



Reference: Funding Opportunity 72052720APS00001

Amendment Number: Three (3)

Issuance Date of Amendment Number Three (3): June 01, 2020

Agreement Officer: G. Michael Junge

Subject: Amendment Three (3) to the PERU NEW PARTNERSHIP AND PRIVATE SECTOR ENGAGEMENT INITIATIVE – Notice of Funding Opportunity/Annual Program Statement Number 72052720APS00001

Dear Prospective Applicants:

The purpose of this Amendment Three (3) to reference funding opportunity is to Revise the Governance and Institutional Strengthening (GIS) Program funding area.

Therefore, the APS as described above is hereby amended as follows:

- 1. SECTION H. OTHER INFORMATION, ITEM A – PROGRAM FUNDING AREAS, GOVERNANCE AND INSTITUTIONAL STRENGTHENING (GIS),** delete in its entirety and replace it with the following revised version (changes are being highlighted):

“GOVERNANCE AND INSTITUTIONAL STRENGTHENING (GIS)

Problem Statement:

There is insufficient civil and private sector collaboration to tangibly increase public integrity and/or reduce corruption while also addressing social inclusion issues; particularly for young people, women, LGBTIQ and other vulnerable populations.

Background:

Tolerance of corrupt practices, the presence of illicit interests in the political system, weak representation of citizen’s interests in the institutional architecture and decision-making processes, and a culture of discrimination against women and minorities is still engrained in Peru, hampering the country's path to an effectively governed, modern state.

Although moderately highly ranked on macroeconomic metrics, high-visibility corruption cases have taken a toll on Peru's political stability and investment climate. Political will from the current Executive has built strong momentum in the fight against corruption but

has resulted in tense confrontations with Congress. In 2019, the increasing tensions between Congress and the Executive created delays in new and pending legislation. These included legal and constitutional reforms developed by an Executive Branch-mandated High Commission for Political Reform and featured measures to reduce illicit interests and influence in elections and greater private sector interest for transparency and accountability. Tensions came to a head and led President Vizcarra to dissolve Congress, calling for extraordinary congressional elections in January 2020. A challenge of the new Congress is to review and approve key reforms left unaddressed by the dissolved Congress, with little time and unclear political will to address these pending reforms.

A volatile political climate can slow the execution of the public budget which in turn could discourage private investment. Public integrity, the consistent adherence to shared ethical values, principles, norms and systems that prioritize public interest over individual and private interests, is evidenced by a pervasive tolerance to corrupt practices in Peru. Persistent, pervasive corruption and inequalities risks Peru's sustained democratic and economic progress.

In addition to the benefits that improved transparency and accountability bring to the private sector, the private sector can also help provide or develop new tools or technology to promote effective democratic governance. There is an opportunity for profit businesses and financial institutions to play an active role to ensure that Peru continues along a trajectory towards a fair, equitable and open business environment. By partnering with development entities, they can actively promote better and more fair business practices and also greater attention to non-discrimination issues (gender equity, GBV, and human and labor rights respect.), and add value to their businesses.

Illustrative examples of the type of activities to be advanced through these potential new GIS Peru New Partnerships and Private Sector Engagement Initiative, include:

1. Partnering with key manufacturers, buyers, exporters and processors of Peruvian based products to ensure that the GOP maintains the highest standards of ethics and transparency in public procurement. Work with implementing entities to ensure the GOP maintains legislation and procurement systems which are advantageous to both the producers, but also to the GOP.

2. Partnering with business associations chamber of commerce at national and regional levels, to implement initiatives to increase private sector integrity compliance standards, transparency, accountability and/or collective action to expand an inclusive integrity culture. This could include, but not be limited to multi-stakeholder activities to promote Extractive Industry Transparency Initiative compliance standards, contributing to greater transparency of royalties that truly benefit affected communities and populations, playing a part in greater adherence to social compacts between extractive industries, communities and government.

3. Partnering with entities interested in promoting inclusive and transparent business practices in local small businesses by fostering creativity, innovation and entrepreneurship, as well as formalization, access to finance and product and market development. This would include, but not be limited to, support for women owned businesses, support of Trafficking in Persons survivors; including innovative application of information technology to facilitate access to finance, markets and services, as well as auditors, training, business or leadership consulting services, public opinion. research and think tank organizations.

4. Partnering with relevant Government of Peru entities (e.g. the Ministry of Economy and Finance (MEF), regional/municipal governments) to catalyze increased, more effective public investment in delivery of basic public goods and services, including but not limited to: health, education, roads, other infrastructure, sanitation, ~~g~~; including innovative application of information technology to increase transparency, reduce transaction costs and risks that can provide a direct link to improving accountability .

5. Partnering with civil society, media associations, conglomerates, infomediaries to enhance a culture of integrity and non-discrimination, promote and sustain social demand for institutional reforms with greater and more equal benefits that promote social inclusion, and reduce tolerance of corruption and corruptive practices, including as well as social rejection to GBV and TIP through specific programs. These types of partnerships could be monetary or in kind respecting the 1-to-1 by 1-dollar criteria and could include, but not be limited to, promoting cleaner political candidate and/or practices, including applying new technologies, research and communication strategies, and more licit, transparent and cleaner financing of political candidates at key points in the political and electoral processes.

Theory of Change:

If the private sector takes a greater interest to collaborate with civil society and the GOP in taking action to increase public integrity, and promote an inclusive society, **then** Peru will increase public integrity to more effectively reduce corruption, adopt and implement key reforms in the political system, and will increase awareness on social inclusion issues and affected populations.

Purpose Statement:

USAID will increase citizen and business-led efforts to promote whole-of-society democratic accountability and raise public understanding of the benefits of a culture of integrity, good governance and an inclusive society, particularly related to LGBTI, gender and GBV.”

[END OF AMENDMENT THREE (3)]