slow.

At the same time, the demise of socialism and changes within the NGO community's perception of its role in the region as a whole 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 continue to undermine the potential for collaboration. This is particularly serious given both the widespread reluctance of business to become involved in working with the state and the difficulties facing business 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, as well as 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 that enabled *Aguas Argentinas* to work with the community.

These kinds of difficulties again point 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 that would be 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.<sup>24</sup>

## 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, *third sector*, although this

term often refers almost exclusively to the non-profit sector. The other extreme is to define civil society as virtually synonymous with the NGO community, disregarding the wealth and variety of the organizations and institutions that constitute the whole. At the risk of committing the latter sin, our focus here is on the types of organizations of civil society (CSOs) that we have encountered in the partnership cases that have a mission to further social development goals at the local, regional, and national levels.<sup>25</sup> Essentially, this means intermediary NGOs;<sup>26</sup> community-based organizations (CBOs); and, to a lesser extent, universities.<sup>27</sup>

Perhaps the distinguishing characteristic of these organizations is their relative weakness in comparison with business and the state, both in resources and degree of institutional development. This leads to 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 where authoritarian and repressive policies have also taken their toll. Clientelism in the political systems, as well as alienating large segments of society from the state, has tended to co-opt social organizations (see, for example, Oxhorn 1995).

Nonetheless, it has clearly been the case that, over the past 15 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 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 (Arroyo and Estébanez 1997):

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.<sup>28</sup> As a leading Argentinean NGO representative notes (Arroyo and Estébanez 1997):

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 toward a greater disposition to collaborate across sectors are largely a sine qua non for the formation of partnerships. In the case of CSOs, particularly NGOs, such changes imply a

disposition toward greater professionalization in their working practices than may have been the case in the past. This will be needed in order to assume the expanding developmental role the changed circumstances are bringing upon them as effectively and efficiently as possible. 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 there is a need at all levels for mutual effort from the state, business, and the CSOs. 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 threefold. First, and most basic, 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 enough, of course, to make any impact on the development process. Thus, second, CSOs need to establish an institutional presence in local and national affairs in order to attain a voice in the formulation and design of policies, as well as their execution. This issue has been a critical one since the initiation 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 in a position to negotiate their terms of engagement (see Malena 1996). Much the same applies for NGO relations with the multilaterals.<sup>29</sup>

Third, 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 for the project at hand. This implies facilitation of NGO access to core financing, as well as opportunities for human resource building. All of the above applies also to CBOs. Issues of financing and professionalization are still more complex. We will turn to reviewing each of these areas in turn.

### **The Constitution of CSOs As Actors in the Development Process**

Although we have stressed that the underlying informal factors are at least as important as the formal elements in creating an enabling environment for partnerships, the issue of the constitution of CSOs is, in the first instance, a formal legal matter. The principal area of legal import in regard to the possibility of partnerships is the framework that regulates the creation and oversight of civic organizations. This is an area of specialization beyond the bounds of the information gathered in the course of the program's case studies to date, but some general principles are clear and well-documented elsewhere, given the growing importance attached to this question as the role and prominence of CSOs in the development process have grown.<sup>30</sup> Given the range and complexities of the situations across countries and the detailed sources now available, we shall only briefly outline some key points.

First, rights of free association are a basic necessity. Fortunately, through 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 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 the life experiences of people, particularly the poor. Here again, the tendency certainly seems positive, although basic human rights violations are still everyday evils in some areas and contexts.

Obtaining legal status, however, continues to be the Achilles' heel of CSOs in most countries in the region (Antezana 1997). While in a few countries the legislation formally recognizes de facto organizations, for associations to manage money and represent members in a variety of fora, they generally need to be legally recognized by the state. The extent to which obtaining legal status is a straightforward and transparent process becomes an essential issue.<sup>31</sup> The degree of difficulty created by legislation and regulation in obtaining legal status varies among countries. Examples of restrictions involve questions such as who can create a CSO, the minimum number of members or minimum capital, and so forth. 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 Latin America and the Caribbean, it is also true that registration and regular reporting 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 the formation of partnerships by NGOs with business and the state. 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 about it. The same may be true of the state; officials frequently remain ignorant of the identity and work of NGOs, and many remain predisposed to distrust them. State regulation probably needs to be supplemented by a degree of self-regulation within the sector for these purposes, and it is an area in which umbrella organizations seem to have a comparative advantage.<sup>32</sup>

The issue of legal recognition and state regulation is somewhat more complex in the case of CBOs, however. The political context in which they operate is often as important as the legal framework, given their particular vulnerability to co-optation by clientelist political bosses. In Colombia, for example, the basic community organizations, known as the *juntas de acción comunal*, have been widely discredited as being little more than the grassroots distributors of local patronage.<sup>33</sup> New intermediary organizations created through municipal code 136/1994 (elected bodies called *juntas administradores locales*) have been forbidden the management of funds in order to preempt such clientelist practices, but at the cost of becoming virtually residual organizations with a role that is clear to no one. This type of national legislation, therefore, can put barriers in the path of local-level cooperation in a very unhelpful manner.

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 the local and regional levels (Navarro 1996). In Bolivia, as well, the civil code recognizes *de facto* organizations.

It is the presence and support of external organizations—quite independent of legal frameworks—that help explain the growth of these community organizations. In the cases in El Salvador, for example, 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.<sup>34</sup> What also emerges, however, is that these organizations 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 fill and was only of relevance in El Salvador in the context of the immediate aftermath of the war. The point is that local communities often need external support to form and manage their own representative bodies. It is likely to vary from one context to another as to whether this role is best played by the state or NGOs, or some combination of the two. 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), AOISPEM (in Cali), the Popular Housing Foundation (in Santa Cruz, Venezuela), and COMAND (Jamaica).<sup>35</sup>

### **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.<sup>36</sup>

In considering the questions pertaining to promoting the institutional presence and voice of CSOs, legislative issues are of particular importance with respect to creating opportunities for participation. Legislative reform can

promote constructive interaction, for example, by 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, but should also contribute toward 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, which demonstrates that it is not merely decentralization that can stimulate partnerships, but also the obligation of local governments to consult with their citizens.<sup>37</sup>

It may well be that such measures are of greater relative importance where civic organizations are particularly weak and the state has virtually no experience in working with them 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 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 missing.<sup>38</sup> 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 the results of the survey led the mayor to shift the emphasis of his administration toward the key demand for the creation of opportunities for productive activity. Yet this initiative predated the legal obligation for the mayor to undertake such consultation; it stemmed, instead, 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—or national—governments are a waste of time. Rather, the point is that it is probably a mistake to put too much trust in their effectiveness in situations where the will of the sectors to act together is not already in place to some degree.<sup>39</sup>

In addition to these kinds of legal measures, it is also clearly of great importance that there are 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. Fortunately, there are encouraging signs of this emerging in country after country, and new initiatives often build on 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. The fund is intended to finance projects initiated by NGOs, often in conjunction with local authorities, and has representatives of NGOs, business, and government on its board.<sup>40</sup> In Argentina, the National Secretariat for Social Development has also developed a program to strengthen civil society through the training of community and NGO heads, and it has also created a Center for Information and Development of Community Organizations (the CeNOC), which also promotes collaboration among community, state, and business organizations. In Jamaica, the National Planning Institute established an NGO Desk in response to calls from the NGO sector, which acts as a mechanism to facilitate communication among the sectors, accommodate NGO input into policymaking, 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 Samper's flagship program for promoting participation, the Social Solidarity Network. This program's predecessor, however, 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 in rural communities, in promoting important levels of local community mobilization.<sup>41</sup>

If much of the drive behind these programs could be described as helping CSOs to help themselves, there is still much room for CSOs to do so. Signs of strengthening in the NGO community in recent years have been most clearly demonstrated by the development of

umbrella organizations. In Colombia, the Confederation of Colombian NGOs has some 2,200 NGOs in its registers, including all the principal social development organizations in the country (both those originating from the business sector and others).<sup>42</sup> It can genuinely claim the character of a national umbrella organization, working both as a channel to strengthen the institutional capacity of member organizations and to represent 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 progress 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 to regulate the opportunities for civic participation in public policymaking.

At the same time, efforts to form a single umbrella organization have been less successful in the other countries. In Venezuela, there are several networks involving NGOs that work on children's 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 goal 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 recently, particularly around themes such as housing, environment, or health (such as CON-SALUD). In Jamaica, again, 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 16 organizations), the National Environmental Societies Trust (which groups together 34 environmental NGOs), and the Association of Women's Organizations in Jamaica (the focus, as its name indicates, is on networking and supporting NGOs that work on women's issues). In Bolivia, in contrast, there is a national coordination of NGO networks that links three national and seven regional networks (Robinson and Dunkerly 1997).

The picture thus varies widely, from quite cohesive umbrella organizations in some settings to continuing high levels of atomization in others, with many shades in between. Umbrella organizations are particularly susceptible to funding difficulties, given the likelihood that they depend on members' contributions. State funding of such organizations clearly raises problems of autonomy, since they often need to exercise lobbying functions. It may well be that a continuing area of importance for external donors is in the funding of such organizations. The importance of these organizations in facilitating the training and self-regulation of the sector are further reasons they merit support.

Once more, the process of building umbrella organizations of CBOs is likely to be quite difficult because 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 the lesson seems to be—once again—that these initiatives must be self-generated from below, and not the subject of top-down corporatist 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 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 one of the single most important aspects of capacity building, given the already high levels of professional expertise and dedication that characterize the majority of NGO leaders in the region.<sup>43</sup> Because of the relative weakness of this sector in comparison with the other two in the area of funding, this issue is of immense importance.

As NGOs depend increasingly on public contracts as opposed to grants by international agencies, 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 straitjackets. Increased dependence on public funds is accompanied, not surprisingly, by worries on the part of NGOs that they may lose autonomy and become little more than agents of the state, dependent on the vagaries of public policy decisions as to whether a program is maintained over time or not.

An important means of offsetting such dependency is to ensure a framework that allows NGOs to generate their own sources of funding, through both private donations and other types of activity such as selling their services and undertaking joint ventures with the for-profit sector. Examples of innovative new approaches to funding issues by NGOs include charging fees for services not only to the state (where an NGO is working on contract), but also to the community it is serving.<sup>44</sup>

The regime for donations was mentioned in the previous section and relates principally to fiscal incentives for donations, both corporate and individual. Although these are not necessarily likely to become a major funding source, as indicated by the experience of the United States, where they represent only some 10 percent of CSO income (see Salamon 1996), philanthropic traditions in Latin American are weak, and it is 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. The impediment is that NGOs may be chary, or simply ignorant of these methods, given their long history of dependence on external funding, together with political issues of friction in their national contexts.<sup>45</sup>

As new working relationships with the profit-making private sector emerge, it becomes easier for NGOs to put a commercial value on the services they provide to companies—as has been 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.<sup>46</sup> This arrangement is highly satisfactory for the foundation, because it allows strategic sustainability in the long-term usage of its funds. More important, it is also highly satisfactory for the NGOs, because it both catalyzes 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 to pass on both financial and technical support with such funds to both CBOs and smaller NGOs, including 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 (that is, managerial, financial, and marketing) capabilities to become effective partners with business and the state. This issue was extensively discussed in Chapter 2 of this volume, which argued that partnerships themselves offer considerable potential for strengthening NGO capacity.

Nevertheless, 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 the 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 program in management for non-profit organizations that is 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), which involves 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 their single most important means of building 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 fundraising.<sup>47</sup>

The *lost actor* among those featured in the case studies has been the university. In general, the legal framework is not an impediment to universities. What is of greater issue with centers of higher learning is their need to come down from ivory towers and into the mud below. It is encouraging that more and more universities, particularly institutions such as regional study centers, are doing just that, as illustrated by the cases. Beyond the case study actors, it has been a finding of the Partnerships Program that the universities are eager to participate in developing their empirical studies skills with a view to playing a more active role in local development than may have been the case in the past.<sup>48</sup>

### **Preliminary Conclusions**

For all these positive developments, however, the picture of emerging relations among sectors remains an uneven one. It remains the case, for example, that if civil society is to continue to strengthen itself, 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 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.

At the same time, in country after country, there is evidence that this process is not only under way, but is also gaining momentum—as demonstrated, for example, by the emergence of umbrella organizations of NGOs and CBOs. Those developments strengthen the hand of reformers within the state itself, as do the kinds of state reform mentioned earlier, particularly decentralization.

Also encouraging are the signs of an emerging interest by business leaders in becoming involved, in a strategic fashion, in social and developmental issues, and 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 in many cases remain 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 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 it's the informal codes you have to work on first, not the legal framework, for that is the real direction of change.

Here again, 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 participation. This again 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.

These findings also present mounting evidence that social capital is indeed *constructible*, and that partnerships provide both important opportunities and incentives for those ends. It is also true that causality in this respect is a two-way street. Existing high levels of social

capital 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 shored up by the relative strength of social actors. It is no accident that some of the more impressive partnership experiences have 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 and great future potential can be 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, informal, or both, are not necessarily *the* key to the formation and multiplication of successful partnerships. Reality is always more complex and multicausal. Yet that does not mean that a favorable environment has no part in facilitating the emergence of virtuous circles of intersectoral collaboration, and vice versa. The point is to work on building these virtuous circles by working on all fronts. It is appropriate at this stage to turn to more general conclusions from the lessons of the Partnerships Program to date, including the further research agenda it implies.

### Notes

1. Some 15 interviews were undertaken in each country. These reports are Arroyo and Estébanez 1997 for Argentina; Lowden 1997 for Colombia; and Navarro 1997 for Venezuela.

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

3. See World Bank 1995 for a description of the Versalles experience.

4. By March 1997, Coopsaver had 6,168 affiliates and managed an annual budget of \$US350,000, of which \$100,000 is provided by the municipality and the rest by the Solidarity and Guarantee Fund created by Law 100.

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

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

7. 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 mobilize other 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 with specific purposes that are to be gradually and collectively defined, contracts that require meeting a series of conditions before their goals and objectives are identified, and inclusive contracts that invite a growing number of participants are all likely to be declared illegal if ever brought to the consideration of the courts. We would like to thank Ferando Rojas for bringing these and other similar problems to our attention.

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

9. For more on fiscal issues, see, for example, Viveros 1997 and Rojas 1997.

10. 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 to those they have observed elsewhere. Certainly such developments would also be likely in conjunction with broad forces of modernization and secularization.

11. 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—regarding 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.

12. It is true that cooperatives are often considered as belonging more to the "civic" than the "business" category. Nevertheless, we think it is 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.

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

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

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

16. The bigger picture remains 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 room for a variety of interventions, whether they take the form of a single company developing its own community outreach department, a group of companies forming a consortium, or any other form of business intervention that does not necessarily formalize itself into a foundation as such.

17. In this case, the free-riders are businesses that benefit from the social initiatives of others in their city or region without contributing to those 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 as not needed.

18. The association hosted an international symposium in August 1995 (the proceedings were published as Toro and Rey 1996).

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

20. An excellent study of the range of contributions of the private sector to education in 11 countries of the region, and 4 additional sets of cases outside, is Puryear 1997.

21. 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 greater resources and more than a single staff member (who also had a wide range of other responsibilities within the firm itself) dedicated to the management of the company's community relations. What Conelca would have required in order to do more—given the simple lack of availability within the company of additional funds—would have been either to gain allies from among fellow local industries prepared to pool resources for funding projects and the provision of professional staff (in the manner of the CITA consortium in Itagüí) or to obtain another partner with already established know-how.

22. 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.

23. The FUMA NGO and the business–based FEPADE foundation.

24. Once more, in the case of Conelca discussed in note 28, it could be argued that the ideal partner, one that might have enabled Conelca to maximize its community work, would have been a business social foundation that had both its own funds and the experience to enable the leading company to expand its activities.

25. For an interesting treatment of definitional issues, see Valencia and Winder 1997.

26. Including, of course, religious NGOs.

27. Trade unions, another type of CSO, appear in some of the cases not covered in this volume.

28. Although this is not to underestimate the remaining problems and challenges in optimizing relations, particularly between states and NGOs. One recent work that questions whether the relationship (and that with donors) may not have grown "too close for comfort" is Hulme and Edwards 1997.

29. One indicator of the growing importance of this issue is that of the 256 projects approved by the World Bank for fiscal year 1996,122 included some provision for NGO involvement, the highest on record. Equally significant, however, is the growing shift toward involving NGOs at the design phase of projects, rather than merely the implementation and maintenance steps, as has been the case in the past. Some 42 percent of those projects included NGO involvement in design, which represented a substantial rise from previous years. See World Bank 1997b.

30. See, for example, World Bank 1997a; Oliveira 1997 (contains case studies of the current legal situation in Argentina, Bolivia, Brazil, Chile, Ecuador, Paraguay, Peru, Uruguay, and Colombia); and Antezana 1997.

31. As Antezana 1997 explains, in most countries state recognition is understood as authorization (*eficacia constitutiva*, or constitutive efficacy) rather than as an act of publicity for an autonomous decision by a CSO (*eficacia declarativa* or declarative efficacy).

32. Regulation and self–regulation efforts are partially limited by the lack of clear and accepted evaluation criteria and rules.

33. Legislation to curb such practices has brought its own problems, however. The abolition of the parliamentary aid system has, in effect, 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 the first section of this

chapter.

34. 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 ADESCO in the neighborhood, the FUMA NGO would have had no means of access to working there.

35. This is also a common refrain of studies of the roles of intermediary organizations, such as Carroll 1992. The classic source is Uphoff 1986, among many others.

36. This was the main topic of a 1996 conference organized by the Economic Development Institute of the World Bank. See DESCO 1996.

37. For a description of the law and evidence of its impact on the allocation of public investment, see Cossío Cortez 1997 and Faguet 1997.

38. One of the most notable examples of citizen participation in the definition of public investments is that of participatory budgeting in the city of Porto Alegre (Brazil). The initiative came from the municipal government without any legislative mandate. The entire process remains unlegislated, even after several years of implementation. See Navarro 1996.

39. 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 1996). Further comparative regional discussion of these issues, which tends to follow similar lines of argument, can be found in FICONG 1995 and Fundación Arias para la Paz y el Progreso Humano 1996.

40. This fund was assigned \$US37 million in the 1996 budget.

41. As documented for the municipalities of Valledupar, San Juan Nepomuceno, and Puerto Tejada in World Bank 1995.

42. For more on the status of CSOs in Colombia see Villar Gomez and Rojas Rubio in Valencia and Winder 1997, pp. 107–190.

43. This, at least, applies to the larger, nationally based NGOs. More basic training and skills issues are likely to apply "down the hierarchy" in small, essentially grassroots organizations.

44. One example of this is 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 1996). More generally, there is growing evidence that cost-sharing by communities enhances the success of poverty-reduction projects by creating more ownership.

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

46. The NGOs with whom MacArthur has worked in this way are the Nicaraguan CEPAD, Nitlapan organizations, and the Salvadorean NGO FUSAL. See Stanton and Ratliff 1996.

47. The same clearly 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.

48. Economic elements of winning consultancies for multilaterals and the state—and, to a lesser extent, the private sector as well—are also probably positive forces overall in helping to drive such developments.

## **4 — Conclusions**

This portion of the volume is both an attempt to summarize the evidence and lessons analyzed in the previous chapters and a space for the presentation of some final, more speculative, thoughts emerging from both the learning and action components of the Partnerships for Poverty Reduction program concerning the possible future for a partnership-based alternative in meeting the challenges of poverty reduction in the region, and how further research and action might support positive developments.

### **Summary of Key Points**

Chapters 2 and 3 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 include, first, the ability of partnerships to bring new resources, both material and nonmaterial, 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 resources to offer that are not readily available from traditional sources, including management skills and funds. 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.

Second, the gains in productivity in the use of those resources, a result of the complementarities and synergies that emerge from the interactions among the 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 that form the bulk of the case study experiences: the provision of basic infrastructure; the improvement of access to, and quality of, social services; and the creation of income-generating opportunities.

In the provision of basic infrastructure, the key issue is sufficient cost reduction to allow a significant number of poor families to be reached. The cases show that the combination of financial resources and skills from different sectors is not only of great value in itself, but can also have the effect of maximizing community contributions, sometimes to the point of full cost recovery. This is more than an issue of generating greater resources, since it is the complementarities among the resources provided that make the experience successful.

In the improvement of the quality of social services, 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 in the provision of infrastructure. With the creation or expansion of income-generating opportunities, challenges seem to increase, because such goals mean putting into place a series of conditions that enable 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*.<sup>1</sup> This applies to microenterprise programs, and still more strikingly to more integrated approaches that pursue local development in a given region or locality.

Finally, it should be pointed out that, regardless of the type of activity, the interaction among 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 benefit in of public-private partnerships relates to the generation of human, institutional, and social assets that benefit partners, individually and collectively, helping create the conditions to produce a more profound impact in poverty reduction. In other words, partnerships build toward both essential components of social capital: actual organizational structures and skills and the predispositions that underlie them.

There are at least two ways in which asset creation takes place. The first is by strengthening the capacity of individual partners. People and organizations learn and acquire new skills, and they often acquire new 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. Second, this interaction—and the learning process involved in establishing a successful (or even a failed) partnership—helps create trust among social actors. In many cases, mistrust has built up through lack of

knowledge of the other and deeply rooted misconceptions. The act of working together can help break down these barriers and build trust. While it is probable that the more effective the partnership is in achieving its goals, the more likely this is to happen—particularly when actors are dealing with public authorities with previously 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, and at the same time 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, and civil society—are experiencing changes that press toward the kinds of convergence that facilitate partnerships. This change is encouraged by global and regional processes of democratization, decentralization, and economic restructuring. Nevertheless, both formal, legal impediments (to varying degrees from country to country) and more broadly informal, attitudinal constraints remain, and impinge negatively on the opportunities for partnerships. In many cases the latter seem to be binding, because formal changes in the rules are partially undermined by lags in changes in the informal codes underpinning their implementation.

In the view of the state, there are at least three areas in which the enabling environment could experience significant improvements. First, although states in Latin America and the Caribbean have made significant progress in decentralizing resources and responsibilities to local and regional governments, while at the same time introducing political reforms that contribute to the creation of the basic conditions for political competition at the subnational 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.

Second, effective partnerships require a simplification and adaptation of operative norms and procedures to facilitate nonstate participation in public policy formulation, design, and implementation. The region presents a very mixed picture in this regard. While progress in this area varies among countries, differences are sometimes greater between sectors of activity in the same country (civic and business participation is facilitated in the delivery of education services, but not for health, for example). Nonetheless, all this has a flip side: where such reforms have been put in place, they are promoting partnerships.

Third, and very important, even though great progress has been made toward enhancing the legitimacy of the state through political reforms that have increased democratic

representation and economic reforms that have brought economic stability, there remains an undeniable lack of trust in the state on the part of civic and business organizations. The criticisms most commonly heard involve pervasive clientelism in many areas, with varying degrees of actual corruption; opaque, Byzantine bureaucratic structures, compounded by a lack of incentives to bring the best professionals into the public sector; endemic short-termism; and the like. The good news is that we often seem to be witnessing the beginning of a virtuous circle in operation: partnerships help in the transformation of the state, as well as in improving its record with 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 that pull the business sector toward the adoption of practices of good corporate citizenship, most of the business sector faces cultural and practical constraints that limit the potential of this powerful new actor for poverty reduction. These constraints apply both to undertaking social responsibilities and working with other sectors. Cultural factors include lack of strong corporate philanthropic traditions combined with the amount of dislocation of some subsectors of the business community that has also taken place with liberalization and privatization. The latter can mean practical constraints in the resources any firm feels able to dedicate to noncore activities. The lack of appealing fiscal incentives for philanthropic activity, which tends to be

the norm in the region, may well compound resource constraints, while at the same time reinforcing the view 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 adequate to do so, and imply significant transaction costs. Nonetheless, there are also extremely positive signs of change, and the picture emerging indicates that there are two complementary ways in which business is able to overcome practical constraints. The first is by developing foundations and consortia, and the second is by working in partnership with other sectors, particularly NGOs with development 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 (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. Hindrance tends to come, for example, in the form of a lack of flexible structures and regulations for innovative management of credit for NGOs and a lack of formal opportunities for representation of civic organizations in policymaking.

Different constraints apply to for NGOs and CBOs in many areas. CBOs, for example, are more vulnerable to political co-optation, in part because they are extremely weak financially, which undermines their ability to act cohesively and effectively in all the ways one would expect. NGOs remain financially fragile, and have suffered much discomfort over the shift from dependence on outside funding to growing dependence on the state.

The struggle to ensure core funding, together with the fear of becoming little more than agents of the state, has tended to characterize often tense 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 to markedly improve both quality and cost-effectiveness is leading to a far more inclusive policymaking and implementing environment. This, in turn, tends to promote positive development of community organizations, while 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* (modernization and adaptation to current demands, ideas, and trends), making them more receptive to working with reformist (and even nonreformist) 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, as well as contributing to specific initiatives. Furthermore, the need to upgrade and update managerial and professional capacities, including innovation to secure core funding, has enabled NGOs that have made significant progress in those areas to see themselves in a position of greater equity with the state, particularly at the local level. Some important cultural barriers also remain when it comes to establishing stable and productive working links with business. As the case of Colombia illustrates very clearly, however, the more active the role of business in social development, particularly, although not exclusively, through business social foundations, the greater are the opportunities for strong linkages—even a blurring—between business and NGOs. This would suggest that the direction of change is likely to be positive throughout the region.

Another lesson that 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 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 how-tos of partnerships and as lobbying bodies with the state. Key organizations in this respect are umbrella organizations of NGOs and CBOs and their counterparts, business associations and confederations. This is a reflection that, at bottom, it would appear to be the informal factors of culture and attitude that matter most, rather than the legal framework. This was repeatedly stressed by representatives from the cases. Such organizations are well-placed to exert a positive influence by 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 through the removal of obstacles to partnerships, although it may be unrealistic to hope that this will necessarily be effective in promoting partnerships on any significant scale, if 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 to the issue of how the generally micro-level success stories we have reviewed might, in time, have a wider, more macro impact in reducing poverty in the region.

### **Scaling-up: From the Micro to the Macro**

The experiences we have identified and studied, while significant for those involved, remain limited in size and coverage. Even recognizing that the number of similar cases of partnerships operating throughout the region must be several times higher than those captured here, the number of people touched directly by those partnerships is still likely to be small in comparison with the magnitude of the poverty challenge facing countries in Latin America and the Caribbean. Thus, the question of scaling-up—multiplying and expanding the potential for the proliferation of partnerships—is of great importance when trying to put the lessons of these partnership cases 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 alone generate the kinds of virtuous circles that promote scaling-up, what appear to be some of the limitations to these kinds of "natural" developments, and how they might be further encouraged by other forms of intervention and active effort in institutional support and development.

The cases demonstrate three different channels for partnerships (particularly because of the social capital they tend to create) to have multiplier and spillover effects: (1) by adding new dimensions to existing experiences (as in the case of CITAColegio 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 Ocaña); and (3) by the transfer of models to other localities (as in the case of Corroversalles, *Dividendo Voluntario*, or *Agua Argentina*).

All three processes reflect the particular importance of partnerships in social capital building and the virtuous circles this can generate. This has important implications for the question of whether social capital can be constructed. It is clear that the great majority of the most impressive, large-scale, and innovative cases of partnership 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 their activities centered on pockets of poverty in those areas. The preexistence of social capital, particularly the availability of sophisticated local actors and networks of communication among them, clearly, and unsurprisingly, facilitates processes that tend to further enhance those conditions. It is to be hoped that these processes spread their benefits in an equitable fashion. Then again, we also have cases where innovation has occurred and expanding processes were initiated in areas that do not appear to be fertile ground, such as squatter settlements in Jamaica and the Altiplano of Bolivia, where success has depended upon new and more positive forms of interaction across sectors than had been seen in the past. The few longer-run cases collected, such as those of the cooperative movements in Colombia (which also started in thoroughly inauspicious settings) 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, of course, depends on what kinds of interventions support the cases and allow them to flourish.

To a certain extent, the first two processes seem to be a more natural outgrowth of the original partnerships than the third, 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 to adopt a similar approach in other, generally 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 Itagüí, and then applied it to secondary education in the same locality. That experience is about to be adopted elsewhere in the country through the support of an NGO with national presence<sup>2</sup> and has generated interest from public and private leaders alike.

As this emphasizes, there is a strong common denominator among the three channels mentioned when it comes to identifying the mechanisms that facilitate the multiplication and expansion of partnerships. This common denominator is essentially a learning/knowledge element: 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 through demonstration effects. This is true both when an existing partnership puts into practice lessons from its own experience or that of others, and when a new partnership is formed to emulate (with local modifications) successful experiences elsewhere.

Access to information is thus 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 their particular contexts, how they did it, and what the limitations on the experience are to date—they stand both to be more inclined to try the approach and to not feel as though they need reinvent the wheel in the process.

Thus, it is our view that the scaling-up of the kinds of partnerships presented in this volume requires well-developed means of communicating that information. While individual initiatives and contacts and word-of-mouth transmission have been shown to play a role in the scaling-up of some of the partnership experiences, these channels are unlikely to be adequate to provide a significant response to the scale of the poverty-reduction challenges. It is this kind of informational failure that the Partnerships for Poverty Reduction program has tried to address by identifying innovative and successful experiences and 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, sug-

gesting that not only are partnerships an attractive new development alternative, but that there is a 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 by itself. A facilitating environment for putting that information into effect is also required. This includes all the formal and informal issues already outlined. A quick review of those issues suggests that most 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 national authorities.

Once more we are in the presence of a potential virtuous circle. The basic enabling conditions usually require actions at the national level. The initiative, experimentation, and development tend—although not without exceptions—to take place at the local level. But if the lessons 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.

## An Emerging Research Agenda

The empirical and analytical work conducted under the umbrella of the Partnerships for Poverty Reduction program so far has yielded important results in documentation and understanding of the benefits of, and conditions necessary for, an approach to fighting poverty based on alliances among the state, civil society, and the business sector. But in many areas, study of the issues has just begun. Greater and more finely tuned understanding of partnerships could only help toward their becoming a truly effective strategy for poverty reduction. This 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 turning this field into a mere 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-generating opportunities. Within each of these categories we have detected certain tendencies in the kind of cases that seem particularly interesting as innovative and effective examples of approaches to priority areas of poverty reduction.

Looking first at the provision of infrastructure, Latin America and the Caribbean 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 of access to infrastructure services such as water and sanitation, housing, and others. Responsibility for these services is also 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 *Agua Argentinas* in Argentina, or COMAND in Jamaica suggest that such partnerships can become a critical component of the response to urban poverty in Latin America and the Caribbean. 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 the 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 Latin America and the Caribbean. 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. Cases such as CITAColegio Minuto de Dios and *Escuela Nueva* in Colombia, *Dividendo Voluntario para la Comunidad* in Venezuela, Mizque in Bolivia, Conelca in El Salvador, or the Science Learning Center in Jamaica also point to a growing trend in the region: recognition by the business sector that without a well-educated labor force (including the children of 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 in exploring partnerships in the field of education (Puryear 1997), 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 the greatest potential. Among them, however, partnerships seem to be particularly important (almost a precondition) when an attempt is made to create the conditions for local development, not just for individual job creation/enhancement. While this is an area of less consensus about the roles to be played by different social actors, compared with the two areas previously discussed, 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 to new models of

public–civic–private interactions that can form 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 that is at issue, but also the direction of 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 Latin America and the Caribbean. Neverthe–

less, a number of potentially relevant legal issues are worth considering in their influence on the development of partnerships.

One such issue is whether the lack of a legal institution that is tailor–made for partnerships<sup>3</sup> will, as this approach becomes more popular, limit their effectiveness. In most countries in Latin America and the Caribbean, it is legally impossible to give legal recognition to partnerships. Partnerships can adopt other legal forms (involving, for example, contractual agreements), but not without sacrificing some intrinsic characteristics. It should thus be 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; and be allowed to have flexible structures and low costs of dissolution and voluntary dispute–resolution mechanisms.

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

It is encouraging that there is growing interest in many quarters to study and compare the legal environment affecting CSOs. It is our perception, however, that more work is needed, particularly regarding funding issues. Financial regimes that affect the access of CSOs to credit is a case in point. It is a complex field, and understanding of the issues remains quite limited in Latin America and the Caribbean. For example, cases 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 has much to teach the region. Just as there has been considerable effort in recent years to share international experiences of funding for microenterprise, there is room to take a similar approach to funding of CSOs, particularly given that they are often the organizations that funders of microenterprise schemes look to for the running of those programs. The same applies to fiscal regimes that affect incentives for philanthropy. This is another theme that is just beginning to emerge in Latin America and the Caribbean as a matter of importance, and it is one that the issue of partnerships makes all the more urgent. As we mentioned in Chapter 2, arguments have been developed both in favor and against fiscal incentives for philanthropy. The debate in Latin America and the Caribbean 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–tos for partnership building. That is, there is a need for organizational and individual tools to assist in starting and operating a partnership among the state, civic groups, and the business sec–

tor. Although some important lessons have been drawn from the material reviewed in this volume, 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. A great deal will depend on the specific sector or activity, of course. For example, the literature on environmental partnerships has proposed a typology, as well as guides for successful implementation of partnerships at different stages.<sup>4</sup> Future analyses should contrast the processes of institution building and organizational development of failed and successful partnerships, probably within similar sectors of activity.<sup>5</sup> Such analyses could provide additional material and experiences to help develop training programs for business, government, and NGOs interested in being part of partnerships for poverty reduction.

### **Toward a New Paradigm for Poverty Reduction?**

Poverty in Latin America and the Caribbean is unacceptably high. Relative to countries in Asia, the region has a bad record of poverty reduction over the past two or three decades. Governments, NGOs, donors, the press, and 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 tool for sustained poverty reduction. Since then, countries in Latin America and the Caribbean have experienced dramatic transformations in the role played by the state. The trends toward free markets, democratization, and decentralization are an expression of those changes. Such trends have created the conditions for macroeconomic stability and growth, as well as for more open and innovative societies. But a significant reduction in poverty rates or a reversal of 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 among 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 disappointment with an approach that relies exclusively on the trickle-down effects of growth-oriented policies.

It would be impossible to overemphasize 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, this is 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 the only way that poverty reduction can be firmly wedded to growth in Latin America and the Caribbean. There is no doubt in our minds that the new conditions operating in the region 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 Latin America and the Caribbean to recognize that the challenge of overcoming poverty requires going beyond national state policies and taking ever-greater steps toward 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. First, the payoff from partnerships is very large, particularly because they produce not only material changes that enhance well-being, but also create new institutional assets as a by-product, and their potential is thus immense. Second, there is a growing awareness in the region of that potential, an awareness that is essential to its realization. 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 partnership-based approach to fighting poverty.

We believe that whether or not we are observing an emerging paradigm will largely depend on the kinds of responses and attitude changes that initiatives such as this one are able to elicit, initially among decisionmakers, and eventually among the broader community in Latin America and the Caribbean. Our reading of the current trends gives us grounds for cautious optimism.

### Notes

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 Urabá, Colombia, and other cases).
3. We are borrowing language from Rojas 1997.
4. For example, Long and Arnold (1995) propose a "partnership life cycle model;" distinguish among preemptive, coalescing, exploration, and leverage partnerships; and identify key strategic approaches for each of them.
5. 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 many 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**

### **1. Conelca and Primary School Investment, Ilopango (El Salvador)**

A subsidiary of a U.S. corporation has sponsored four primary schools in the district of Ilopango, where it is based. Working closely with school staff, parent 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 that relies 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 U.S.-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 from 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 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 it 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 gained the attention of another school in the area, Las Cañas. 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 plumbing and electricity, utilizing the manpower of community volunteers. The situation, however, was quite a bit more complicated in this case. The school's land was in dispute between the local government and an urban development company. Protracted negotiations were required to resolve the issue, and Conelca played the lead role in the process, along with the support of the First Lady. Through a partnership with the municipal government, Conelca proceeded to donate 60 blocks of land for a wooded park, initiate a garbage collection system, and start a tree-planting campaign now led by the schools themselves. The program is being expanded to include 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 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 of San Bartolo, Conelca, and parents attracted other schools, as well as government actors. Conelca plans on drawing in more firms by demonstrating the benefits that can accrue from these endeavors, ranging from an enhanced public image to greater employee dedication. The Conelca partnership also illustrates how the synergies created by partnerships yield results that 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 approach has developed among teachers, students, and parents.

## **2. The Oracabessa Foundation (Jamaica)**

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 nonprofit 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 development of sustainable tourism that includes and benefits local citizens. In so doing, the broader aim is to overcome the existing condition of severe marginality and social decline that has followed the demise of the banana industry in the area. While the project remains in the early stages, it has already brought some, as yet limited, social improvements to the town.

### **Background**

Jamaica, like most Caribbean nations, relies on tourism as a key source of income. All too often, however, *enclave tourism* results: 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 13 miles to the west, Oracabessa is economically depressed, with an unemployment rate of 30 percent, 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 stakeholders 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 that 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 on 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, and a deeper appreciation for the environment, which together will foster the development of an alternative to enclave tourism.

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 settlement. 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 environmentally friendly income-generating activities. 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 that cover 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

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 of 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. Like the agricultural sector throughout Latin America, rural communities consisted of very dispersed, small villages, mainly dependent on subsistence farming. The subsequent neglect of 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 program. Consisting of 240 large enterprises, the Dividend is a business organization created in 1964 to promote 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 a variety of 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 the school once constructed. In this manner, the community is the catalyst behind the construction of the school and the force behind 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 through the appropriate government agency, it proceeds to raise sufficient funds to build the school, finds a business to serve as the school's patron, and provides 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 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 more than 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 entitled "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 cofinancing 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 the program has managed to create ensure the partnership's success.

### **4. El Minuto de Dios High School, Itagüí, Antioquía (Colombia)**

El Minuto de Dios High School in Itagüí represents a highly successful partnership between an important sector of the local business community, the local government, and a national NGO. The parties 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 from 20 of the poorest districts of the city. The school also provides a cofunded scholarship

program and 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 between the ages of 10 and 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, which includes 30 companies (both national and multinational) with interests in the city. 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 led to a number of further developments, among them: (i) a scholarship program for children with good academic records and parents with income below the minimum wage has been established as a partnership among the local government, CITA, and an outreach group promoted by CITA; the municipality contributes 50 percent 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 additional 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, are bearing fruit: 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 also institutional oversight. 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 educational skills, as well as substantial experience in community development, a complex and vital part of the overall project.

Initially the school's Parents' Association was unwilling to actively contribute, 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 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 that 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 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: its success at leveraging both financial and human resources and the complementarity of resources that each of the partners was able to provide. Providing education, typically a government function, generally 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 the commitment and enthusiasm that lead to better results and greater impact than when a single 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 among 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 on 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, 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, a National Institute of Health

assessment concluded that the state suffered from disproportionately high levels of infant mortality and malnutrition. A quarter of the children were chronically malnourished, and only 20 percent of homes in the state met basic sanitary standards. The provision of health services to the poor, generally residing on the periphery of 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 Clinics 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, which transferred the responsibility for health care to the municipal government. The newly elected local government stated its priority of addressing the health needs of those residing on the periphery of the municipality. Because 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, who suggested that efficiency would be enhanced if medical services could be delivered to the poor.

Private sector involvement with the PCM includes: (i) Ingeniería 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, which funds preventive education in oral hygiene; (iii) the petroleum company El Caribe, which 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; and (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 workshops that deal with the purification of water and has initiated several clean-up and recycling campaigns. Further municipal involvement includes the support of the municipality of Santa Inés, which has permitted a health clinic to be established that offers 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, staffed by 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 made possible by transferring the delivery of public services from the national to the local level. Through this decentralization process, opportunities were provided for other actors to become involved and provide health services to areas that 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 by 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, where 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.

## 6. Post-Privatization Rehabilitation, Palpalá (Argentina)

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 microenterprises. 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 of 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. It has succeeded in making substantial progress toward creating an alternative economic base in the locality, thus avoiding the extremes of social dislocation and unrest 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 implement public programs and become the sponsors 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 had been home to *Altos Hornos Zapla*, a government-owned steel mill that employed 5,500 people, or 35 percent of the local labor force. The enterprise was run on highly paternalistic lines, offered health, housing, and other services to their 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; the problem was exacerbated by subsequent job reductions in other local companies. 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 that made the partnership possible. The government's goals included channeling the recently unemployed workers into productive jobs, promoting microenterprises, and expanding the methods that would allow civil society to participate in the decisionmaking process in public issues. The first step involved the pooling of severance payments from *Zapla* into a common microenterprise fund. Lack of other investment opportunities, along with 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 microentrepreneurs 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 a 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 in the service. With newly

obtained market flexibility, the company has grown significantly, and it provides greatly needed service from Palpalá to the provincial capital. Another example resulting from the government–cooperative partnership is a community health clinic. The health clinic provides employment, and it also serves an important social function by 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 decisionmaking 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 Palpalá* has also emerged through the cooperation of municipal authorities, and it serves as a new

focal point for 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 Palpalá experience illustrates how an entire local economy can be restructured, from one marked by mass unemployment and little opportunity for growth to one of thriving economic activity. 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 that 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. Palpalá, in contrast, faced this challenge, starting with the recognition that they needed to leverage the limited capacity of the municipal government with that of other, nonstate 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 reach beyond economics. Strong ties among 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 decisionmaking process. These alliances have also led to a positive spillover effect, in which new partnerships are now emerging, not only through the intervention of the mayor, but also through NGOs and private sector organizations. The Palpalá 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 in place in the city, built around the union organizations of the former steelworkers.

### **7. FUSAL and the Health Ministry, San Julián (El Salvador)**

In 1996, the Health Ministry of El Salvador joined 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 Julián, 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. 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 Julián experience could indeed provide a model that should be expanded in the country.

### **Background**

San Julián, in the department of Sonsonate in the west of the country, is a municipality of 15,000; 80 percent of the population lives in rural areas. The region is marked by a high infant mortality rate and substandard living conditions—the vast majority of the population lives without electricity or water. With a tradition of relying on the Ministry of Health for all health services, the region received reactionary, short-term care that was 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 with 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 by utilizing the private sector.

### **The Partnership**

The FUSAL/Ministry of Health partnership was initiated by the Ministry of Health in 1996. FUSAL is a private organization that was 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. Because it had been 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). Now, however, these funds are channeled through FUSAL. FUSAL supplements this with its own funding (US\$102,000), resulting in an increase in per capita expenditures from US\$9 to US\$16 in 1996. Through collaboration with the private sector, the Ministry of Health has increased its impact both qualitatively and quantitatively. Health care is now extended to rural areas that public services had never reached, largely because FUSAL's trained health volunteers and doctors travel to the countryside on a regular basis. Moreover, the partnership has generated a shift from reactionary to preventive health care, which has translated 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 by allowing the private sector to manage health care, a service that 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 that facilitated an extension of services, as well as a shift to a new, comprehensive service orientation.

The synergy created by the FUSAL/Ministry of Health partnership yields results that 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 in the past to refer patients to the public health unit when necessary. As a result, the number of consultations and vaccinations has approximately doubled, greatly surpassing the expected norms of the ministry. Moreover, it is FUSAL's view that with a new basis for the measurement of gains from investing in more comprehensive health programs, the ministry will now be more willing to raise its own spending for 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 among Cali's municipal utilities company, which offers credit; organized community groups, which provide labor; construction companies, which offer discounts; and a local business foundation, which facilitates the relationships among 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 that took place in Colombia because of 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, which has resulted in substandard, overly crowded dwellings that lack 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 of various actors to provide Aguablanca with 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 the provision of materials. Community groups independently construct water and sewage systems.

The significance of this partnership lies with the combination of actors that ensures 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, and 973 families are expected to do so in the near future. It is estimated that the total costs are some 60 percent lower than those of private contractors.

The AOISPEM program is a highly illustrative example of the way in which partnerships can generate synergies with benefits that 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 the costs of meeting the demands of local residents for basic services. Carvajal's budget was some 25 percent below that of the municipality because of its long experience in the field and its well-established contacts with private construction firms that were willing to offer significant discounts to support social projects. The foundation also had equally

strong contacts in the local community of Aguablanca, and was thus 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, which led to a highly effective program that 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 facili-

tates increased organization on the part of civil society. It is able to bridge the community with EMCALI by 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—including child care, infrastructure, and 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 among community organizations, a development NGO, several state agencies, and private sector companies and individuals. These alliances have been particularly 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. Seventy-one percent of the families are under the poverty line. Unemployment is as high as 40 percent, while those who work do so mainly in the informal sector. Sixty percent of the population is under 20 years of age. One of the main problems in this kind of settlement is 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 the 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 project implementation and sustainability through community capacity building. Today the center hosts around 100 children, and mothers are part of the staff.

More important, the initiative was soon transformed into a broader, integrated development program aimed at improving the general living conditions of the people, and based on 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 government 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 technical assistance, training, and materials. The municipality approved the plans and subsidized part of the cost. 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 overall 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 also been developed as a result.

In addition, a housing program that provides 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 reduced 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 and to foster real progress.

This case is also a vivid example of the private companies' contributions to the partnerships and the benefits they receive in return. 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 equally 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. 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 it offers in all its international bids.

### **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 that plagued poor children of the region. Through their combined efforts, a highly successful program has been established that provides milk to over 300,000 children throughout the year, significantly enhancing their daily nutritional levels at a lower cost than in 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. The majority of poor families reside in mountainous, inaccessible regions, making the distribution of food nearly impossible, which exacerbates the problem. A study completed in 1996 named 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 through the public schools. The program, however, was replete with inefficiencies: delivery delays resulted in spoilage, teachers were often unwilling to distribute the product, frequent teachers' strikes impeded distribution, and low transparency resulted in well-connected schools receiving preferential treatment at the expense of poorer districts. The result was a highly centralized, ineffective program that reached only a small percentage of children. It was this dire situation that prompted the creation of the partnership among 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, respectively, in the state of Lara. 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 to expand the provision of the product from an academic-year to an all-year basis. These goals were achieved through involving the private sector and transferring distribution responsibility from the schools to the parents.

Although the program is funded by the state government, two pasteurizing companies contribute to the partnership by 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 that allows the milk to reach even the most isolated regions of the state. By removing the intermediary role of the school, and relying instead 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 has increased from 70,000 to 310,000 daily.

The heightened involvement of the community, particularly 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 microenterprises to recycle containers and provide food to accompany the milk distributed.

### Lessons Learned

The *Vaso de Vida* program offers a particularly interesting example of the partnerships approach because of the contrast in outcome with its centralized and state-centric predecessor. What started out as an inefficient public sector program became a highly effective locally run program because of 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 microcredit. Furthermore, the involvement of multiple actors in the partnership facilitates transparency, and with it has come increased credibility and confidence in the program in the community. This case illustrates how the cooperation of various societal actors yields greater efficiency through increased local control of resources and decisionmaking. 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 that has become the reference point for development initiatives there, and has thus leveraged public–private partnerships for specific projects. One example of these is the creation of Acuascoop, which brought together 45 public and private entities to construct and maintain a new reservoir in response to repeated drought. The philosophy has been one of helping the poor to help themselves by strengthening them sufficiently through collective action to allow them to act in partnership with public authorities. The distinction between civic and private organizations blurs through the nature of the cooperatives. In effect, they represent the construction of a rural private sector in the region, while at the same time offering 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 that remains 60 percent 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 that many worked as migrant labor and sharecroppers; techniques were outdated and led to further land shortage through overexploitation. The principal products 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 led to the creation of a vast range of rural cooperatives that today form the basis for organizing public–private partnerships in the region.

#### **Partnerships**

The cooperatives in the region now number 200 and have some 250,000 affiliates. Their beneficiaries are virtually the entirety of the population, and all belong to a blanket organization, Coopcentral. Coopcentral has generated a series of service enterprises on the basis of the remarkable capital accumulation from savings that has been at the heart of the process—a total of US\$1.5 million. These include INDECOL, a training institute for cooperative and community leaders; AUDICOOP, an audit agency; and COMERCOOP, for commercialization. Additional outreach activities aimed at promoting the integral development of the principal province, Guanentá, 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 sizable movement 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 its influence.

One particularly interesting example of how this cooperative movement formed the basis for public–private partnerships is the 1986 creation of Acuascoop, which brought together 45 public and private entities, including the department as a major source of

funding, to construct and maintain a new reservoir in response to 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, always working 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 at hand. The closest partnership relationships appear 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. It was initially a partnership of "the poor"—quite deliberately and consciously so—that generated enough influence to persuade the regional and national authorities to respond to such a highly organized expression of need (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 its municipal committees) and the University of Francisco de Paula Santander. Specific projects have also utilized 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; the 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 northwest of the department. It is made up of some dozen municipalities, with a total population of 210,000 inhabitants. This portion of the region has tended to be isolated from the faster growth of other areas—60 percent of the inhabitants are rural and living in subsistence conditions, and 62 percent of the people are registered as living with unsatisfied basic needs. Cencooser was formed on the initiative of local grassroots leaders to aggregate the accumulated orga–

nizational 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 and the development of new production and marketing techniques, with a view to developing greater value added to production and the integration of the subregion 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 the following:

- 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 the center for training in all such areas for community and cooperative leaders from outlying municipalities, as well as the representative for the department in the network supporting the activities of Ecofondo.
- Other similar cases of municipalities with multiple programs building toward integral community development are El Tarra and Teorama. Other municipalities also benefit from the activities of the cooperatives based in their areas, and the intention is that similar programs be developed throughout the province.
- 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 mentioned 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. The committee, in turn, was provided with a strong partner in leading regional development by the existence of the cooperative movement. With the support of continued national and European funding, there are currently plans that the three core members of this alliance will 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 it 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 sales opportunities, collectors capitalized on their monopoly and the farmers' inability to sell through more transparent commercial 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

La Unión Cooperative was formed in 1989 to directly address the land tenure needs of local farmers and to provide a fairer mechanism for the sale of 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 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 consulting and technical advice of the technical experts of *Consultar* has been of the utmost importance to the cooperative, as has their 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. La Unión Cooperative provides commercial links between Manutextil S.A., a local textile company, and local cotton producers, a contact made by *Consultar*. The textile company agreed to purchase cotton directly from local farmers and pay through La Unión Cooperative. Manutextil S.A. pays in advance, and it 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, La Unión Cooperative has consolidated its position as a genuine agent of the farmers' economic interests.

With the 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 these loans were distributed, production has burgeoned. The cultivation area grew by 30 percent the first year and 50 percent 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 other 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 that have traditionally been isolated from production and commercialization centers. By 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 of this case resides in the organization of local community groups that 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 to assist and coordinate the efforts of multiple community organizations 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 the technical planning skills provided by a private consulting agency, and its model of housing provision has attracted considerable government interest.

##### **Background**

The COMAND experience has taken 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 because of the burgeoning tourism industry. Urban migration has placed significant strains on Montego Bay's existing facilities and infrastructure, resulting in the spread of squatter settlements in and around the city. Home to approximately 30 percent of the city's population, these settlements receive minimal assistance from central and parish governments. Public utilities, schools, health facilities, and basic infrastructure are nonexistent, and individuals residing in these neighborhoods live amid 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 sprang from the residents of squatter settlements themselves, who formed numerous community organizations to address 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 operation. 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 to the creation of COMAND two years later.

The decision to create COMAND grew from the consensus that community organizations could more effectively respond to challenges if they worked 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 toward 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 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 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 sufficiently successful that the national low-cost housing program, Operation PRIDE, has shown considerable interest and stands poised to work in tandem with COMAND leaders, adopting it as a basic working model nationwide. (Confirmation that this will go forward was not available at the time this volume was completed.) 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 also empowers the groups involved by instilling the 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, and away from both public sector bureaucracy and the danger of manipulation by unscrupulous political interests. By providing for community savings, individuals are equipped with the tools and resources to meet their housing needs. The partnership approach fostered by the members of COMAND thus addresses total community involvement through capacity building, leadership, and team management, providing communities with the skills necessary for planning and implementing community initiatives.

### **15. Integrated Child Nutrition Centers, Córdoba (Argentina)**

The program initiated by this partnership provides nutritional and other developmental support to children in low-income neighborhoods on 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 hyperinflationary crisis that affected 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 to meet the social needs that 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. With provincial government funding and management expertise from Cáritas Argentinas, 110 soup kitchens were created, servicing some 30,000 individuals. A key aspect of this experience was the insistence of Cáritas 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 not only provides nutritional food to several thousand poor children, but also offers 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 that are 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 development 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 C aritas and community volunteers. The result is a highly effective, sustainable operation that meets a myriad of community needs. Moreover, this far-reaching social program is implemented at a fraction of the operational 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 C ordoba's poor neighborhoods are more united and organized than they were eight years ago. Not only do they have a stronger network, but they also have expanded their voice outside their respective neighborhoods through their umbrella organization (the Uni n de Organizaciones de Base para el Desarrollo Social). Strong community organizations, which evolve with the support of NGOs such as C aritas, are 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 that were initially geared to emergency relief developed into self-sustaining, capacity-building programs that 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 C aritas and the communities to make decisions regarding the use of public resources, increased efficiency and coverage are realized.

### **16. Center for Wood Production, Pensilvania (Colombia)**

A partnership combining the technical skills of 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 by providing viable long-term alternatives to coffee production. This is accomplished by supplying credit to small business, offering training and equipment, and providing technological support. The center also provides a number of outreach services to companies producing small furniture 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 that 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 percent, 10 points above the average for the department.

### The Partnership

In 1992, multiple actors combined their respective skills and resources 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 supplied by SENA, a state training institute. The private sector also plays an integral role in the alliance. Two local logging and sawmill 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 Darío 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, nearly US\$200,000.

Today, the Center for Wood Production is a successful enterprise that provides a wide range of services. It serves as a microcredit agency and has provided credits ranging from US\$200 to US\$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 the leasing of 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 for 90 secondary school students. Plans are in the making to develop these activities into a comprehensive employment-creation program. Today, the Center for Wood Production promotes a real economic alternative for Pensilvania. Through providing small businesses with 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 positioned 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 toward 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, 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*. Implemented elsewhere in the country, this methodology promotes flexible, participatory teaching supported by community and parent involvement. The initiative of the committee has gained further part-

ners as the program has evolved, principally local governments, who now have the main responsibility for managing public sector teachers and school infrastructure. Thanks to this partnership, which continues to receive

major funding from the committee, 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 percent to over 90 percent in urban areas, and to 78 percent 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 on 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 in enhancing the quality of primary schools.

By the early 1980s, the department of Caldas, a coffee-producing region of nearly one million inhabitants, had yet to be reached by the *Escuela Nueva* program. 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 that has made substantial social investment in coffee-growing regions over many years, and decided in the early 1980s that a key priority was the establishment of the *Escuela Nueva* model throughout the department. With initial agreement from the Ministry of Education, the committee led the process of extending the program, bearing 80 percent of the costs of teacher training and program management. Annual contributions today amount to US\$430,000. The ministry funds US\$300,000 of the program, and local governments provide teachers and pay for infrastructure improvements.

Caldas' *Escuela Nueva* program consists of training supervisors, local education inspectors, and teachers through a series of workshops that concentrate on student-focused, participatory teaching coupled with community participation. Central to the program is a shift from traditional, lecture-style 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, 452 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 the 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 to promote further reform. The intention is now to work toward extending education in the *Escuela Nueva* schools for an additional 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 by allowing a credible private entity to take the lead in administering a public social program. One of the major achievements of the Caldas program has been its technical and administrative management. Because these tasks were performed by the committee, bureaucratic and paternalistic practices were avoided. The committee was able to get around the clientelism that has 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, which ensures 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 needs of the communities.

The focus on community and parent involvement in school activities merits special attention. The permanent exchange between the students' social environment and curricular content fosters close relationships among family, community, and schools, and leads to a stronger and more unified civil society, prompting the creation of even more partnerships.

### 18. Child Support Program, Colonia Milagro de Paz (El Salvador)

A partnership among a community organization, an NGO, a business foundation, and the local police resulted in the creation of a program to provide 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 by integrating them into schools, providing consistent health check-ups, and offering a community center as an alternative to living on the streets. More important,

however, the partnerships that evolved in the creation of this program have fostered an atmosphere of trust and a new cooperation between historically antithetical actors, furthering the overall peace process in El Salvador.

#### Background

Milagro de la Paz is a sector of the municipal capital of San Miguel, a municipality marked by severe poverty. 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 converged in Milagro de la Paz: it has the highest crime level of the city, the most crowded living conditions, and houses 89 percent 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 included the roots of the current partnership, in that it began the process of integrating the sector with outside actors. Toward the end of 1995, ADESCO joined 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 are actively involved as well. In addition to contributing personnel to the training programs, the police attend community

meetings that deal with the rights of children, and their close contact with children in the program has enabled them 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 thus far reached 60 children. Previously living largely by petty crime and informal activity on the street, these children have now been incorporated into local schools and receive regular health care. The headquarters of ADESCO has become a kind of community center, with a small children's library. The program has been extended to include vocational training for older children and their parents. With funding from the municipality, FUMA, and FEPADE, 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 microenterprises.

### **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 also led to a greater awareness by the community and the police of human rights and civil responsibility, which has led to a greater cooperation between them. The partnership has fostered a new openness on the part of the local police, which has been an important element in the peace process. A relationship of mutual trust and commitment with the community has developed, replacing the previous relationship, which was marked by hostility and conflict. Although ostensibly small in its reach in 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 with a long record of failed attempts to become involved in the area. FEPADE, for example, had tried and failed to initiate a program in Milagro de la Paz, and the local police had traditionally neglected the region completely. The trust ADESCO has built with community members allows it to become an important interlocutor with outside parties, facilitating their involvement and providing the environment for the community to respond and to participate 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 that public authorities are sometimes 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, particularly 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 of being one of the most violent regions in the country. Serving as the base for various guerrilla groups, it is also home to paramilitary forces that have demonstrated increased strength in the past few years. The local community all too often is caught in the crossfire between guerrilla and paramilitary forces, and it 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 that 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 the Strategic Prevention Program in 1994.

The key components of the current program, now firmly established in seven municipalities, are the following:

- A campaign was launched to teach human rights to local children of families that have suffered from displacement. Funded by the International Red Cross, UNICEF, and various local businesses, this program has reached 2,500 children in both rural and urban areas.
- An emergency aid program was initiated that 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 go, 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.
- An education program was put in place that trains volunteer youth, 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.
- Health Brigades, which comprise an interdisciplinary group of doctors, nurses, veterinarians, and other support staff who make regular visits to outlying rural communities, were assembled. Supported by the International Red Cross and the European Union, these groups have treated 7,000 people.
- A research program was initiated that 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,

it provides a solid knowledge of basic human rights. Furthermore, this experience reveals how international organizations can build on local structures to effectively confront a highly conflictive situation. The Red Cross, an organization that traditionally provides unilateral emergency relief packages, was able to create an institutionalized program that generates lasting social effects by 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 also as a more general lack of access to basic goods and services. The judiciary system is among the services that discriminate most against the poor. The costs involved in a lawsuit make justice unaffordable for many citizens. The Justices of the Peace Program represents a comprehensive national effort to overcome that breach by 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 that have been produced by a shortage of judges and other resources. The number of judges for each 10,000 inhabitants dropped from 3 in 1945 to 0.5 in 1997. As a result, 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. An important part of improving the quality of life for the poor thus 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 the promotion of alternative dispute-resolution mechanisms and expansion of 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 4,000 inhabitants can elect a team of justices of the peace to solve small conflicts through mediation and conciliation.

For the general implementation of the program, a partnership was created between the Ministry of Family and Justice First. The objective was to support local governments and grassroots organizations by providing training and technical assistance. Justice First assumed the responsibility of assisting the municipalities in the process of electing the justices, training the elected justices of the peace, and producing educational and training materials. The Inter-Governmental Fund for Decentralization (FIDES) pledged financial

support for 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 pace of implementation 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. The mayor's office, through one of 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 Program and identification of individual leaders who could run for election. The 24 districts of the municipality now 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, regardless of political changes.

At the national level, results are also impressive. As of June 1997, 365 justices of the peace had been elected, received training, and solved more than 4,600 conflicts. More interesting, a significant majority (76.3 percent)

have done so in poor communities. Forty percent 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 on 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 from 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 level of institutional credibility. The Justices of the Peace Program has contributed to identifying and strengthening community leaders. Moreover, it fosters changes in personal attitudes toward family members and neighbors and promotes a shift from a culture of litigation to one of cooperation.

### **21. Foundation for Popular Housing, Santa Cruz (Venezuela)**

This experience focuses on solutions to habitat problems in impoverished Caracas suburbs. Through a partnership of 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 entrepreneur Eugenio Mendoza. Other pri-

ate 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 preexisting relationship among community groups, the private sector, and FVP, providing Santa Cruz residents with the financial tools to independently 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 that were no wider than a sidewalk, and the natural difficulties of transporting materials significantly increased construction costs. The dearth of basic infrastructure also impeded the attainment of fundamental necessities such as an operative sewage and freshwater system and electric lines. These problems were coupled with substandard housing units that lacked bathrooms, floors, and sufficient ventilation. The challenge to be addressed was how to improve the quality of life for Santa Cruz residents, taking into account the 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. The system provided an opportunity for the community to cope with the lack of physical infrastructure and organize itself to confront other challenges of the future. The initiator of this housing program was the Foundation for Popular Housing (FVP), a private foundation that was originally linked to one of Venezuela's largest business groups. It was created in 1958 to improve 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 to 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 for civil society to organize itself and improve its living conditions.

The participation of the public sector arose with the Housing Law of 1989, which increased the public funds made available by the national government 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 (there are cur-

rently 17), while providing training in organizational skills, administration and finance, legal issues, and technical building skills. The FVP thus serves the role of a credit institution by channeling and ensuring the repayment of public funds, while at the same time fostering long-term development through its training programs. The ASOVIVs 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 more distant, advisory role. There are currently 336 members of the Santa Cruz ASOVIV, representing 48 percent 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 to multiply its self-management program in other communities; (iii) the private sector has benefited through increased sales and an enhanced public image; and (iv) most important, the people of Santa Cruz have experienced considerable gains. The citizens not only enjoy a more stable and comfortable living environment, but also are enriched through 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. This enables the government to capitalize on this existing relationship between the private sector, NGOs, and the poor in order to reach them more efficiently. By operating with just one organization instead of each ASOVIV separately, transaction and management costs are greatly reduced, resulting in considerable efficiency gains for the government. The FVP has far greater ability to ensure payment from the ASOVIVs, and it is able to rechannel these payments back to the state. While in the past INAVI recouped only 50 percent of its credits, the intermediary role of 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 because of their success in managing it. As is quite common in the partnership approach to poverty reduction, the initial partnership not only addresses the problem of poverty, but also fosters future alliances among a variety of societal actors.

## **22. Eugenio Mendoza Foundation Microenterprise Support Program (Venezuela)**

Using the partnership approach to development, a private foundation has established one of the largest and most successful microenterprise-generation programs in the country. Since the program's inception in 1986, it 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 had 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 percent and a burgeoning informal sector that represented almost half of total employment. It was within this context that a poverty trap emerged. Poor individuals had no opportunity to acquire assets, or to alter their economic status in any way. The magnitude of this socioeconomic 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 Microenterprise Support Program. Through this program, the foundation aimed to fortify small businesses, the sector that provides a large majority of jobs in Venezuela. The initial partnership began in 1986 with the Mendoza and Carvajal Foundations and the Inter-American Development Bank (IDB). The Carvajal Foundation had previous experience with microcredit dating back to the 1970s, and thus could bring expertise to the project. 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, and the alliance has expanded to incorporate new members, including the following:

- 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 to achieve the same end—empowering small business owners.

- An alliance with two affiliates of the national petroleum company lends greater institutional credibility, as well as additional financing of operating costs.
- Private commercial banks are becoming 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.
- 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 multifaceted partnership is a highly effective, comprehensive credit scheme that locates small businesses eligible for loans; trains the entrepreneurs in accounting, marketing, and sales; advises them in investment decisions; provides credit; and offers post-credit advice. The Microenterprise Support Program has

opened the formal financial system to the previously excluded poor, and it 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. The ability of the foundation to capitalize on its strong reputation facilitated the inclusion of a wide range of founders, which allowed 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, and each brings a unique contribution to the program. The broad range of institutions involved allows a high degree of complementarity among partners.

### **23. Corpoversalles, Valle del Cauca (Colombia)**

Corpoversalles is a local community development organization in the municipality of Versalles. It was 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. With 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 that relies on coffee production for 70 percent of its income. Subject to the fluctuation in coffee

prices, unemployment in rural areas reaches 65 percent, and the population is marked by a high incidence of poverty. Health is an especially critical problem of Versalles, largely because of the inaccessibility of rural towns. Lack of paved roads leaves rural communities isolated from urban centers, and this lack of access transforms basic occurrences such as pregnancies into 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 percent 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 became clear that a larger body was needed to organize the committee and channel its resources. The Carvajal Foundation, a business foundation based in Cali, joined the partnership to create the current organization, Corpoversalles. Based on a successful model that 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 multifaceted, relying on the participation of various private and

public actors, including the following:

- 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, with the remainder contributed by the national Solidarity and Guarantee Fund (FOSYGA). After the recent authorization to extend medical services to outlying municipalities, Coopsaver began to provide health services to historically neglected rural areas, and it has created seven first aid centers administered by 50 trained medical volunteers.
- With funding from the municipality and the Hospital San Nicolas, Corpoversalles has initiated a health training program to provide basic health education to 620 families. The original six staff members are now turning their attention to other issues, such as care of the elderly.
- 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 these cooperatives, women raise chickens and produce foodstuffs and other products for their immediate communities.
- In order to support women's microenterprises, Corpoversalles joined with the local hospital and numerous other social foundations to create the training program, FORRURAL. Created in 1996, FORRURAL provides over 140 women with extensive training in productive skills, leadership, and self-management and provides access to sources of credit.
- 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. By 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 that government policy can play in reducing poverty. By creating opportunities for civic involvement through the Social Service Reform Law, the responsibility of medical provision was shifted to the local level, providing the basis for increased community participation. The multiplier effect of generating social capital is evident in the efficacy of the organization, particularly in reaching isolated rural areas of small municipalities. Hence, the efficiency gains generated when the private sector is permitted 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 Versalles and surrounding municipalities.

#### **24. Environmental Committee for the Department of Chalatenango (CACH) (El Salvador)**

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. By providing a forum that allows various actors to work toward common goals and express their opinions in a cooperative, constructive manner, CACH has furthered the post–conflict reconstruction of the 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, and 30 percent of the land can be cultivated. With 70 percent 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, which leads to exploitation of the land. Environmental degradation has reached levels where 60 percent of the land is thought to be suffering severe deterioration, with similar levels of erosion. As the situation stands, the land is increasingly less able to provide an adequate living for the small farmers, which is leading to a rise in urban immigration and a concomitant growth in urban poverty levels.

Chalatenango is also one of the areas most affected by the civil war that plagued the country from 1980 to 1992. During the conflict, the department was split 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 nationwide conflict at its most polarized. Moreover, the bifurcation of the region made any concerted effort toward development impossible. At the end of the war, the challenge facing Chalatenango was overwhelming: how to combat poverty and promote environmental protection in an atmosphere 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, with a financial status that is quasi–autonomous from the government because of external funding sources. Today the permanent committee of 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 institutionalized on the third Wednesday of the month. In addition to those core organizations, there is a range of some 15 governmental and 15 nongovernmental organizations that also regularly attend and par–

ticipate in CACH–led activities 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 fewer wasted resources.

CACH manages and coordinates the use of governmental and external aid resources in the department, notably those from environmental debt–equity swaps from the U.S. and Canadian governments. Moreover, it has taken the lead in dealing with priority problems as they arise, among them:

- Overseeing the mass destruction of arms and explosives within the department

- Educational programs regarding sustainable farming
- A number of development projects in which environmental concerns have been integrated into support programs for local carpenters' cooperatives
- An integrated development strategy for the hillsides of La Montaña 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 that 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. It is also significant that activities have promoted the development of a number of municipally based Committees for Sustainable Development, thereby pointing toward a process that allows local governments to play an increasingly important role in the activities of CACH.

### **Lessons Learned**

The significance of CACH extends beyond its concrete achievements to date, and its accomplishments include more than environmental protection. 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 in a region marked by particularly vehement conflict, CACH serves as a forum that allows all parties interested in sustainable development to 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. Private sector involvement is mainly from local and regional peasant organizations. Sustainable development is merely a starting point on which all actors agree. From this common platform, participants in the committee work on issues ranging from poverty reduction, to education, to water and 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 important, deals with post-conflict reconstruction by providing a forum in which decisions can be made by discussion rather than by fighting. Although guerrillas and the 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 the process of building trust that is integral to the development of a country destroyed by civil war.

### **25. Program of Irrigation and Support for Productive Activity of the Archdiocesan Social Secretariat (Seapas), La Paz (Bolivia)**

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 various combinations of public, community, and outside funding, Seapas developed partnerships in three municipalities that included training for municipal authorities and an action plan for irrigation and support for the productive activity of the communities. These plans have led to significant—twofold to fourfold—increases in the incomes of the 920 families involved. Some 230 community leaders from both the municipalities and the 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, which led to 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, it 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 that culminated in the elaboration of the Annual Operative Plan, as allowed 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 that identified needs in technical assistance, credits, and irrigation works.

The first partnership to be established as a result of this process was in the municipality of Mecapaca, and it focused on irrigation. In this partnership, Seapas funded half the cost of the works, and the rest of the cost 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 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; in Irupana, the municipality was in a position to cover 80 percent of costs, while the rest were paid 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 power of a law allowing for community participation in the context of decentralization to galvanize local development processes if there is a committed NGO in the area. Clearly there are immense accumulated needs in such areas, which means that the communities are receptive to collaborating in the improvement of 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 such as 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 were a new Normal School for Peasant Women and four Agricultural Boarding Schools.

### Background

The Province of Mizque lies between 2,060 and 2,730 meters and has a population of 28,155, of whom 74 percent live from agriculture. It is thought that some 20 percent of primary-school-age children do not receive any formal education, adult illiteracy rates are high (over 65 percent for women), and the province has the lowest growth rates in the depart-

ment of Cochabamba (0.14 percent, compared with the average urban rate of 4.62 percent and an average rural rate of 1.09 percent in the department).

### The Partnership

In the mid-1980s, CSUTCM and CEDEAGRO began to make 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 (FIS), which allowed for the elaboration of the Alternative Pedagogic Proposal, which was 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 in the early 1990s, thanks to the stimulus of the Law of Popular Participation, together with control of the municipality by union leaders after the 1987 elections. Since 1994 the Alternative Plan has been formally included in the Annual Operative Plan of the Municipality as a priority for public investment. This 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. Women would not only constitute a priority target in this program, but would 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 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 come from FIS.

The partnership supporting the boarding schools initiative was largely the same, although in this case the role of the CSUTCM was marginal, and Parents' Associations played 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, but it is thought that the initiative will help reduce desertion of schoolchildren from the most isolated areas, while at the same time providing them with comprehensive education, including the key agricultural skills they require and can 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 they are a direct reflection of the incremental opening of room and opportunities for popular participation promoted by 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 among 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 the mobilization of those networks that has given the undertaking the high degree of community ownership that is at the root of its success

thus far. 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 basis in modern scientific skills for the country's primary schoolchildren. Formed as a joint initiative by 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 it has provided innovative and stimulating science and technology education to children and teachers throughout the island. Through providing education to the children of the poor, it has enhanced their income-earning capacity and their chance of escaping poverty.

### **Background**

Jamaica is a country of 2.5 million people; 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 nontraditional economic activities. To do so, the private sector must embrace new technologies and focus on research and development. Science education in primary public schools is currently almost nonexistent, which has led to a work force 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 with the rest of the population. This figure is 3 percent 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 percent. The challenge thus lies in augmenting the technological capacity of Jamaica's work force so that it can compete in an increasingly complex and technology-driven business environment.

### **The Partnership**

The ICWI Group Foundation is a charitable organization that was established with the goal of enhancing Jamaica's economic development through educating its work force. 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 needs in science education. In accomplishing this

mission, it was clear that a partnership approach was necessary to provide the needed 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. Various international institutions, such as the Miami Museum of Science and the Smithsonian Institution, provide ongoing support through developing the center's goals and collaborating on specific projects.

The result of this initiative is a highly advanced learning center that is 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 its 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 socioeconomic 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 — Basic Information on the Selected Case Studies

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, to serve as a stimulus for future research agendas.

**Table 1. Cases by Sector of Activity and Initiating Agent**

<i>Case</i>	<i>Sector of activity</i>	<i>Initiating agent</i>
1. Conelca (El Salvador)	Education	Business
2. Oracabessa Tourism Development (Jamaica)	Basic services/conflict resolution / education	Business
3. Voluntary Dividend for the Community (Venezuela)	Education	Business
4. CITA and the El Minuto de Dios School (Colombia)	Education	Business
5. Mobile Health Clinics (Venezuela)	Health	Government
6. Post-Privatization Rehabilitation, Palpalá (Argentina)	Income and employment generation	Government
7. FUSAL (El Salvador)	Health	Government
8. AOISPEM (Colombia)	Water and sanitation	Government
9. Integrated Development in San Jorge (Argentina)	Water and sanitation/ housing	Civic
10. Glass of Life (Venezuela)		Government

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		Attention to vulnerable groups	
11.	Sepas–Coopcentral (Colombia)	Income and employment generation	Civic
12.	Cencooser (Colombia)	Income and employment generation	Civic/business
13.	La Unión Farmers' Cooperative (Argentina)	Income and employment generation	Civic

*(table continued on next page)*

**Table 1 (continued)**

<i>Case</i>	Sector of activity	Initiating agent
14. COMAND Jamaica)	Housing	Civic
15. Integrated Infant Nutrition Centers, Córdoba (Argentina)	Attention to vulnerable groups	Civic
16. The Center for Wood Production, Pensilvania (Colombia)	Income and employment generation	Government
17. Caldas Coffee Committee and Escuela Nueva (Colombia)	Education	Business
18. Milagro de la Paz Community Centers (El Salvador)	Attention to vulnerable groups	Civic
19. The Strategic Prevention Program of Urabá (Colombia)	Conflict resolution	Civic
20. Justices of the Peace, Jueces de Paz (Venezuela)	Conflict resolution	Government
21. Foundation for Popular Housing (Venezuela)	Housing	Civic
22. Mendoza Microenterprise Program (Venezuela)	Income and employment generation	Business
23. Corpoversalles (Colombia)	Income and employment generation/ health	Civic
24. CACH (El Salvador)	Environmental protection/income and	Government/ civic

		employment generation	
25.	Program for Irrigation and Productive Activities (Seapas) (Bolivia)	Income and employment generation	Civic
26.	Alternative Education in Mizque (Bolivia)	Education	Civic
27.	The Science Learning Center (Jamaica)	Education	Business

### Observations on Table 1

There is little clear correlation between which actor plays the initiating role and the type of activity undertaken. 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 involve the improvement of education (1 case is a joint government–civic effort, which brings the number to 27).

This does not of itself mean that there are not some kinds of activities best–suited to particular actors, but that a larger statistical base and further research is required to define what, if any, such comparative advantages might be.

**Table 2. Cases by Scope of Activity (National, Regional, or Local) and Type (Urban or Rural)**

<i>Case</i>	Scope of activity	Type
1. Conelca (El Salvador)	Local	Urban
2. Oracabessa Tourism Development (Jamaica)	Local	Rural
3. Voluntary Dividend for the Community (Venezuela)	National	Rural
4. CITA and the El Minuto de Dios School (Colombia)	Local	Urban
5. Mobile Health Clinics (Venezuela)	Local	Urban
6. Post–Privatization Rehabilitation, Palpalá (Argentina)	Local	Urban
7. FUSAL (El Salvador)	Local	Rural
8. AOISPEM (Colombia)	Local	Urban
9. Integrated Development in San Jorge (Argentina)	Local	Urban
10. Glass of Life (Venezuela)	Regional	Urban/rural
11. Sepas–Coopcentral (Colombia)	Regional	Rural

## Working Together for a Change

12.	Cencooser (Colombia)	Regional	Rural
13.	La Unión Farmers' Cooperative (Argentina)	Local	Rural
14.	COMAND (Jamaica)	National	Urban
15.	Integrated Infant Nutrition Centers, Córdoba (Argentina)	Local	Urban
16.	The Center for Wood Production, Pensilvania (Colombia)	Local	Urban
17.	Caldas Coffee Committee and Escuela Nueva (Colombia)	Regional	Rural
18.	Milagro de la Paz Community Centers (El Salvador)	Local	Urban
19.	The Strategic Prevention Program of Urabá (Colombia)	Regional	Rural
20.	Justices of the Peace, Jueces de Paz (Venezuela)	National	Urban/rural
21.	Foundation for Popular Housing (Venezuela)	National	Urban
22.	Mendoza Microenterprise Program (Venezuela)	National	Urban
23.	Corpoersalles (Colombia)	Local	Rural
24.	CACH (El Salvador)	Regional	Rural
25.	Program for Irrigation and Productive Activities (Seapas) (Bolivia)	Regional	Rural
26.	Alternative Education in Mizque (Bolivia)	Local	Rural
27.	The Science Learning Center Jamaica)	National	Urban/rural

### 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 are confined to a single region. Only six are national, understood as meaning that they cover more than one region of the country. Here, however, it should be noted that none is truly *national* in the sense of actually reaching all areas.

There is an even distribution of cases between urban and rural areas. Twelve cases are in each category, and three additional examples have both urban and rural coverage. Furthermore, this pattern remains even when the sector of activity is considered.

**Table 3. Cases by Initiating Agent and Scope of Activity**

<i>Case</i>	Initiating agent	Scope of activity
1. Conelca (El Salvador)	Business	Local
2. Oracabessa Tourism Development (Jamaica)	Business	Local
3. Voluntary Dividend for the Community (Venezuela)	Business	National
4. CITA and the El Minuto de Dios School (Colombia)	Business	Local
5. Mobile Health Clinics (Venezuela)	Government	Local
6. Post-Privatization Rehabilitation, Palpalá (Argentina)	Government	Local
7. FUSAL (El Salvador)	Government	Local
8. AOISPEM (Colombia)	Government	Local
9. Integrated Development in San Jorge (Argentina)	Civic	Local
10. Glass of Life (Venezuela)	Government	Regional
11. Sepas-Coopcentral (Colombia)	Civic	Regional
12. Cencooser (Colombia)	Civic/business	Regional
13. La Unión Farmers' Cooperative (Argentina)	Civic	Local
14. COMAND (Jamaica)	Civic	National
15. Integrated Infant Nutrition Centers, Córdoba (Argentina)	Civic	Local
16. The Center for Wood Production, Pensilvania (Colombia)	Government	Local
17. Caldas Coffee Committee and Escuela Nueva (Colombia)	Business	Regional
18. Milagro de la Paz Community Centers (El Salvador)	Civic	Local
19. The Strategic Prevention Program of Urabá (Colombia)	Civic	Regional
20. Justices of the Peace, Jueces de Paz (Venezuela)	Government	National
21. Foundation for Popular Housing (Venezuela)	Civic	National
22. Mendoza Microenterprise Program (Venezuela)	Business	National
23. Corpoversalles (Colombia)	Civic	Local

24.	CACH (El Salvador)	Government/ civic	Regional
25.	Program for Irrigation and Productive Activities (Seapas) (Bolivia)	Civic	Regional
26.	Alternative Education in Mizque (Bolivia)	Civic	Local
27.	The Science Learning Center (Jamaica)	Business	National

### 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 among those of local, regional, and national scope. While not shown in this table, the same applies, 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, the World Bank; UNDP; and the Inter–American Foundation—had three sets of partners in each country. The first were the coordinators of the program in–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 that worked with us and our in–country coordinators in gathering profiles of cases of partnerships, and subsequently in writing the case studies. The third were the national selection and steering committees created in each country, consisting of individuals from diverse sectors, including business leaders, academics, NGO leaders, government representatives, and so forth, 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. First, the case profiles of partnership experiences were gathered 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; and 6 in El Salvador and Jamaica). The selection was made by the steering committee in each country, and the exact criteria thus varied slightly from one country 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 meeting those challenges, and that they demonstrate the benefits of genuine collaboration among diverse actors, and thus offer potential models for 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 two to three national cases to go forward to an international committee, comprising representatives from all six national committees and the three lead institutions, which selected one case in each 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 fiscal year 1997, including the 27 cases detailed in this report and the remaining 23 cases that we were not able to include for reasons of space. Our criteria for selection of the 27 were based on achieving a representative selection of the range of activities and partnership cases collected in the first year of the program and using cases that are most clearly illustrative of the arguments presented in the body of this volume.

Please note that all 50 cases are available in their full versions, in both English and Spanish, on the Partnerships Web Page, which may be found at: <http://www.alianzas.org>. Other information available at this internet address includes:

- A database 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.

**Table 4. Case Studies Prepared under the Partnerships for Poverty Reduction Program**

<i>Case title</i>	<i>Sector</i>	<i>Author</i>	<i>Country</i>
Barrio San Felipe	Education/health	Beatriz Cuenya, CEUR; Luis Pérez Coscio, IIED-AL; Cecilia Lascano, FVC	Argentina
Chacabuco Campaign against Child Labor	Education	Pablo Bulcourf and Sergio Ilari; Universidad Nacional de Quilmes	Argentina
Isla Talavera Local School	Education	Daniel Arroyo and Maria Elina Estébanez; FLACSO	Argentina
CeDeRT Labor Training	Income and employment generation	Pablo Bulcourf and Sergio Ilari; Universidad Nacional de Quilmes	Argentina
Technical Support in Ituzaingo	Income and employment generation	Pablo Bulcourf and Sergio Ilari; Universidad Nacional de Quilmes	Argentina
Los Juries Farmers Cooperative	Income and employment generation	Adrian Rozengardt and Ximena Duhalde; Foro de ONGs de Buenos Aires	Argentina
Integrated Infant Nutrition Centers	Attention to vulnerable groups	Natividad Nassif and Silvana Passeri; Universidad Nacional de Santiago del Estero	Argentina

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Barrio Ramón Abdalá	Health and housing	Natividad Nassif and José Mussi, Universidad Nacional de Santiago del Estero.	Argentina
Post-Privatization Rehabilitation, Palpalá	Income and employment generation	Daniel Arroyo and Maria Elina Estébanez; FLACSO	Argentina
Integrated Development in San Jorge	Water and sanitation/ housing	Natividad Nassif and José Mussi, INDES, Universidad Nacional de Santiago del Estero	Argentina
Alternative Education in Mizque	Education	Claudio Montaña, CEDEAGRO	Bolivia
BancoSol S.A.	Income and employment generation	Gloria Ardaya and Cecilia Campero	Bolivia
Cadepia	Income and employment generation	Samuel Colque; Cadepia	Bolivia
Instituto Politécnico Tomás Katari	Income and employment generation/ health	Henry Kurt Michel Barrios	Bolivia
Sartawi Foundation	Income and employment generation	Irene Sievers and José Antonio Heredia	Bolivia

(table continued on next page)

**Table 4 (continued)**

<i>Case title</i>	Sector	Author	Country
Community Gardens	Income and employment generation	Julio Prudencio Bohrt	Bolivia
Rolling Fund for Low-Income Housing	Housing	Alberto Rivera Pizarro	Bolivia
Program for Irrigation and Productive Activities (Seapas)	Income and employment generation	Delfin Cuentas and Tomás Quispe	Bolivia
Caldas Coffee Committee and Escuela Nueva	Education	Centro de Estudios Regionales y del Café, CRECE	Colombia
El Minuto de Dios School	Education	Instituto de Estudios Regionales, Universidad de Antioquia	Colombia
The Strategic Prevention Program of Urabá	Conflict resolution	Instituto de Estudios Regionales, Universidad de Antioquia	Colombia
Cencooper	Income and employment	Gustavo Zarate Cortes, CIDER, Universidad de los Andes	Colombia

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Corpoversalles	generation Income and employment generation/ health	Universidad del Valle	Colombia
Microenterprise Program of Santo Domingo's Foundation	Income and employment generation	Camilo Madariaga Orozco, Luz Marina Silva Travecero y Lied Ferreira, Fundación Universidad del Norte	Colombia
Sepas–Coopcentral	Income and employment generation	Universidad Autónoma de Bucaramanga	Colombia
The Center for Wood Production, Pensilvania	Income and employment generation	Centro de Estudios Regionales y del Café, CRECE	Colombia
AOISPEM	Water and sanitation	Universidad del Valle	Colombia
Coopresar Garbage Recycling Company, Bucaramanga	Urban services	Universidad Autónoma de Bucaramanga	Colombia
Conelca	Education		El Salvador
FUSAL	Health	Ana Evelin Jacir de Lovo	El Salvador
Milagro de la Paz Community Centers	Attention to vulnerable groups	Beatriz Barraza, Fundación Maquilishuat	El Salvador
Adel Morazan	Income and employment generation	Adel Morazan	El Salvador

*(table continued on next page)*

<i>Case title</i>	<i>Sector</i>	<i>Author</i>	<i>Country</i>
CACH	Environmental protection/income and employment generation	Alberto Enríquez; FUNDE	El Salvador
Fundacoatepeque	Social services/income and employment generation	Juan Carlos Rivas Najaro, Departamento Social, Fusades	El Salvador
Abilities	Income and employment generation	University of West Indies	Jamaica
Family Planning	Health	University of West Indies	Jamaica
Workforce Development Consortium	Income and employment generation	University of West Indies	Jamaica

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The Science Learning Center	Education	University of West Indies	Jamaica
COMAND	Housing	University of West Indies	Jamaica
Oracabessa Tourism Development	Basic services/ education/ conflict resolution	University of West Indies	Jamaica
The Catuche Consortium	Urban services	Claudia Giménez, SOCSAL	Venezuela
IRFA	Education	Nestor Luis Luengo and Maria Gabriela Ponce, Instituto de Investigaciones Económicas y Sociales, Universidad Católica Andrés Bello	Venezuela
Justices of the Peace	Conflict resolution	Rosana Fernández, IESA	Venezuela
PACOMIN	Education/health	Claudia Giménez, SOCSAL	Venezuela
Alternative Schools of Petare	Education	Cecilia Carriola and Beatriz Fernández, CENDES, Universidad Central	Venezuela
Voluntary Dividend for the Community	Education	CEDICE	Venezuela
Mobile Health Clinics	Health	Lissette Fernández, Rafael Portillo, Domingo Méndez, Universidad del Zulia	Venezuela
Vaso de Vida	Attention to vulnerable groups	Arantza Bilbao and Susana Pachano; Venezuela Competitiva	Venezuela
Mendoza Microenterprise Program	Income and employment generation	Claudia Giménez, SOCSAL	Venezuela
Foundation for Popular Housing	Housing	Arantza Bilbao and Susana Pachano, Venezuela Competitiva	Venezuela

*Note:* Both author 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 writing the case study.

### Members of National Committees in the Six Countries

#### Argentina

- Myrna Alexander, Country Department Director, World Bank
- Eduardo Casabal, Business Leader
- Monsignor Italo Di Stefano, Member of Social Pastoral Commission
- Gilberto Flores, UNDP Resident Representative in Argentina
- Oscar Grillo, Sociologist and Representative of the Inter-American Foundation
- Emilio Mignone, President of Centro de Estudios Legales y Sociales (CELS) and President of the National Commission for the Evaluation of Universities

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- Beatriz Orlowsky de Amadeo, Head of the National Center of Community Organizations
- Fernando de Santibañez, President of the Banco de Crédito Argentino.

### **Bolivia**

- Xavier Albó, Centro de Investigación y Promoción del Campesinado
- Oscar Aguilar, Second Vice–President, Confederation of Bolivian Business People and Director, Aguilar y Asociados
- Fernando Calderón, Adviser on Human Development, UNDP
- Marco Camacho, Former President, Social Investment Fund
- Ana Maria Campero, Journalist, former Minister of Communications
- Isabel Girardot–Berg, World Bank Resident Representative
- Host Grebe, Director, Fundación Milenio, Former Minister of Labor
- Sirkka Korpela, UNDP Resident Representative
- Carlos Hugo Molina, Former National Secretary of Popular Participation, Human Development Ministry
- Walter Núñez Rodríguez, Former Manager, Cámara Agropecuaria de Oriente and Former President of the Banco Agrícola.

### **Colombia**

- Eduardo Aldana, Academic, Universidad de los Andes
- J. Mario Aristizabal, Business and Civil Leader
- Ines de Brill, NGO Leader, Executive Director of the Colombian NGO Confederation
- Doris Eder, Civil Leader, Former Minister of Education
- Ana Mercedes Gómez, Journalist, Director of El Colombiano of Medellin
- Felipe Saez, World Bank Resident Representative
- Martin Santiago, UNDP Resident Representative.

### **El Salvador**

- Guillermo Galván, Director of PROCAP (NGO)
- Roberto Góchez, Academic

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- Mima Liévano de Marques, Director of the Escuela de Negocios and Former Minister of Planning
- Mario Marroquin, World Bank NGO Liaison Officer
- Joane Scholtes, UNDP Resident Representative
- José Jorge Simán, Business Leader.

### **Jamaica**

- Sarah Adam, World Bank
- Claire Bernard, Delegate from the Planning Institute of Jamaica (PIJ)
- Barry Chevannes, Dean of Social Sciences, University of the West Indies
- Rev. Maitlan Evans, Mel Nathan Institute
- Scarlett Gillings, Head, Social Investment Fund
- Cynthia Hutchinson, Delegate from the Private Sector Organization of Jamaica (PSOJ)
- Beverley Manley, Journalist and Women's Leader
- Norma Messam, UNDP Deputy Representative
- Rev. Norman Mills, Delegate from the Jamaica Council of Churches
- Trevor Monro, Department of Government, University of the West Indies
- Jeanne Robinson, ICWI Group Foundation
- Jaslin Salmon, Director of the Programme Co-ordination and Monitoring Unit at the Prime Minister's Office.

### **Venezuela**

- Bruce Carlson, Resident Representative, World Bank
- Yolanda De Venanzi, Manager of Social Development, Petróleos de Venezuela
- Henry Gómez Samper, Doctor Emeritus, IESA
- Iraida Manzanilla, Sinergia NGO Network
- Tomás Páez, Programa Bolívar—Coordinator
- Jesús Robles, Director Social Investment Fund—FONVIS.
- Seyril R. Siegel, Former UNDP Resident Representative
- Ricardo Tichauer, UNDP Resident Representative

- Luis Ugalde, S.J., former Minister of Education, Dean of Universidad Católica Andrés Bello.

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## Abbreviations and Acronyms

ADESCO	Association for Community Development
ANDI	Industrialists' Association (Colombia)
AOISPEM	Autconstrucción de Obras de Infraestructura de Servicios Públicos con Entrega de Materiales (Self–Help Program of Basic Infrastructure)
ASOVIV	Asociación Civil de Vivienda

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AUDIOCOOP	Audit agency (Colombia)
CACH	Comité Ambiental por Chalatenango (Environmental Committee for the Department of Chalatenango)
CBO	Community-based organization
CEDEAGRO	Centro de Desarrollo Agropecuario
CeNOC	Center for Information and Development of Community Organizations
COMAND	Community Organization for Management of Sustainable Development
COMERCOOP	Commercialization enterprise (Colombia)
COOPGUANENTA	Association of municipalities (Guanentá, Colombia)
COPRE	Commission of Reform of the State
CPC	Committee for Community Participation (Colombia)
CSO	Civil society organization
CSUTCM	Central Sindical Única de Trabajadores Campesinos de Mizque
DGRND	General Directorate of Renewable Natural Resources (El Salvador)
DRI	National fund for agricultural development (Colombia)
EDI	Economic Development Institute
EMCALI	Municipal Public Works Company (Cali, Colombia)
EPS	Empresas Promotoras de Salud
FEPADE	Business Foundation for Educational Development
FICONG	Fortelecimiento Institucional y Capacitación de ONG (Institutional Strengthening and Capacity Building of NGOs)
FIDES	Inter-Governmental Fund for Decentralization (Venezuela)
FINCOFIN	National government program to develop small enterprise (Venezuela)
FIS	Social Investment Fund (Bolivia)
FORRURAL	Training program for women (Colombia)
FOSYGA	Solidarity and Guarantee Fund
FUMA	Fundación Maquilishuat
FUSAL	Salvadoran Foundation for Health and Social Development
FVP	Fundación Vivienda Popular
IAF	Inter-American Foundation
ICWI	Insurance Company of the West Indies

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IDB	Inter–American Development Bank
INAVI	National Housing Institute (Venezuela)
INDECOL	Training institute for cooperative and community leaders (Colombia)
LAC	Latin America and the Caribbean
NGO	Nongovernmental organizations
PCM	Mobile Clinics Program (Venezuela)
PNR	National Rehabilitation Program (Colombia)
PSOJ	Private Sector of Jamaica Organization
SENA	National vocational education service (Colombia)
Sepas	Archdiocesan Social Secretariat (Bolivia)
TCDC	Special Unit for Technical Cooperation among Developing Countries
UIA	Union of Argentina Manufacturers
UNICEF	United Nations Children's Fund
UNDP	United Nations Development Programme
UNISANGIL	Cooperative–based university (Columbia)
UOBDS	Unión de Organizaciones de Base para Desarrollo Social
USAID	U.S. Agency for International Development