

## Technical Assistance Facility for Latin America and the Caribbean

### MAPPING ON SUPPLY CHAIN BEST PRACTICES IN PERU

<b>Project dates:</b>	February 2005 – April 2006
<b>Country:</b>	Peru
<b>Sector:</b>	Corporate Social Responsibility (CSR)
<b>Sponsors:</b>	Canadian International Development Agency (CIDA)

Many cases have demonstrated that large companies can effectively contribute to the local economic growth by establishing local supplier/distributor development programs. In order to identify the best practices and initiatives of individual firms and also guide the implementation of similar programs, IFC's Technical Assistance Facility for Latin America and the Caribbean (LAC Facility) created a country map that describes and analyzes the relationship between large companies and relevant suppliers, distributors and communities in Peru.

#### Scope of the project

The project identifies key organizations, groups and firms that are working with small suppliers and distributors in order to collect and analyze current state-of-the-art practices and mechanisms to promote corporate sustainability. This study will support the IFC's effort of elaborating guidelines for other firms interested in strengthening their relationship with local communities through economic development programs. Companies are selected based on their impact on sustainability (economic growth and community development) and on the business success factors.

This study conducted a research and analysis of the practices used by 8 companies in sectors such as textile, food and beverage, services, mining, and agro-industry. The mapping focused on gathering and systematizing information from secondary sources, conducting interviews with key stakeholders, selecting and categorizing best practices of suppliers/distributors chains, elaborating a final report, and developing indicative guidelines for the implementation of a supplier/distributor chain development program with selected companies.

#### Results

The final report included two main sections:

1. An analysis of the relationship between large firms and companies and relevant local providers, distributors and suppliers; and,
2. An analysis of the relationships between the large mining companies and the communities where they operate.

The final mapping provides with in depth information on the main concerns and constraints that large companies face when dealing with communities and small scale suppliers. These issues are not only technical aspects but also social and cultural misunderstandings. The mapping concluded that the lack of socio-cultural analysis is a risk to technical assistance projects that include communities and small scales suppliers. Also, it recommended to systematize, disseminate and replicate successful practices in the development of supply chains and to strengthen those that have proven effective. The need to strengthen SMEs at a horizontal level to promote the vertical integration with large companies was also a recommendation included in the report.