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WHY DO WE PARTNER WITH THE PRIVATE SECTOR?

Private sources now represent nearly 90 percent of financial flows to developing countries. The private sector creates nine out of ten jobs in the developing world and provides an important pathway for partner countries to achieve self-reliance. It is also the driving force behind many new innovations that help solve development problems. To foster greater collaboration between USAID and the private sector to advance development, USAID officially launched its new Private Sector Engagement (PSE) policy in December 2018.

In Peru, USAID has a long history of partnering with the private sector to implement enduring solutions that help address some of the most complex development challenges. The launch of the PSE policy helps USAID pivot closer to unleashing the power of the private sector to achieve shared development objectives. USAID/Peru endeavors to create new and build on existing partnerships that further common priorities across multiple sectors. Promoting sustainable forest management and green businesses that balance economic growth with biodiversity conservation is paramount for successful PSE. In rural economies once dominated by coca cultivation, USAID's successful track record in harnessing private sector interests and resources in remote and underserved areas is bolstered by joint investment in improved governance. USAID/Peru will pursue other opportunities to partner with the private sector as it implements its new five year strategy, 2020-2025.

PHOTO: NOELIA GUTIERREZ / USAID

CURRENT ACTIVITIES

MOBILIZING PRIVATE INVESTMENT FOR ALTERNATIVE DEVELOPMENT

Mobilizing Private Investment for Alternative Development in Peru is USAID/Peru's buy-in to USAID/Washington's global blended finance mechanism CATALYZE. This activity is designed to complement and build on the existing robust alternative development portfolio of private sector alliances and public sector institutional strengthening activities. In the first three-year phase of this activity, CATALYZE-Peru seeks to crowd in \$125 million in new investments in the portfolio, including the Coffee, Cacao and Digital Alliances.

Total Project Investment: USAID \$15 million - Partners TBD

Duration: August 2020 – August 2023

COFFEE ALLIANCE FOR EXCELLENCE

The Coffee Alliance for Excellence (CAFE) is a public-private partnership that seeks to increase the income of smallholder coffee farmers so that they need not resort to drug cultivation for economic survival. Between 2017 and 2019, CAFE facilitated \$23.6 million in gross sales, brokered the sale of 4,367 tons of coffee, valued at \$9.3 million, with 7,000 families participating in the Alliance activities.

Total Project Investment: USAID \$11,225,896 - Partners \$11,300,000

Duration: October 2, 2017 - October 2, 2022

CR3CE

Limited access to digital and financial services in rural Peru increases isolation and constrains economic development. USAID and private sector partners are working together through the CR3CE Alliance to reduce this isolation through internet connectivity and private financing access for 100 communities in the central Peruvian jungle.

Total Project Investment: USAID \$10 million - Partners \$21,957,021

Duration: December 15, 2017 – December 14, 2022

PERU CACAO ALLIANCE

The Peru Cacao Alliance is an innovative public-private partnership that lifts 20,000 rural families out of poverty and integrates them into the licit economy through cacao cultivation. Between 2012 and 2016 the Peru Cacao Alliance installed more than 28,000 hectares of cacao, incentivizing 17,000 smallholder farmers to leave illicit crops and choose alternative crops such as cacao. Through the Alliance, USAID and a number of private companies –including agricultural suppliers like NaanDanJain and Yara, and cacao buyers like ICAM and Romex help increase farmer productivity and promote private investment.

Total Project Investment: USAID \$24,992,794 - Partners \$53,316, 511

Duration: September 1, 2016 – August 31, 2021

AMAZON DEVELOPMENT ENTREPRENEURIAL AND LEARNING ALLIANCE (ADELA)

The new ADELA platform will accelerate future investment in sustainable development and conservation

in the Peruvian Amazon. USAID provided \$10 million to launch a partnership joining Conservation International and the BHP Foundation in seeding a \$20 million investment facility. The facility will seek to crowd in an additional \$50 - \$100 million from the private sector. Over five years, ADELA expects to create 100 “green” businesses that promote the sustainable use of natural ecosystems, limit deforestation and forest degradation, and restore degraded ecosystems, while improving local community livelihoods.

Total Project Investment: USAID \$10 million - Partners \$10 million

Duration: August 2020 – August 2025

THE PREVENT PROJECT

PREVENT works with the Government of Peru and civil society to improve the enabling conditions to deter and combat environmental crimes, thereby reducing their negative impact within and around protected areas, especially forests and indigenous lands. PREVENT promotes active participation from civil society, media, activists and the business sector to strengthen advocacy and information dissemination. Private sector partners will be engaged to reduce demand in illegal commodity exploitation and help incentivize legally sourced gold with social and environmental safeguards.

Total Project Investment: USAID \$23,934,000 - Partners TBD

Duration: September 2019 – September 2024

THE FOREST ALLIANCE

Every year 150,000 hectares of forest is destroyed in the Peruvian Amazon from agriculture, infrastructure construction and cattle ranching. Peru’s indigenous communities are one of the largest Amazonian land holders and manage a significant portion of the Amazon forests. The Forest Alliance supports indigenous communities in the Ucayali region to conserve and manage their forested lands under an innovative model with the private sector. The model generates revenues for indigenous peoples through a REDD+ mechanism and a diversity of sustainable economic activities based on forest products. In partnership with a social impact investor, the Forest Alliance is poised to put forth a sustainable business structure with far reaching benefits for indigenous and native communities.

Total Project Investment: USAID \$3.5 million - Partners \$3.5 million

Duration: March 2019 – March 2024

CENTER FOR AMAZONIAN SCIENTIFIC INNOVATION (CINCIA)

CINCIA leverages alliances with U.S. and Peruvian academic and research institutions to develop transformative solutions that promote sustainable development, combat environmental destruction caused by alluvial gold mining, and improve human health in the Madre de Dios region, one of the most ecologically diverse and threatened regions in the world. CINCIA collaborates with researchers from over 15 domestic and international institutions while leveraging support from private sector partners, including the geospatial mapping company Esri, and the environmental NGOs Amazon Aid Foundation and World Wildlife Fund.

Total Project Investment: USAID \$4.6 million - Partners TBD

Duration: March 2016 - February 2021

PRO-BOSQUES

USAID's Pro-Bosques forestry technical assistance program seeks to improve private sector engagement in forest sector activities to build a legal, profitable and sustainable forestry market, while reducing deforestation rates and illegal logging in the Amazon regions of Loreto, Ucayali and Madre de Dios. Assistance to forest title holders and forest sawmills helps increase sustainability, legality, inclusivity, and profitability of forest timber enterprises in priority regions. Pro-Bosques helps forestry companies to access services of *Procompite*, a Peruvian Government financing initiative, to expand their timber and other wood products business plans. The project also supports Peru's National Forest Service, the national network of Forestry CITE (Center of Technology Innovation), and the three target regional governments, to increase the local- and legally-sourced timber market.

Total Project Investment: USAID \$25 million - Partners TBD

Duration: September 2018 - September 2023

AMAZON INDIGENOUS RIGHTS AND RESOURCES

The Amazon Indigenous Rights and Resources (AIRR) activity seeks to empower indigenous peoples across multiple Amazon countries to better exercise their rights in the face of large-scale infrastructure development and extractive activities that may affect their livelihoods. The activity aims to incorporate the rights and interests of indigenous peoples into public and private sector development planning to balance human welfare and environmental conservation. In particular, AIRR invests in community enterprises defined by local entrepreneurs that empower access to quality jobs.

Total Project Investment: USAID \$17.9 million - Partners TBD

Duration: August 2019 – August 2024

INNOVATING SOLUTIONS FOR GOLD MINING IN THE AMAZON

Illegal gold mining in rivers and floodplains in the Amazon is an important driver of deforestation and ecosystem-wide negative impacts, including toxic mercury poisoning of people, water, and food sources. To help artisanal, small-scale and informal gold mining become more environmentally responsible and socially equitable in Amazon priority countries, USAID and Conservation X Labs will use a Grand Challenge model to engage the private sector in the development and implementation of targeted innovations. Awardees will show how the innovation will help reduce threats to biodiversity and demonstrate demand, a customer base, and a plan to ensure financial stability and sustainability for the innovation to reduce artisanal mining.

Total Project Investment: USAID \$2,252,265 - Partners \$5,530,714

Duration: July 2020 – July 2022