

Study of Social Entrepreneurship and Innovation Ecosystems in the Latin American Pacific Alliance Countries

Country Analysis: Peru

Fundación Ecología y Desarrollo

Office of the Multilateral
Investment Fund

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Country Analysis

Peru

**Multilateral Investment Fund (IADB) ·
Fundación Ecología y Desarrollo**

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1. Country overview

1.1 Country Profile¹

Population (2014)	30.97 million
GDP per capita (2014)	6,541 USD
Rural population (% of total) (2014)	22%
CO2 emissions per person (2011)	1.8 Mt per capita
Inequality (GINI coefficient) (2013)	48.1
Poverty (population below national poverty line) (2013)	23.9%
Unemployment (% of population) (2014)	4.2 %
Social Progress Index ²	67.23 (28th/133)

1.2 Economic and social overview

Peru has been one of the region's fastest-growing economies, with an average growth rate of 5.9% in a context of low inflation (averaging 2.9%), over the past decade. *"A favorable external environment, prudent macroeconomic policies and structural reforms in different areas combined to create a scenario of high growth and low inflation."*³

The economic policies of the 1970s in Peru were based on the substitution of imports and from 1985 to 1990 the hyperinflation in Peru reached a cumulative total of 2,200,200%, in the middle of the terrorism years in the countryside. Alberto Fujimori came to power in 1990 implementing drastic measures, some which reduced inflation, and ended with dissolution of the Congress by Fujimori. Since 1990, the Peruvian economy had undergone free market reforms, with privatization in the mining, electricity and telecommunications industries. With the new century and the stabilization of the political situation, the economy started to increased investments, expanding production and exports of raw materials. As a result, the strong growth in employment and income has reduced poverty rates, from 55.6% to 21.8% between 2005 and 2015 and extreme poverty declined from 15.8% to 4.1%, during the same period.

However after a deceleration in 2014, GDP growth recovered in 2015, from 2.4% to 3.3%, thanks to increased copper and exports. The inflation rate exceeded the target range (4.4%) given the devaluation of the local currency, which drove up electricity rates and real estate prices. In 2016, economic growth is expected to be similar to 2015 levels and to gradually recover to an average rate of 3.8% in 2017-2018.⁴ Over the next two or three years, large-scale mining projects and public investment in infrastructure projects are expected, and the GDP estimates are vulnerable to

¹ All data is taken from <http://data.worldbank.org/> except GINI coefficient which is taken from <http://hdr.undp.org/en>

² Michael Porter's Social Progress Index measures multiple dimensions of social progress, benchmarking success, and catalyzing greater human wellbeing <http://www.socialprogressimperative.org/data/spi>

³ World Bank Peru Country Profile, 2016 <http://www.worldbank.org/en/country/peru>

⁴ World Bank Peru Country Profile, 2016 <http://www.worldbank.org/en/country/peru>

challenges associated with the capacity of the next government (starting in July 2016) to implement the necessary reforms.⁵

The current drivers of growth, which are strongly reliant on labor, capital accumulation and the commodity-exporting sector, seem insufficient to sustain further socioeconomic progress. In order to meet the middle-income challenge and strengthen the emerging middle class, Peru must overcome low productivity growth, large inequalities and high and widespread employment informality. Many in the middle class remain vulnerable and could slip back into poverty following an economic slowdown.⁶

Informality continues to dominate the world of work, compromising both job quality and productivity. Close to one half of all workers are employed in Peru's three least productive sectors: retail, restaurants and agriculture. The labor market is largely segmented, with poor working conditions, aggravated by significant inequalities by gender and socioeconomic origin. Now the informality in Peru, at close to 60% of workers, is one of the highest in Latin America. Strong inequality defines both informality and working conditions, and young people with low education in rural areas are the worst affected.⁷

The credible monetary and fiscal policies implemented in the past decade are key for inclusive development in Peru. Inflation rates and public debt are at low levels, and there is increasing confidence among domestic and international investors. However, a more effective taxation system is needed to finance the existing socioeconomic gaps. The level of taxation at 18% of GDP remains low compared to OECD and Latin American countries (34% and 21%, respectively). Tackling corruption could also increase the trust that citizens have in their government and build state legitimacy.⁸

1.3 Key social challenges

Peru's economy has grown steadily for more than a decade and at the same time has made remarkable progress in reducing poverty and meeting the Millennium Development Goals. These achievements, which have been made with great effort, are however, under a real and major threat as climate change could reverse these advances. Particularly climate shocks have the potential to destroy the capabilities of the poorest of society, with the added risk of affecting future generations.⁹ Environmental regulations require better horizontal and vertical coordination of policies to promote green growth.

Health, education and employment are also important to inclusive and sustainable development in Peru. Despite improvements in access to both healthcare and education, the quality of these essential public services remains insufficient to meet the needs of citizens and the economy. Child

⁵ Multiannual Macroeconomic Framework - *Marco Macroeconómico Multianual*, MEF, May 2016; Pedro Pablo Kuczynski (Peruvians for Change party) won.

⁶ Multi-dimensional Review of Peru: Volume I. Initial Assessment (OECD, 2015)

⁷ Multi-dimensional Review of Peru. Volume 1. Initial Assessment (OECD, 2015)

⁸ Multi-dimensional Review of Peru. Volume 1. Initial Assessment (OECD, 2015)

⁹ Human Development Report 2013 for Peru "Climate change and Territory" (PNUD, 2013)

mortality rates are still high (17 per 1,000), as well as chronic malnutrition, especially in rural areas, where healthcare services are insufficient. Overcoming the inequalities in the health sector, as well as improving overall quality will be critical for Peru.

Equitable access to quality education and formal jobs is critical for fostering social cohesion and improving economic performance. Secondary school students in Peru performed the lowest of all participating countries in the last 2012 PISA survey.¹⁰ The education system is also not well geared to the needs of the labor market and education is mainly private. Improving the quality of teaching and learning, reducing overall inequalities and costs, as well as increasing investment in this sector, are acute challenges, which could have positive impacts on other sectors.

Looking ahead, major challenges will include achieving more sustainable economic growth and further strengthening linkages between growth and equality. To this end, the country must take into account the segment of the population that could fall back into poverty as a result of economic fluctuations, which would reverse the progress, made over the past decade and the gaps between different socio-economic groups are still very large. Socio-environmental conflicts, pollution from mining companies, oil leaks, prior consultation with indigenous communities and informal mining are some of the remaining unresolved issues for a sustainable development in Peru.¹¹

2. Overview of social entrepreneurship and social innovation movement

Entrepreneurship and innovation in Peru

Peru has long been recognized as a country of entrepreneurs, in the sense that a large number of people have the innate initiative of starting their own ventures, often related to production and the sale of food and staple goods. 40% of Peruvians said they would try to start a business in the next three years, compared to only 21% worldwide.¹² *"Peruvians are opportunity seekers; the unfavorable economic conditions we have lived for a long time have pushed Peruvians to develop ingenuity and creativity to improve living conditions"* says Jaime Serida, leader of the GEM Peru Research Team and Dean of ESAN Graduate School of Business. The Peruvian economy is characterized by ups and downs, thus historically people got used to switching sectors, and starting new businesses in order to adapt to market changes. Moreover, both in cities and rural areas, Peruvians have undertaken small ventures in addition to their daily jobs to supplement their income and resilience to possible changes in the economy.

Traditionally, innovation has been synonymous with technology, and in Peru, the rate of innovative entrepreneurs reached 16% in 2015.¹³ Since 1965, Peru has been making increasing public efforts in research and science and from 2003 innovation was added to these public policies, as mentioned below, always with a technological approach. In the mid-90s two centers of entrepreneurship at the

¹⁰ Multi-dimensional Review of Peru. Volume 1. Initial Assessment (OECD, 2015)

¹¹ *Defensoría del Pueblo* (Peruvian Ombudsman) - Monthly reports on social conflicts, 2015

¹² Global Report 2015-2016 (Global Entrepreneurship Monitor, 2015)

¹³ Global Report 2015-2016 (Global Entrepreneurship Monitor, 2015)

Catholic University and the Pacific University were launched to promote entrepreneurship among students. Gradually, both centers incorporated the promotion of technological innovation. In 2009, both centers began the incubation of innovation projects based on technology, which only in some very specific cases incorporated solutions to social problems.

Innovation is needed in Peru to achieve competitiveness and growth on a global scale, according to the OECD assessment of innovation policy presented at the 49th Annual Conference of Executives (CADE) in 2011. That year the conference was organized under the theme "Innovation: accelerating Peru's transformation."

How social entrepreneurship emerged in Peru

NESsT began activity in Peru in 1997 and has delivered more than 1,5 USD million in funding and assistance in two decades. Pacific University started in 1998 developing a training office for business experts and sustainable development. In 2013, social entrepreneurship in Peru had an important boost with the launch of competitions for social entrepreneurs (*Kunan* and "*Bold Ideas*") and the growth of "*Emprende UP*" (also from the Pacific University) with an annual competition for social entrepreneurs (*Thaski*). Since then some co-working spaces have begun to appear, also key to enhance the exchange of ideas and facilitate innovation processes. *Sistema B* began activity in 2016 and had already certified four ventures.

Current Status of Social Enterprises in Peru

Some Peruvian innovation centers feel that the social innovation ecosystem in Peru will follow a similar pattern to Colombia and Chile. Organizations have mentioned that social innovation arises only when a certain degree of economic development has already been achieved in the country and the general ecosystem for entrepreneurs is consolidated. It is only a few years behind these two countries and is incorporating lessons learned from the region and progressing consequently with greater stability.

Scaling social enterprises in Peru

The social entrepreneurship and social innovation ecosystems have only been developing in Peru recently. Over the last few years specialized intermediaries to support social entrepreneurs have been appearing gradually in Peru. In this context, the Inter-American Development Bank (IDB) has always played a central role in the Peruvian social entrepreneurship and social innovation ecosystem. In 2007 the IDB facilitated the first five-year loan to the government to promote entrepreneurship, and within this project there was significant support was for social entrepreneurs. The IDB also participated in the formulation of the "Special program for technology transfer for social inclusion" which was launched in 2013 in the Social Innovation Summit, previous to the annual meeting of the World Economic Forum held in Lima. Unfortunately this program was eventually not implemented.

In 2016, the IV Forum for Entrepreneurship and Innovation (LAB4+) was held in Lima. This important event, which is part of the Pacific Alliance meeting, had the title "Innovation as an driver for social inclusion" and the event brought together more than 600 people from investment funds, international organizations, governments and social entrepreneurs.

Table 1. Key milestones in entrepreneurship and innovation in Peru; expanding to social entrepreneurship and social innovation

Year	Milestone	Description
2003	ESAN becomes member of GERA	<i>Universidad ESAN</i> is an academic organization of international reach. In 2003, it became a member of the Global Entrepreneurship Research Association (GERA) consortium.
2004	Framework Law on Science, Technology and Technological Innovation	The System of National Science, Technology and Technological Innovation (Sinacyt) is launched, led by the National Council of Science and Technology (Concytec). Funds for innovation increased as instruments of innovation policy.
2007	RAMP-NESsT projects launched	Recognition and Mentoring Program (RAMP) supported by NESsT and Lemerson Foundation. Specifically for technological innovation on social issues, in Cusco, Puno and Cajamarca, in five key areas: energy, water, health, agriculture and biodiversity.
2009	<i>Emprende UP</i> founded	Center of Entrepreneurship and Innovation at the University of the Pacific (<i>Emprende UP</i>) is founded to promote an entrepreneurship ecosystem in the University and in Peru.
	CIDE starts as incubator	Center for Entrepreneurship and innovation Development (CIDE), which was founded in 1995 in the Catholic University (PUCP), starts an incubator program.
2012	Momentum Project BBVA – CIDE launched in Peru	First annual call to support the consolidation of social enterprises that are in year 2 or 3 with the support of BBVA Continental and CIDE from the Catholic University.
2013	Social Innovation Summit in Lima	Summit held before the 2013 annual meeting of the World Economic Forum in Lima. The "special program for technology transfer for social inclusion" was launched. But unfortunately this program was not implemented.
	Kunan launched	First Kunan Open Competition in 2014 in which CREA and <i>Laboratoria</i> were supported, Llama Pack and Höseg supported in 2015.
2014	" <i>Bold Ideas</i> " - Concytec	Open competition " <i>Bold Ideas</i> " finances projects with a scientific and technological base that solve environment, health, and agriculture problems.
	Co-working spaces	Consolidation of co-working spaces in Lima (e.g. <i>Comunal, Residencia, Wayra</i>), which foster exchange of ideas for entrepreneurs.
2015	FIIS in Lima	International festival of social innovation launched in Peru led by the University of Engineering and Technology (UTEC) and FIIS Chile.
2016	Sistema B launched in Peru	B Lab (US) replicates its global model with <i>Sistema B</i> in Latin America and is launched in Peru. Four ventures certificated by 2016.
2016	LAB 4+ in Peru	IV Forum for Entrepreneurship and Innovation (Innovation as an driver for social inclusion) - as part of the Pacific Alliance meeting

3. Public Policy for social entrepreneurship and social innovation

Before exploring progress in the field of social entrepreneurship and social innovation, it is important to understand Peru's recent history in terms of innovation in a more general sense; since the social entrepreneurship and social innovation theme is still very new and preparing stage. In Peru, entrepreneurs do not yet have public open competitions on social innovation or social entrepreneurship specifically, and most competitions are generally focused on technology.

Innovation traditionally focused on science and technology

Traditionally, public policies supporting innovation in Peru have been entirely focused on science and technology. In the early 1960s, the National Research Council was created. It would later become the National Council of Science and Technology (Concytec), which incorporated themes of innovation specifically from 2000. At this moment, three important steps were taken in Innovation, Science and Technology: i) firstly a framework law for these three subjects, ii) a System for Innovation, Science and Technology (Sinacyt) that also became operational at a sub-national level as well as iii) the launch of a Fund (FINCYT) for research and development projects on Science and Technology and was created thanks to the IDB loan for improving competitiveness.

Concytec is the only public institution recognized historically in innovation (again with a focus on the technological aspects of innovation) and has moved from the Ministry of Education to the Presidency of the Council of Ministers, which shows its increasing importance, as well as the overall intention for innovation to become a crosscutting priority.¹⁴

These public policies, institutions and funds have had a positive impact on innovation in general in Peru. In addition, as highlighted by CEPLAN,¹⁵ economic stability, synergies between the public and private sector, as well as the change in approach to education, have influenced to improve innovation. However, the study conducted by ESAN¹⁶ also mentions factors that have limited innovation in the country: innovation has been promoted more in private companies than universities or research institutes, and also the innovation with support from the State has focused on technology, without taking into account other types of innovation (such as social innovation).

Public policies on entrepreneurship

At the same time, the Peruvian government has increased public policies to support entrepreneurship, based mainly in the Ministry of Production, in which the "General Direction of Innovation, Technology Transfer and Business Services" is planning and evaluating the Peruvian public policies on innovation. "Innovate Perú" implements and monitors innovation funds from the Ministry of Production. One of its main programs is "Startup Peru" to stimulate entrepreneurship,

¹⁴ There are four funds dedicated to supporting the improvement of innovation in Peru: the National Fund for the Development of Science, Technology and Research (Fondecyt); a fund focused on agricultural issues (PIEA); the program of Science and Technology (FincyT); and "Innovate Peru", which finances knowledge transfer and capacity building. On the other hand there are also Technological Innovation Centers (CITE) connecting companies with other actors.

¹⁵ Multi-Committee for Productive Innovation for the International Competitiveness - *Comité Multidisciplinario de Innovación Productiva para la Competitividad Internacional*; National Centre of Strategic Planning (CEPLAN 2012)

¹⁶ Model for Innovation in Local Governments in Peru - *Modelo de Gestión de la Innovación para los Gobiernos Locales del Perú*, (ESAN, 2014)

knowledge transfer and capacity building. Although “Startup Peru” is the better-known fund in “Innovate Peru”, there are other funds for incubators, entrepreneurs of several sectors, as well as companies.¹⁷ The main goal for all of these funds is the consolidation of new Peruvian companies with innovative and technological services and a projection to international markets, but without a specific goal on social innovation. Finally, “Emprendedor Peruano” is the platform for business development of small and medium companies, and is also part of the Ministry of Production.

Increasing focus on social issues

In 2013, Peru hosted the Social Innovation Summit in Lima, previous to the World Economic Forum. At that time, the Government launched the “Special Program in science, technology and innovation for social inclusion and poverty alleviation 2013- 2016”, supported by the IDB. Unfortunately this program was eventually not implemented. But the idea was to promote the application of science and technology for social inclusion and poverty alleviation in rural and marginal urban areas, promoting continuous innovation for the solution of social needs. However, unfortunately this ambitious program was never executed, despite its excellent design, its presentation within the WEF 2013 framework and the support of the IDB.

In summary there is no public policy or strategy on social entrepreneurship or social innovation, and political parties do not contemplate the issue in their government programs for 2016-2021.

Legal structures for social enterprises

There is no specific format for social enterprise in Peru now. Although most social enterprises take the form of non-profit associations (*Asociación sin fines de lucro*), there are also other legal forms, such as the Limited Liability Company (*Sociedad de responsabilidad limitada*), and individual limited liability company (*Empresa individual de responsabilidad limitada*). Table 2 summarizes the characteristics of the different legal structures types that are most commonly used for social enterprises.

Table 2. Legal structures for social enterprises¹⁸

Name	Name in Spanish	Description
Non-profit organization	<i>Asociación sin fines de lucro</i>	No profits can be generated and must be reinvested in social activities. The typical structure for social enterprise in Peru.
Limited Liability Company	<i>Sociedad Comercial de Responsabilidad Limitada (S.R.L)</i>	Formed between 2 and 20 people. Capital is provided by members, but they do not respond personally for the debts or obligations of the company.

¹⁷ Every fund is currently published in <http://www.innovateperu.gob.pe/>. Please, take into account general elections will be celebrated in June 2016 and public policies could change significantly

¹⁸ Every Table is own elaboration based on interviews

Private Company*Sociedad Anónima
Cerrada (S.A.C)*

The capital is represented by shares owned by a group of people (3 to 20). SAC has a manager and an annual General Shareholders' Meeting.

According to the incubators a key challenge for social entrepreneurs in Peru is to decide on the kind of legal structures for their ventures. Clarity from public policy would be useful in this sense. Non-profit entities can take several legal forms (association, foundation, mutuality or cooperative) but associations are the most common form. Sometimes, however associations have difficulties invoicing for services or products within this framework, thus many entrepreneurs also start also a Limited Liability Company. This is not exactly a hybrid model because both are independent but working together closely. In addition non-governmental organizations (NGOs) are historically more generally associated with international development projects.

Key policy challenges for the future

In the coming years, Peru has the great challenge of incorporating a social dimension to the emerging public policies around entrepreneurship and innovation. The growing support for the entrepreneur who innovates using technology to create jobs and to generate economic benefits also needs to contemplate social entrepreneurs. Thus, the challenge is now to promote public policies for those entrepreneurs who also solve social needs, which often correspond to the basic services that the State and public policies have failed to cover.

Since 2013 there have been significant attempts to promote social innovation, which have not been executed for various reasons. The "special technology transfer program for social inclusion", presented under the WEF 2013 did not continue, and the failed attempt to open the Impact Hub Lima, are signs that it is still necessary to build an atmosphere of confidence for investors and social entrepreneurs, as has happened in other countries in the region. It would also be useful to provide more legal and juridical procedures for the establishment of social initiatives as well as support these companies at regional and local level, not only in Lima.¹⁹ Many of the organizations in the emerging social innovation ecosystem highlight challenges that should be worked on in the future:

- Lack of agreed concepts on social innovation in Peru, and across Latin America
- Lack of a legitimate authority to coordinate initiatives on social innovation
- Lack of legal framework for social innovation and a public policy to promote it
- Lack of coordination spaces between government agencies, universities and private intermediaries working in social innovation
- In Peru, entrepreneurs do not have access to public open competition on social innovation or social entrepreneurship specifically. Competitions are usually oriented towards technology such as App based solutions. Nevertheless, social entrepreneurs are starting to compete in the regular innovation competitions (for example Start-up Peru and all the competitions within the "Innovate" program) Social innovations are not always related with technological solutions but frequently are using technological approaches as are mainstream entrepreneurs for their proposals.

¹⁹ Modelo de gestión de la innovación para los gobiernos locales del Perú, ESAN, 2014

4. Key ecosystem players

4.1 Overview of key players

The following section highlights the key organizations that support social entrepreneurship and social innovation in Peru from the public, private, financial and academic sectors. There are included institutions which support entrepreneurship and innovation and that have been used for social ones. This selection does not include the multiple organizations that do not have a specific program for socially oriented initiatives, or that have never supported a social entrepreneur, as is the case of “*Emprendedor Peruano* (Peruvian entrepreneur, in English).” Nor does it include international programs that do not have a physical presence in Peru.

4.2 Details of selected players

4.2.1 Public Support programs

CONCYTEC is focused on Science and Technology and is part of the **Presidency of Ministers** (PCM). For the last 20 years, CONCYTEC has promoted technological innovation in Peru and celebrated two competitions in social innovation called “*Bold Ideas*” (Audacious Ideas).

From the Ministry of Production, “*Innovate Perú*” is promoting entrepreneurship and innovation and has already funded 1,750 projects up to December 2015. Although it is not working specifically on social innovation, but social entrepreneurs are welcomed; the number of submitted proposals is increasing over the last years. The **Ministry of Production** has also supported other institutions as an incubator mainly for health projects (*BioIncuba*) that was launched by the Cayetano Heredia University; now is also working for other sectors, beyond health.

The **Ministry of Environment** launched in 2012 an incubator for entrepreneurship and innovation in water and sanitation. Funds are managed through other intermediaries. The **Ministry of Education** is driving the Innovation Lab *MineduLab*, a pioneering tool in Latin America whose mission is to identify low-cost innovations aimed at improving educational solutions, and with technical support from JPal. The Ministry of Education is promoting several innovations in Peruvian schools using this technology. Also, in collaboration with UNICEF, is promoting EduTrac, a mobile phone based data-collection system that helps collect data on issues such as attendance, enrollment etc.

Public Support Programs for social entrepreneurship and social innovation							
Name	Competitions	Training	Incubation/ Acceleration	Research	Finance	Co-working	Activity
Concytec	X			X			Department for National Science, Technology and Technological Innovation within the Presidency of Ministers. Key public institution to promote entrepreneurship in technology and science in Peru.

						Through “Bold Ideas” competition (<i>Bold Ideas</i>) they have already supported social enterprises. Open for normal entrepreneurs welcoming for social ones.
Innóvate Perú	X		X		X	Implements and monitors innovation funds from the Ministry of Production; one of its main programs is “Startup Peru” but also funds for incubators and companies. Its objective is to increase innovation in business production processes, promote innovative entrepreneurship; and facilitate the absorption and adaptation of technologies for businesses. Currently is not specifically for social innovation but open to the concept and increasing the number of social entrepreneurs.

4.2.2 Specialized intermediaries & physical spaces

Peru has a blooming ecosystem of specialized intermediaries and physical spaces, in the entrepreneurship and technological innovation arena. Increasingly, new ventures are answering to social problems and the number of social entrepreneurs who apply for the competitions and incubators is growing.

Two key players in this field are NESsT, supporting projects in Peru from 2007 and a deep experience along the region, and Kunan, who have also created a community of social entrepreneurs. Lately, Peru is being considered a new center for social entrepreneurship in Latin America. In this sense, the International Festival of Social Innovation (FIIS), originally from Chile, was celebrated in Lima in 2015. As well as *Sistema B* (B Corp), a certification process for more established companies generating positive social impact. In addition, LATE!, a social enterprise from Chile, was founded in Peru in 2013, as well as *Lumni*, another social enterprise which originated in Colombia.

Co-workings spaces are opening in Lima, not specifically dedicated to social issues but with a strong presence of social ventures (as *Comunal*). The need of creating a community of social entrepreneurship has been understood by *Kunan*, which is playing this role for ventures. Nevertheless there is limited connection between the different intermediaries.

PeruIncuba is also making significant connections within the entrepreneurship ecosystem. This association pools 18 institutions whose mission is to promote and strengthen business incubators in Peru, as well as adequate regulation on business incubation and awareness of society on this issue. On the other hand, Association for Welfare and Development (*Probide*) is collaborating with other institutions in strengthening business capabilities and improving access to opportunities thanks to entrepreneurship. *Probide* has published interesting material for entrepreneurs with the support of the IDB and CAF.

Specialized intermediaries & Physical spaces							
Name	Competitions	Training	Incubation/ Acceleration	Research	Finance	Co-working	Activity
ASEP		X				X	The Peruvian Association of entrepreneurs (ASEP) is part of the Latin America Association of entrepreneurs (ASELA). It has recently opened a co-working with special focus on social entrepreneurs
Ashoka				X	X		Ashoka has elected 32 Peruvian Fellows into the Ashoka Global Fellowship since 1994, and currently elects two to four new Fellows annually.
Comunal						X	Co-working space with high concentration of social innovators, in comparison with other co-working spaces in Lima (e.g. Residencia).
FIIS	X					X	International Festival of Social Innovation organizes large-scale music and innovation events, first edition in 2012 with 50.000 people, now in 4 countries.
Kunan	X	X			X		Annual competition for social entrepreneurship. Space for exchanging experiences and skills development. Members are connected and integrated to meet new ideas, consolidating a system to support social entrepreneurship. Funded by Telefónica Foundation and supported by Global Shapers Community and other strategic partners.
Lemerson Foundation				X	X		It created the Recognition and Mentoring Programs (RAMPs) to identify inventors working on the needs of communities at the “base of the pyramid” and provide mentoring support and funding for them. In Peru, RAMP in 2007 partnered with NESsT and coordinated with regional universities and regional governments.
Make sense		X		X			MakeSense is an international community to help social entrepreneurs to solve their challenges, by putting together skills and ideas,. Active in Lima and specifically with some municipalities (e.g Miraflores).
NESsT	X	X	X	X	X		International fund that develops sustainable social enterprises in emerging market economies, offering support from the planning stage to scale, using different tools, from financial support (seed capital), incubation (long term 5-7 years), mentoring and business training.
Sistema B		X		X			Sistema B aims to build a supportive ecosystem to strengthen companies to solve social and environmental problems. In Peru it started in 2012 inside Pacific University and four companies were certified by 2015.
Wayra	X		X		X	X	Telefónica’s accelerator for technological start ups which provides funding, mentoring and workspace.

4.2.3 Academia

Universities play a key role in entrepreneurship and innovation in Peru and will be key in the future development of the social enterprise ecosystem. Universities have been promoting entrepreneurial development among students since 2009 (Catholic University and Pacific University) although CIDE was promoting entrepreneurship more than ten years before. Since 2013 the seven main Universities have been opening incubators with an increasing number of social projects. Depending on the University, they focus on the University's particular areas of expertise: biology and health (*Cayetano Heredia* University), technology (UTECH), agriculture (*Agraria* University) or new business models (Pacific University). The National University for Engineer (UNI) has promoted the First edition of Startup Weekend Smart Cities Lima in 2016, in collaboration with the Ideas Laboratory of the San Isidro Municipality (Lima).

Universities and Business Schools							
Name	Competitions	Training	Incubation/ Acceleration	Research	Finance	Co-working	Activity
CIDE (Catholic University - PUCP)	X	X	X			X	The center of entrepreneurial and innovation development (CIDE) accompanies entrepreneurs, not only from Catholic University (PUCP) in the phases of creation, growth and consolidation. They also have a special line for innovation projects that are sustainable over time; a third of them are solving social problems.
BioIncuba (Cayetano Heredia University)		X	X	X		X	In 2014, Ministry of Production supported BioIncuba, which provides technical assistance in life sciences, environmental conservation, innovation and business development, in the seed and early stage. This incubator was created in the Cayetano Heredia University, which is specialized in biology and health, as well as other sectors.
IN3 (Lima University)		X	X	X			In 2010 Lima University started to promote entrepreneurs and innovation with its incubator IN3.
National Agrarian University		X		X			This university has strong investment in research and promotes innovation in agriculture; livestock and environment, always with a social approach and focus on improving the quality of life of small producers.

UTECH		X	X	X	X	X	Brand new university with an innovation center focused in technology. Some entrepreneurs are social. Technological research; co-working room, mentoring and innovation. Director of the center organizes FIIS.
StartUp USIL (<i>San Ignacio de Loyola</i> University)	X		X			X	The incubator StartUp USIL promotes high-impact innovative business. The program BioStartUp seeks to promote entrepreneurship with social and environmental impacts and is supported by PROBIDE, PerúBioInnova (initiative of SECO and GIZ)
Emprende UP (Pacific University)		X	X	X			Emprende UP promotes entrepreneurship in students and the emergence of new business initiatives, articulating and disseminating networking business opportunities. The “responsible management center” as well as the “Leadership Center” in the University also work with “Emprende UP”. Incubation from 2015.
Centre for Entrepreneurship and innovation (San Marcos University)	X	X	X				The Center for Entrepreneurship and innovation in San Marcos University (the first University in Latin America) launched in 2015 an incubator as well as “San Marcos Challenge” for entrepreneurs, not focused specifically in social issues.

4.2.4 Financial Support Programs

The public financial support of Startups and early stage innovation from the government is limited to the “Start Up Peru” program, within the Ministry of Production and has a direct connection to “Innovate Peru”. CONCYTEC has also financed some social enterprises related to science thanks to the competition “*Bold Ideas*.”

In 2007, the RAMP initiative supported training and recognition of social innovators, which developed technological products related to water, agriculture, health, energy and biodiversity. RAMP PERU was coordinated by a consortium of three institutions: NESsT, the Consortium for the Sustainable Development of the Andean Region (CONDESAN) and the Rural Support Group of the Catholic University (PUCP).

The Spanish Agency for International Cooperation (AECID) as well as the German Cooperation (GIZ) had launched annual competitions for social innovators around the world (Peru included). Swiss international cooperation is supporting *BioIncuba*.

Zocial Kapital was the first platform in Peru for creating a community of entrepreneurs and crowd funding, involving people in financing social and innovative projects with high impact in Peru.

For a social entrepreneur, the clearest fund for them is NESsT. By other hand, is also frequent to be supported is through the incubator of a University or an open competition as Kunan, Momentum Project or Start Up Peru. Private funds have started to emerge with the support of private foundations, from multinational companies or banks such as *Telefonica* or BBVA.

Name	SEED STAGE	EARLY STAGE	GROWTH	SCALING	Activity
Angel Ventures Peru			X	X	From 2013 strengthening high-impact entrepreneurs; contributing to the sustainable development of Peru and the region by strengthening its ecosystem of entrepreneurship and innovation. Starting to focus on social entrepreneurship.
AECID	X	X			The Spanish Agency for International Cooperation (AECID) has annual calls of proposals for social innovators. 12 projects funded in 2014 and 2015.
Avina Foundation		X			Avina in Peru is oriented toward promoting collaborative processes with leaders from different sectors to ensure a solid foundation for a more sustainable, inclusive, and equitable development in the country.
BID-FOMIN		X	X	X	The innovation lab for IDB conducts high-risk experiments to test new business models, not only en Peru. MIF also has an open fund for seed and venture capitals. In 2012 a \$35 million IDB loan will help companies promote research and development to spur innovation in Peru.
Bold Ideas (CONCYTEC)	X	X			Competition to finance projects with scientific and technological base that are aimed at solving the problems that affect Peru in three key areas: the environment, health, and agriculture.
COFIDE		X	X		Peruvian development bank with increasing support to social entrepreneurs
GIZ - German Development Cooperation	X	X			PROAMBIENTE is a program inside GIZ that support social entrepreneurs on ventures related to biodiversity
Help Peru			X	X	Since 2013 Help Peru supports social initiatives with impact in Peru (e.g. Kunan, Yaqua, <i>Sembrando Juntos</i> , Peru Champs, Incuba consulting)
Kunan	X	X			Program that promotes, integrates and inspires entrepreneurship and social innovation among young people in Peru (Telefónica Foundation support). Kunan award identifies youth-led social enterprises, which are innovative, scalable and sustainable and offers financial support.

Momentum Project		X	X		Momentum Project supports social entrepreneurs with a scalable social impact project, less than 2 years in operation, more than 2 employees; minimum annual income of USD\$100,000 and less than 40% of income from donations and grants.
NESsT		X	X	X	Since 2007, NESsT Peru has invested more than USD\$1,5 million in funding and technical assistance, benefiting more than 40,500 low-income people. Currently NESsT is an investment fund that provides mixed funding to social enterprises in early stage (grants, recoverable grants, and soft loans. In the last year NESsT directly funded 400 thousand dollars (between recoverable grants, credits and grants), and 200 thousand dollars as co-financing
Startup Peru		X	X		Initiative of the Peruvian government led by the Ministry of Production, which aims to promote the consolidation of new Peruvian companies that offer innovative products and services with high technological content, with projection to international markets and generating quality jobs.

5. Examples of social enterprises in the country

In this section we highlight a selection of social enterprises founded in Peru to complement the two case studies *La Tarumba* and *X-Runner*. The selection has been made with three criteria; the organization's primary focus is to resolve a specific local social or environmental problem, there is a sustainable business model and finally capacity to scale. An in-depth case study has been written for *La Tarumba* and *X-Runner*²⁰.

Table 4. Examples of Social Enterprises in Peru

Name	Legal Format	Year founded	Description
ANIA	Non-profit organization	1995	Delivery of environmental education services, building "healthy spaces" in schools and houses, giving recognition to children as "agents of change for sustainable development" http://aniaorg.pe
Ciudad Saludable	NGO	2002	Recycling solid waste, generating employment and social inclusion for recyclers as well as policy advocacy and training to recyclers to improve conditions and promote formalized jobs. http://www.ciudadsaludable.org/
Laboratori a	Non-profit organization	2012	Teaches women from low-income backgrounds how to program software and helps them get started in technology. http://laboratoria.la/

²⁰ XRunner has been supported by NESsT, as well as Inkamoss (solar drier for Spanghus Moss), Madecoplast (plastic wood for houses), Accesol (solar drier for coffee). XRunner has been also supported by *Emprende UP*, which also highlight social entrepreneurs as *Enlace Solidario* (education), *Kantaya* (hostel and tourism) and *Crea+* (education)

La Tarumba	Non-profit organization	1984	Training of young people in circus, music and theatre to improve their employability and entrepreneurship skills and to lower the rate of youth unemployment. http://www.latarumba.com/
LOOP	Non-profit organization	2012	Organization that seeks to build a green economy, introducing up-cycled plastic products into the market. http://www.lifeoutofplastic.com/
Por Ti Familia	Private limited company	2008	Low cost clinics that deliver affordable, quality healthcare to poor communities and sell low cost generic medicines. http://www.portifamilia.com/
Microsol	Private limited company	2011	Distributor of cook stoves and water filters in rural areas sold in the voluntary carbon market and returns used to finance cook stoves and filters. http://www.microsol-int.com/microsol
Vive Titicaca	Private limited company	2007	Support to small farmers for the production of trout in Peruvian highlands in the entire production chain: gives the young fishes, provides food for trout, monitors the growth stage and facilitates sale of the product. http://www.vivetiticaca.com/
Rainforest Expeditions - Posada Amazonas	Limited Company	1998	Community operated tourist lodge run by indigenous communities, and affiliated with the 'Tambopata Research Centre' where tourists learn about endangered species. http://www.perunature.com/posada-amazonas.html
YAQUA	Limited Company & Non-profit organization	2013	Bottled water whose profits go for projects to give water and sanitation to poor communities. http://www.yaqua.com.pe/
Wasi Organics	Non-profit organization	2013	Woman enterprise from underprivileged Andean producers who produce and distribute nutritious, organic snacks. http://acumen.org/investment/wasi-organics-2/
X Runner	Non-profit organization & Limited company		Sustainable sanitation solutions for low-income urban households combining a portable dry toilet and a weekly pick-up system and composting process.

6. Final reflections

Peru has a growing ecosystem for entrepreneurship and innovation, with multiple incubators offering mentoring and training and competitions for start-ups. However, most of these centers do not have a dedicated social entrepreneurship or social innovation program. Innovation in general is usually more related to technology and software development, which has not been used specifically for social innovation. Nevertheless, social entrepreneurs are increasingly present in the calls on offer showing that is possible to access these funds whilst addressing a social need in Peru.

Public support programs

The Ministry of Production promotes innovation through the program “*Innovate Perú*”, which finances enterprises in seed and early stage thanks to the fund “Start-up Peru”. Although there is no specific mention to social innovation in their call for proposals, some social start-ups have already been financed through this program. Every call from *Innovate Peru* is open to social ventures and they are showing increasing interest in financing enterprises that address a social cause.

Several ministries are starting to work in social innovation inside their institutions trying to improve public policies. As well as the the Ministry of Education, the Ministry of Environment also has an incubator for water and sanitation projects. In spite of all these efforts and the growing interest from the private sector in these issues, there is no cross-cutting public policy or strategy for social entrepreneurship or social innovation.

New central government will begin in June 2016 and a key role for the new government to play in supporting the sector will be to clarify concepts and actors around social entrepreneurship and social innovation, as well as give a legal framework for social enterprises. A special fund for social entrepreneurs as well as a social laboratory of ideas would be a great step forward on social innovation.

Specialized intermediaries & physical spaces

There has not been much coordination between actors, although recently some spaces have been promoted with the impulse of initiatives from the Latin America Region. One example is the International Social Innovation Festival (FIIS) from Chile, celebrated in Peru in 2015, which brought together local and international social innovators. In May 2016, the meeting of the Entrepreneur Development Program (PRODEM) was celebrated in Lima, with entrepreneurs from all Latin America, not only from the social arena. Also social initiatives from other countries have started to appear in Peru as *Lumni* or *Late!*; and enterprises founded from Peru have started operations in other countries, such as *Laboratoria*.

Kunan and NESsT will continue playing an important role in social entrepreneurship and social innovation, specially creating community between social entrepreneurs. Universities are also key in the promotion of social innovation and social entrepreneurship in Peru. The Catholic University and the Pacific University have been very active in the ecosystem for many years. Five more universities have recently opened incubators and are promoting entrepreneurship culture among their alumni,

who are increasingly thinking about how to solve social needs through innovation. Not only in Lima but also in some regions (Arequipa, Huancayo or Piura) entrepreneurship centers have started to open in universities.

Financial support for social entrepreneurship

The most common finance gap for entrepreneurs in Peru is year 2 to 4. For the seed stage, competitions as *Kunan* or Bold Ideas offer support as well as the support from incubators and universities. Private investment players are just beginning to operate in Peru for the more mature stage enterprises.

From the international cooperation side, IDB has played an important role over the years. International development agencies from Germany (GIZ), Switzerland (SECO) and Spain (AECID) have also supported specialized intermediaries in social innovation. The development bank of Peru (COFIDE) is recently starting to finance innovation in Peru, as well as infrastructure and microfinance, and is expected to have an increasingly importance in social innovation.

From the public side, StartUp Peru is also beginning to finance entrepreneurs, welcoming social ones. Finally the deep experience of NESsT and the recent success of *Kunan* could be a key to understand and promote the management of funds for social innovation with sustainability and impact.