



MIDTERM EXTERNAL EVALUATION OF PRODES PRO DECENTRALIZATION PROGRAM IN PERU

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ARD

Draft Report Presented to

USAID - PERÚ

Office of Democratic Initiatives

and

PRODES

September, 2005

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Executive Summary

The Pro Decentralization Program - PRODES, a five year project, began activities in March of 2003 with the purpose of strengthening the recent decentralization process and providing support to the Government of Peru and to target Regional and Local Governments in seven Regions (Junin, Huanuco, Cusco, San Martin, Ayacucho, Ucayali, and Pasco). The specific objectives of the project are to institutional strengthen sub-national governments while strengthening cooperative relations between the State and civil Society. It has organized activities through two strategic foci: Strengthening of the (1) Normative Framework for Decentralization and (2) Capabilities of sub-national actors at the Local and Regional levels.

In addition, PRODES manages a Special Incentives Fund (FIE), whose essential objective is to contribute to the strengthening of cooperation relations between the State and the Civil Society to make good government and good management experiences visible.

Currently, the Pro Decentralization Program - PRODES is at the mid-point of its projected five year term and has decided that this is the right moment to assess progress to date and to design its sustainability strategy. The results of this evaluation will serve as an input for this phase-out strategy.

The evaluation team has reviewed all basic documents of the Program, conducted personal and group interviews with members of PRODES, visited targeted Regions and Municipalities (Ayacucho, San Martin, Ucayali, and Cusco) and has met with PRODES operators as well as with beneficiaries of the Program: officers and authorities of National and Sub-National Governments and groups of representative citizens and key informants.

Principal Findings: Based on a month of rapid appraisal research, during which 191 people (111 men and 80 women) were interviewed in the regions of Ayacucho, Cusco, San Martin and Ucayali as well as in Lima, the team reached the following principal conclusions:

1. Decentralization in Peru is advancing, but its advance is fraught with difficulties, given the chaotic political situation and the disaffection of much of civil society.
2. PRODES is an exceptionally good and effective project and has become a positive factor promoting the success of decentralization («the right project at the right time with the right people»); indeed, it appears to have become a key factor in the fate of decentralization:
 - a. It is providing valuable aid to the Ministry of Economics and Finance (e.g., in making technical advances such as SIAF and SNIP more «user-friendly» and, thus, more likely to be adopted), and is providing essential assistance to CND, which has been dogged by inefficiency and inadequate performance and is quite dependent on help from PRODES.
 - b. It also has become an effective advocate for decentralization policies and laws at the national level, and is perceived as both neutral and an effective advocate by a wide variety of stakeholders and observers.

- c. In addition to its national level policy and advocacy presence, its 100% coverage of 536 municipalities in seven regions – all beset with problems linked to coca and cocaceros – have made it more than a project and of greater scope than an NGO: it is seen as a coherent program with broad impact on decentralization in all four regions where the team carried out fieldwork.
 - d. It is producing effective materials that have made decentralization understandable and more achievable and, with its ETLs, has promoted effective training that has increased the capacities of local government authorities and technical personnel as well as those of civil society organization leaders; it even is making serious efforts to reach the traditionally excluded (e.g., women, indigenous groups).
 - e. All its achievements are based on a team of exceptional qualifications, dedication and effectiveness.
3. The coming elections in 2006 could undo much of the progress (which appeared broad but uneven in the regions visited) and could throw the sustainability of PRODES' efforts into jeopardy.
 4. Decentralization would be more likely to survive the electoral process if and where PRODES assistance continues but the current approach would entail PRODES leaving 319 of 536 municipalities at the end of 2005, i.e., before the 2006 elections.
 5. Decentralization is a complex process and, coupled with the conflict-prone political context in Peru it will require more time to achieve a «critical mass» that would lead to institutionalization than the life of the current PRODES project.

Principal Recommendations: Based on these conclusions, the team suggests that:

1. PRODES, during the upcoming electoral year, should consider the possibility to continue providing technical assistance to **all** local governments, favoring relations between the various instances of local and regional governments and ministries and institutions of the Central Government. If this is not possible, it should prioritize, on one side, relations between district and provincial municipalities which currently receive special royalties from exploitation rights conceded to mining and other companies (*canon*) in order to strengthen their technical capabilities; and on the other side, it should continue to work with municipalities including a significant native and indigenous social presence to further inclusion mechanisms. Working with both poles will contribute to make the process stronger and to reduce high levels of social conflicts;
2. To insist in those instruments which facilitate interaction between the State and citizenry is of utmost importance. In this sense, we recommend that the project emphasize the articulation of Strategic Development Plans with the Participatory and Institutional Budgets. In like manner, public accountability assemblies are processes which should be continued. This set of accountability instruments are essential and are among those processes which have shown less progress up to now.
3. During the next two years PRODES must become an authorized interlocutor, chronicler, promoter and negotiator between the various government institutions and civil society, furthering the strengthening of civil society where it appears to be disarticulated and improving it through the participation of new actors where it operates with certain limitations.
 - a. To attain the aforementioned goal PRODES must count on «social diagnosis and regional maps of power» and, from this starting point, prepare documents, convene meetings of social leaders to discuss very concrete issues, negotiate and present their prioritized demands within the participatory budgeting process as well as to the political plans of candidates and potential elected authorities.

- b. Likewise, the Program should promote negotiations between social and political organizations. Taking advantage of its experience, PRODES should convene working meetings at regional level with very concrete agendas and ensure subsequent follow up actions to disseminate information, interchange and debates.
 - c. In the third place, it should encourage a greater articulation between civil society and CCR and CCLs, making legislation more flexible wherever such flexibilization is needed.
- 4. With regard to Local Technical Teams (ETLs) it is very important to train them both in the management of instruments, as currently occurs, and on issues such as the roles of political parties, the civil society, social conflicts, the market and the State and exclusion. Exchanges between the various regions may prove to be a good alternative, as are the frequent meetings between ETLs, Regional Coordinators and teams from Lima. Working with them should be seen as an investment for the sustainability of the process when PRODES phases out.
- 5. With regard to traditionally excluded populations, PRODES must be particularly proactive, since they are composed of indigenous and native communities territorially located whereby one of their main assets is their institutionalism; the Program should work with their representatives and with official authorities to articulate exchanges. It is essential to develop a cooperative and complementary interchange between these populations and governmental and institutional representatives.
- 6. Women need special attention from PRODES. During the electoral period, it would be appropriate to implement training workshop/seminars for female candidates to local and regional government positions, using materials specially prepared for such purpose. These materials will also contribute to providing local NGOs concerned with women rights quality instruments to replicate and strengthen actions on political and social female leaders.
- 7. PRODES, without neglecting support for local governments (particularly in 2006), must provide support to regional governments to help them attain their certification, facilitate transfers of responsibilities and ensure the minimum means necessary for an adequate regional management. Furthermore, however, PRODES must also contribute to discussions between political parties and civil society on regional development plans.
- 8. From their close relationship with the regions, PRODES could, in parallel, propose changes and influence the decentralization policies of the MEF, the CND and the National Congress.
- 9. It is recommended during the current LOP that PRODES be given the flexibility to adapt its program and activities to meet the dynamic and fast-changing exigencies of the decentralization process.

With respect to the six key issues/questions relevant to an exit strategy raised in the Terms of Reference, we wish to emphasize our recommendation that the project continue to work in all 536 municipalities through the electoral year of 2006, if at all possible, so that the exit strategy would actually begin in 2007.

Following is a summary of our recommendations in response to these key questions.

a./ On specific actions necessary to contribute to the continuity of good governance practices in planning, budgeting and social control in PRODES target municipalities, and how to provide strategic support to help them be more effective in the transfer and accreditation process (1) after PRODES direct technical assistance to those municipalities has ended, and (2) during the transition of sub-national authorities brought about as a result of the pending elections.

In order to achieve this, PRODES should attempt to extend its reach beyond the ETLs:

- To interested universities, research institutes, selected NGOs, etc., offering them training concerning the PRODES methodology, instruments, written materials and knowledge base;
- To other donors/international cooperation, in order to broaden the funding base for decentralization, so that possible additional providers of technical assistance could also draw on donor resources to advance the process;
- To other USAID partners in the seven regions, to plan for coordination on possible areas of overlap, so that conflicting demands on overburdened municipalities can be minimized and the process of decentralization strengthened.
- Additionally, PRODES should consider adopting a «training of trainers» focus in the final years of technical assistance to sub-national governments and civil society, so that those trained could, in turn, offer training to their counterparts.
- During 2006, prior to the elections, PRODES should train candidates (including women candidates) in the basics of decentralization, and promote public forums where they can discuss these issues to civil society audiences.

b./ Concerning how the project might continue to track PMP indicators after direct technical assistance has ended:

- All but 6 of the 17 PMP indicators (including all those for sub-IRs 2.1 and 2.3) are maintained by PRODES or a national-level entity (CND, MEF) that provides the data to PRODES. *Therefore, it is recommended that this system should be maintained for all 11 of these PMP indicators.*
- For the six others (indicators 6-10, for sub-IR 2.2 and, for sub-IR 2.4, indicator 17, with two measures) that are currently maintained by the ETLs, explore the feasibility of training Municipal Technical Teams to maintain and forward the data. *Therefore, it is recommended that PRODES should begin with a sample of Sierra and Selva municipalities, assess the possibilities of training the relevant ETM or CSO people to maintain the needed records, and test one iteration. It is further recommended that modifications be made as needed, based on results*

c./ For municipalities to effectively access the market for technical services and training services after the end of PRODES direct technical assistance:

- PRODES should encourage the Regional Governments to maintain an inventory list of entities that provide suitable technical assistance, as a prerequisite to promoting such a market.
- PRODES Regional Coordinators should compile this list for their region, including ETLs, NGOs, universities, research institutes, etc.

- PRODES should first test the market for technical assistance in those municipalities with the capacity to pay for those services (e.g., those receiving the royalties [canon] who need help in handling the increased demands that accompany the increased resources).
- Once a methodology has been honed, PRODES and USAID should try to interest other donors or, where relevant, USAID partners, to help support technical assistance for poorer municipalities that cannot afford such services based on their own resources alone.

d./ Concerning the highest impact and appropriate assistance for regional governments, especially to reinforce the accreditation process and regional integration, our recommendations are tempered by the fact that (as explained in the Methodology section, below), all regional government people we might have interviewed in Ayacucho and San Martin were attending assemblies for the Participatory Budget during our field visits and in Cusco and Ucayali we were able to interview a total of only three regional officials due to scheduling difficulties in our brief visits. Nevertheless, we recommend that:

- Efforts to train Regional Governments begin in earnest in 2007, given our suggestion that PRODES focus on maintaining aid to all 536 municipalities during the 2006 election year.
- If any macro region is approved in the October 30, 2005 elections (by 50% plus one vote), PRODES should conduct an assessment of the immediate training needs of its authorities and technical staff and develop a schedule for providing the most urgently required knowledge to the most relevant people.
- In this regard, CND should play a role, including by promoting a less bureaucratic accreditation process.

e./ In order to effectively utilize the Special Incentive Fund (SIF) to reinforce and institutionalize democratic skills and practices in sub-national governments and civil society organizations, we recommend:

- First, that the contest mechanism should be continued for SIF monies, but that its execution be improved. In particular, more lead time and technical assistance should be provided to local governments and civil society organizations that apply for these awards, and concrete feedback concerning the shortcomings in their proposal should be provided to those entities that fail to get an award.
- Second, although SIF monies should not be used as a sort of «petty cash» fund for PRODES, the project should be given some flexibility in the use of these resources, so that, for example, studies that could illuminate how to better «reinforce and institutionalize democratic skills and practices in sub-national governments and civil society organizations» could be at least partially supported by the SIF mechanism.

f./ Concerning the highest impact and appropriate areas for assistance to CSOs to improve and increase their participation in the decision-making process:

- It is recommended that training aimed at CSO leaders feature a «training of trainers» approach so that there is a multiplier effect – leaders can pass along their new knowledge to others in their organizations, in order to broaden and deepen the pool from which to draw future CSO participants and leaders in sub-national government decision-making.
- It is recommended that PRODES explore the possibility of extending this «training of trainers» approach to leaders of political parties, organizations and movements, in order to further increase knowledge of, and participation in, the decentralized decision-making process.

- It is also recommended that PRODES intensify its already noteworthy efforts to reach the traditionally marginalized groups (e.g., indigenous communities, women), focusing on specially adapted materials and delivery vehicles:
 - Radio, graphics and other visual materials should be further emphasized in order to reach civil society and local government leaders from remote rural areas, and/or from indigenous groups, since they tend to have limited education or, if indigenous, knowledge of Spanish.
 - Radio broadcasts should not only be in the appropriate language and level of difficulty, but also targeted to specific subgroups (e.g., indigenous women vs. men) by focusing on the times and types of programs most accessible to each subgroup; posters and graphics also should be similarly fine-tuned and targeted.
 - The simpler versions of PRODES training materials that are presently being developed should be tested with both CSO and local government leaders whose level of formal education is low.
 - To help overcome the problem of limited attendance by women leaders, and, in many places, even more limited spoken participation on the parts of those who do attend decentralization events such as the Participatory Budget assemblies, it is recommended that women leaders be given additional training in (a) decentralization, (b) the basic rudiments of gender/gender awareness, and (c) advocacy techniques on how to deal with (and get resources from) sub-national governments.

I Introduction

The Pro Decentralization Program - PRODES, a five year project, began activities in March of 2003 with the purpose of strengthening the recent decentralization process and providing support to the Government of Peru and to target Regional and Local Governments in seven Regions (Junin, Huanuco, Cusco, San Martin, Ayacucho, Ucayali, and Pasco). The specific objectives of the project are to institutional strengthen sub-national governments while strengthening cooperative relations between the State and civil Society. It has organized activities through two strategic foci: Strengthening of the (1) Normative Framework for Decentralization and (2) Capabilities of sub-national actors at the Local and Regional levels.

Currently, PRODES is in the middle of the implementation of its work plan and has decided that this is the right moment to assess progress attained and design its phase out strategy, a process for which the results of this evaluation will become an input.

The midterm evaluation team was tasked with the following three objectives, quoted directly from the Terms of Reference (TOR):

- a. assess the progress and contributions of the project to date towards the achievement of SO1, Increased responsiveness of elected sub-national governments to citizens at the local level in selected regions, and four (4) corresponding sub IRs;
- b. assess the broader progress, achievements and impact of the project against the Sub-IRs and four components of the program and the needs of the decentralization process, particularly those of (1) regional and municipal sub-national governments and civil society organizations, and (2) national entities, including the National Decentralization Council, Peruvian Congress, and the Ministry of Economy and Finance.
- c. offer strategic recommendations to specific questions and findings for the design of a program exit strategy on which [to base] project activities for Years 2006 and 2007 and which will contribute to the sustainability of program impacts and the replicability of its intervention model.

In addition, in order to guide the process leading to recommendations concerning an exit strategy, the Statement of Work included six «Illustrative Issues and Questions» to be considered during the evaluation:

- a/. On specific actions necessary to contribute to the continuity of good governance practices in planning, budgeting and social control in PRODES target municipalities, and how to provide strategic support to help them be more effective in the transfer and accreditation process (1) after PRODES direct technical assistance to those municipalities has ended, and (2) during the transition of sub-national authorities brought about as a result of the pending elections;

b/. On how the project might continue to track PMP indicator performance in target municipalities, after PRODES direct technical assistance has ended;

c/. For municipalities to effectively and efficiently access the market for technical assistance and training services once PRODES direct technical assistance to those municipalities has ended;

d/. On the most beneficial (highest impact) and appropriate areas for assistance at the regional level during 2006 and 2007, especially to reinforce the accreditation process and regional integration;

e/. For effectively utilizing the Special Incentive Fund to reinforce and institutionalize democratic skills and practices in sub-national governments and civil society organizations;

f/. On the most beneficial (highest impact) and appropriate areas for assistance to CSOs to improve and increase their participation in the decision-making process.

We will attempt to address the three objectives and the six illustrative issues and questions using a format of Conclusions (Lessons Learned) and Recommendations. The evaluation results will be an input for PRODES in the process of designing its exit strategy. Specifically, after presenting the methodology and an overview of the principal findings, we will organize the remainder of the report around the four Sub-IRs, followed by some principal conclusions and recommendations, strategic recommendations and an exit strategy built around the six questions, a-f, above.

A. PRODES' STRATEGIC OBJECTIVE (SO), INTERMEDIATE RESULT (IR) AND SUB - INTERMEDIATE RESULTS (SUB-IRs)

PRODES was created to support the Strategic Objective (SO1) of «Democratic Processes and Institutions Strengthened in Critical Areas.» Within the SO, PRODES is focused on IR 2, «Increased responsiveness of elected sub-national governments to citizens at the local level in selected regions.» The four Sub-IRs are as follows:

Sub-IR 1. Authorities and resources transferred to the most appropriate levels of sub-national governments.

Sub-IR 2. Sub-national governments' mechanisms for citizen participation in and oversight of decision-making established in selected regions.

Sub-IR 3. Capability of sub-national governments' institutions to fulfill main functions increased in selected regions.

Sub-IR 4. Increased capacity of community-based organizations representing traditionally marginalized groups in the targeted regions to participate in and oversee local government operations.

II Methodology

We are employing a rapid appraisal methodology in our work. As with all rapid appraisal methodologies, we use the principle of «triangulation» as our basic technique for establishing the validity of our findings. Triangulation entails working with a short, tightly focused list of variables and issues and, for each of them, gathering data from (at least) two sources, preferably using (at least) two different research techniques. In our case, we have employed the following: (1) focus groups and (2) key informant interviews, supplemented by (3) observation of meetings related to the decentralization process, and (4) review of project documents and other relevant bibliography. It is precisely the triangulation process – which constitutes a systematic attempt at cross-validation – that raises rapid appraisal methodologies above journalistic accounts or «quick and dirty» research.

Rapid appraisals, including ours, involve a variety of steps (see Annex F for an overview of the main components and phases of a rapid appraisal). In our work, we began with a review of secondary data, including both internal project documents, as listed in Attachment 1 to the TOR («Reference Documents»), and other relevant literature from non-project sources. The former can be considered part of the «inside angle of vision» and the non-project material part of the «outside angle of vision.» More generally, rapid appraisals, ideally, examine both «inside angles of vision» and «outside angles of vision.»

Specifically, the «inside» view is from the project – its documents, management, technical-professional personnel and beneficiaries – while the «outside angle of vision» is obtained from a variety of other sources. These range from other pertinent references to interviews with other donors, government entities, NGOs, researchers and academics in related fields, as well as control groups (where feasible). Control groups consist of people similar to the target group in socioeconomic and socio demographic characteristics, but who have not been involved in the project in any way. In the case of our fieldwork in the four regions that we chose jointly with USAID and PRODES (as discussed below: Ayacucho, Cusco, San Martin and Ucayali), it was not possible to use actual control groups since the project is operating in each and every district (municipality) in every province in all four regions. In fact, it also has coverage of about 100% in all seven regions in which it operates. In short, there was no control area or group we could tap where we could expect no involvement whatsoever in project-related activities.

To get around this difficulty, we chose regions varying in the length of their connection with PRODES, i.e., where the project has been operating for longer vs. shorter lengths of time. For example, Cusco is the region most recently integrated into the project, in February-March 2005. We also attempted to vary the level of success of project intervention, i.e., visiting municipalities which PRODES technical staff considered to be more vs. less successful in terms of achieving project objectives. For example, we made a special trip to a district municipality (Yantaló) in San Martin where there had been major difficulties in obtaining the cooperation of the mayor and council (regidores), who, according to the PRODES Regional Coordinator, held a dim view of popular participation in «their» budget and governance. (The key informant we interviewed, a council member, denied that the mayor and council opposed citizen participation and blamed the citizens themselves for the lack of participation: «they're apathetic and uninterested,» she said.)

Our key informant interviews and focus groups (see Table 2, in Annex A) involved a large variety of relevant actors, both inside and outside the PRODES orbit. Running a substantial number of focus groups as we did contributes to «convergent validity,» as we were able to see how different subgroups in a locality, with different stakes in the process of decentralization, responded to a similar (but far from identical) list of discussion topics and questions.

One of the advantages of rapid appraisals, in fact, is that the «topic lists» that are used in place of a rigid questionnaire are designed to both (1) be adapted to the specific situation of the group being interviewed, and (2) evolve as each new interview contributes to the emerging mosaic of project performance and impact, in the context of the specific research sites. Such flexible topic lists are part of the reason that rapid appraisals are more sensitive and responsive than surveys, which rely on a standardized questionnaire that cannot be changed without major upheaval once fieldwork has begun. Science is generally defined as (1) cumulative, and (2) self-correcting. Topic lists in rapid appraisal may not follow all the canons of science but they do meet these two criteria. They can be modified to take new insights or information into account. They also can be fine-tuned to accommodate cultural, gender, ethnic, class and other differences, and they can respond to differences in local context («exogenous variables»).

Most of our focus groups were small, with a central tendency of five. This seems to be the ideal number to facilitate a complete and open airing of views. As a matter of fact, a century of social psychology research has established that groups, larger than five, start to develop a clear leadership structure, with one or two dominating and one or more withdrawing, saying little or nothing. In those groups larger than five – especially those of seven – we saw clear evidence of this occurring (e.g., in a meeting with authorities in Pucallpa). To the extent feasible, we also attempted to have homogeneous focus groups in which people with (potentially) conflicting interests, e.g., authorities from different levels, such as district vs. region; mestizos vs. indigenous groups, or, in some situations, men vs. women, were not grouped together in the same meeting.

The final result was a voluminous quantity of rich data and the emergence of some interesting and relevant patterns in the mosaic created by the bits and pieces of the rapid appraisal technique.

The midterm evaluation team began by defining a research strategy with USAID and PRODES. It was decided that we should visit two Sierra regions, Ayacucho, where the program had been operating since 2004, and Cusco, where it had begun a scarce five months before our arrival. In the Selva, everyone agreed that we should visit San Martín and Ucayali, where the project had operated since 2004, but there were relevant cross-cutting issues, such as indigenous populations. We made a preliminary choice of provinces and districts within each region but here the level of conflict in Peru intervened, so that our final destinations were determined by where and when it was feasible to go in relative safety. For example, we had to cut short our planned visit to Ayacucho because a general strike had been called for what would have been our last day. Similarly, we had to make several adjustments to our schedule and destinations because certain roads had been seized by the cocaleros.

In terms of timing, the midterm evaluation team began with a week of meetings in Lima (June 18-25, 2005) followed by two weeks in the field (June 27-10). A day in Lima on July 7 and a final week in Lima July 10-17 resulted in a few more interviews.

In terms of numbers, **a total of 191 people were interviewed**, 111 men (58.1%) and 80 women (41.9%). Table 1 presents information about the people from sub-national governments whom we interviewed in the four regions; Table 2 presents information about everyone else, i.e., those from civil society organizations, the national government, and a variety of research institutes, international donors, etc.

As can be seen in Table 1 (in Annex A), we interviewed a total of 48 people from different levels of sub-national government, 36 men (75%) and 12 women (25%). And, as will be discussed below, only three individuals (all men) were from the level of Regional Government: the head of planning for the Cusco region, and the heads of planning and budget, and economic development of the Ucayali Region. This was not due to lack of trying. As it turned out, however, in two regions, Ayacucho and San Martín, all the regional level authorities and functionaries we hoped to interview were attending assemblies for the regional participatory budget during the entire time of our field visit. And in the other two regions, Cusco and Ucayali, the tight schedules of regional government authorities and officials meant that we were able to obtain only the three interviews described above.

Nonetheless, our interviews covered considerable variation in level of government. In the Sierra, we interviewed 8 people from the district level, 9 from the provincial level, and (as cited above) 1 man from the regional government (N=18, 13 men, 72.2%, and 5 women, 27.8%). In the Selva, we interviewed a total of 14: 10 from the district level, 2 from the provincial level and the above-cited 2 men from the regional government level. This was a total of 12 men (85.7%) and 2 women (14.3%). Table 1 provides further information about these 48 interviews, including the names of the provinces and districts in each region from which these people came.

Table 2 (in Annex A) provides the grand overview, breaking down the 191 people into the 143 people we interviewed in the four regions and Lima who were from civil society and national government (75 men, 52.4%, and 68 women, 47.6%), as well as the 48 from sub-national government. The overwhelming majority of the key informants, e.g., people from research institutes and international donors, had some acquaintance with and direct knowledge about PRODES. This was also true with a majority of the civil society people interviewed. With nearly 200 interviewees, we were able to use the «triangulation» feature of our rapid appraisal methodology to good advantage, cross-checking information. Thus, for example, although we had only three interviews with people from regional government, we asked other interviewees in all four regions about their perceptions of regional government and got quite consistent answers: it was described as a very new level of government, still fraught with conflict and still attempting to create an identity and scope of action. Technically, this can be considered «convergent validity.»

III Overview of the Decentralization Process in Peru

The current decentralization process in Peru is a new attempt to deconcentrate and decentralize the country; a historic need and claim of the provinces. The current Government received as a bequest from previous administrations the Transitory Regional Administration Councils (CTARs), entities which represented the last attempt for the country's decentralization set out during the Apra Administration of Alan Garcia. This effort ended unsuccessfully, in as much as no functions or capacities were transferred to the Regions.

On the other hand, the conformation of the Regions had problems with public acceptance, due to its imposition and the lack of popular consensus. In this regard it is worth mentioning the San Martin – La Libertad conflict, which stopped the process in its tracks for an indefinite period of time.

During the period 1990–2001, the CTARs continued to act as administrative entities for partial deconcentration of the public management apparatus, without demonstrating any significant advances in decentralization. It became evident that during this period the country's administration become even more centralized. The Foncomun was created and the incipient tax decentralization was withdrawn from Provincial Municipalities, especially from Metropolitan Lima, making them dependant from economic transfers assigned by the National Government.

The Government currently in office initiated a new decentralization process. The Constitution was amended and two important laws were promulgated: the Decentralization Bases Law and the Organic Law for Regional Governments. Concurrently, an election process was summoned to elect for the first time in the nation's history, regional authorities.

Characteristics of this new process:

- It is based upon the geographical divisions of the current Departments and, in the special case of Lima-Callao, three regional governments were specially designated (Callao, Metropolitan Lima y Lima Provinces); the case of Metropolitan Lima is «*sui generis*», the Metropolitan Municipality performs as a regional government.
- A space for legal institutional debate and participation for civil society is created at the regional and local level;
- Lack of a final model for the decentralization process and a lack of consensus on the final vision from Peruvian society as a whole.
- Duality of the National Government political will. The President of the Republic has reiterated on various occasions his firm will to see this process through; however, this assertion is contradicted by the mechanisms employed to "decentralize" (National Decentralization Council, approval mechanisms for transfer plans, Certification Law, exclusion of Regional Governments from certain Sectorial transfers.

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- Political actors in the process, particularly Sub-national Governments, feel frustrated by unfulfilled promises of greater resources and assume decisions autonomously (unilaterally), without the intervention of the National Government.

 - The improvisation of measures, evidencing a lack of institutional capabilities of Sub-national Governments to assume their tasks; an incomplete legal framework; a process frequently imposed without validation and legitimation, duplicity of functions between District and Provincial Governments or between Regional and Provincial Governments and the National Government; the resistance of authorities and citizens, among others.

Conclusions related to the status and needs of the decentralization process

1. Decentralization is a process that moves forward in an unequal, sluggish and conflicting fashion. There are notable differences among the various local governments due to their location, available resources and condition.
 - a. sierra and selva
 - b. rural and urban
 - c. with or without canons
 - d. with migrant of native population
 - e. with prior organizational experience (social and/or political)

2. Regional Governments are characterized by greater instability, delegitimization and remoteness, compared to municipal governments. The relative innovation of its creation as well as the improvisation, lack of clear guidelines (competences and transfers) and a confused legislative framework make their performance difficult. The discredit of political parties and the ostentation of power and frivolity of the mentioned governments worsened this situation.

3. The presence or lack of regional political projects, or of a shared conception of regional development, are key factors in determining the levels of success of the regions in the near future. Wherever a regional political project with acknowledged leadership looms, in spite of current instability, a route can be built (this is the case of San Martín and Ucayali in the Amazonian Region)

4. Local governments are better organized in spite of limitations imposed by the Organic Law of Municipalities. There are considerable differences between urban and rural municipalities. Among their main problems: there is the labor status of staff members (both designated and under contract), the scant budgets and debts assumed for payment in the case of municipalities in the sierra; and the canon and budget increases in the case of municipalities in the Selva what represents a problem to be solved in the absence of local capabilities and management instruments to adopt decisions, prepare budgets in an efficient and transparent fashion, prioritize and present viable projects and implement them.

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5. In general terms, the population is unmotivated, apathetic and distrustful vis-à-vis their authorities. The poor society does not know what it wants or what they would want to have, what they could ask for from their authorities as citizens; hence, they do not ask for anything or demand everything. Laziness or lack of interest to participate may open the way very rapidly to violent mobilizations. They have never had money, or institutions, nor have they had reliable authorities and they have largely never participated. The notion of rights is very abstract for them and the notion of responsibility is quite blurred and although there is a reasoning widely spread on citizens' rights divulged by NGOs during recent decades, they do not quite understand what this means. This is why a clear orientation is required to develop and strengthen the notion on citizenship among rural populations and those with fewer resources.
 6. Participation, as is currently regulated by law, is an innovation of this decentralization process; both for the authorities and for the citizenry. There are no clear references about how to participate and why; it is a learning process defined on a day by day basis; hence it may become confusing and variable. For the time being, only a few groups participate, although this percentage has augmented in a significant way from last year until present. Social participation is greater at rural and smaller municipalities compared to provincial and intermediate cities municipalities.
 7. Inasmuch as more participation channels are opened to very different social groups, political action becomes increasingly difficult. This situation is particularly complicated considering the absence of leadership and political parties capable of channeling popular demands. If there is no harmony between the authorities and the population, this participative framework may lead to a greater fragmentation and trend toward social conflicts. Violence is a constant threat to local and regional governability. Conversely, wherever harmony starts to take place between governors and governees conflicts tend to be negotiated and concerted, and demands to be channeled.
 8. Oftentimes, this disconnection situation between local authorities and the population is being relativized and processed through an adequate application of the Participatory Budget. At the beginning it created a sense of frustration, and even there are many places where the budget has not allowed carrying out priority works, thus generating social unrest. However, in many other places, especially where budget figures have increased as a consequence of the canon collection, the Participatory Budget operates as a channeling, negotiation and processing mechanism of conflicts. From minor works now the trend is to project greater infrastructure investments such as classrooms, hospitals, roads, designs of productive projects; services to improve the quality of local

IV Exploring the archivement of SO1 and IR2

The Pro Decentralization Program's activities aim at contributing to attain USAID's Strategic Objective N° 1 (SO1) «Democratic Processes and Institutions Strengthened in Critical Areas.» Within this Strategic Objective PRODES focuses its efforts in complying with Intermediate Result 2: Increase responsiveness of elected sub-national governments to citizens as well as the proposing capabilities of social organizations in selected regions.

Within this framework we wish to underline the following:

- The PRODES decentralization project has had a broad and positive impact. This includes clear progress with respect to IR 2: everywhere we went, we heard local authorities and technical personnel talking about both the concept of decentralization and some of the new decentralization mechanisms, especially the Participatory Budget (PB), as something positive. Often, they made statements that it was they who were promoting these changes, and the local citizenry and civil society who were apathetic or deficient in the way they were applying the new mechanisms (PB, oversight committees, accountability sessions, etc.).
- Concerning **timing**, there is no doubt that PRODES entered the decentralization arena at exactly the best moment to help launch the first major component of decentralization aimed directly at citizen involvement, the Participatory Budget. Concerning personnel, PRODES has managed to select some of the best-qualified individuals, whose excellent credentials in relevant fields are matched by their enthusiasm and dedication to the project's goals. Concerning the design of the project itself, this, too, seems to be particularly well-suited to fill in the gaps of a decentralization process backed by questionable political will at the top, and a less than successful new public entity, the National Decentralization Council, as the key executing agency.
- The constant self-evaluation of the program and the identification of its successes and weaknesses should be underscored. This characteristic is the basis to get adequated to a social and politically unstable and conflicting reality.
- The program is based on a correct context analysis. It has identified institutional and political weaknesses and based on this identification it designs its intervention.
- Even though it sees very clearly the limitations of the process, PRODES bets creatively and enthusiastically for strengthening it, trying to make it «a democratic and redistributing process capable of producing autonomies, development with inclusion and generate new capacities among the various actors» (Program integrated strategy, p.3). Among challenges it proposes to imbue the process with a programmatic vision, completing the normative framework with key provisions, promote and develop management models appropriate for the country's diversity, promote governability agreements, decision making, planning, budgeting, management and surveillance.

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- The Program approach, in the sense of working with all sub-national governments (regional, provincial and district) and with the population of regions involved, under the same methodological proposition, has allowed it to have a regional presence, generate a kind of common language between government institutions, the citizenry and development institutions; and thus, differentiate itself from the work performed by local NGOs. These NGOs, either by political decision or due to budgetary reasons, traditionally have limited their area of action to specific zones, leaving many others heedless and by applying various methodologies, in accordance with its own conception of development. The effect of this differentiated intervention has been social and political fragmentation. Without a strong center, a kind of «feudalization» of the territory has been reinforced. The presence of PRODES in this setting, the decision to work with the best local NGOs as part of the program and with the same methodology, is contributing to overcome, little by little, these problems, as has been acknowledged by the participating NGOs themselves.

Ivan Cisneros of AMUVRAE makes a very direct reference to the above:

What is good about PRODES is the fact that it is not just another NGO. It is a Program, working in the entire regional territory. This makes a great difference and the institutions who are working directly have the same methodology which other institutions are also beginning to apply.

- We have many quotes such as this in our field notes that can be cited in support of our findings. In the interests of brevity, however, we have placed most of these in an appendix, Annex E. These quotes are introduced with a phrase that identifies the topic under discussion, so that interested readers can link them to the main text.
- An aspect worthy to be underscored is that although this «homogenization» of the territory and the existence of a regulated methodology, very clear procedures with well designed contents are valued, the relative flexibility in the action and application, depending on the specific characteristics indeed represent a merit acknowledged by all teams.
- As it will be analyzed further below in a disaggregated fashion, PRODES has contributed to increasing the capability of response of many of the local and regional governments in the target areas. It has also reinforced the social participation process. However, these contributions vary according to a number of factors related to the social, economic and political settings. One of the biggest contrasts compares the poorest, high-elevation districts, with heavy indigenous populations, of the Sierra with rapidly growing Selva districts that receive royalties from natural resources (e.g., gas). We present a number of contrasting quotes from these disparate areas in Annex E.

The reactions coming from two authorities, one from a poor district in Ayacucho and the other from a fast-growing district in San Martin (see Annex E for the quotes) are enthusiastic as they relate to PRODES performance. It has allowed them to understand the legislation and initiate an adapting process to the new normative framework. However, the starting point and the level of development wherein each of them is located, clearly show the regional differences. Both districts have been severely affected by political violence. Vilcashuaman was affected by a strong presence of SL and the Armed Forces (CVR's Report) and Sonitor, affected by the presence of the MRTA and also a military base. There are dozens of missing people in both places.

However, while the first district is located in a province of the sierra, extremely poor and relatively isolated from the Capital of the Ayacucho Region with a high percentage of Quechua speaking indigenous population, the

second district is located in the prosperous valley of the Alto Mayo River, very near to the asphalted *Fernando Belaúnde Highway* with associations of producers and exporters of organic coffee and rice, and small cattle ranchers who own a milk plant which supplies the *Milk of Glass Program* in the neighboring districts besides producing for the regional market. Everybody, men and women, speak Spanish and the percentage of indigenous population is rather small. The population is rather composed by migrants coming in from Piura, Cajamarca and Amazonas who have already brought into being a generation of villagers who have developed a strong identity as Soritorinians. The social and technical composition and the nearness or remoteness of roads would seem to be determinant to explain attitudes and horizons for the future.

- This is not to say that the picture is 100% positive, as some small but consistent criticisms emerged, mostly concerning the facts that: (1) more training still was needed, for a variety of groups ranging from local government technical staff to, especially, civil society leaders, and (2) PRODES and its Local Technical Teams (ETLs in Spanish, *Equipos Técnicos Locales*) were not working (by design) in the most remote communities (*centros poblados*), and/or with sufficiently simple materials to reach the low education population living far from the district municipalities. In addition, greater efforts to (3) reach indigenous groups in their own languages, and (4) work more with women civil society leaders – not only to increase their attendance, but also to encourage them to speak – also were frequently suggested.

In fairness, it should be noted, however, that PRODES' current work plan calls for the development of precisely such simpler materials aimed at rural people and that there have been recent efforts involving the production of indigenous language materials and a gender guide.

General conclusions concerning PRODES

1. Within the scenario laid out, the role of PRODES has been determinant to strengthening the precarious decentralization process.
2. Its intervention to serve as a «hinge» between instances of the Central Government (MEF, CND) and the Congress of the Republic; and between them, the regional and municipal governments and the civil society has been an essential stabilization factor of the process. This assertion has been confirmed by the various actors interviewed throughout the evaluation.
3. PRODES has a defined plan, clear objectives, highly trained staffs who believe in what they do and know how to do it with excellence and creativity, and who follow well laid goals carrying them out accurately. It should be underscored the excellent criterion, intelligence and common sense through which the Program develops its actions in response to outlined objectives.
4. Its main achievements relate to its neutral role as a facilitator of processes; to its capability to inform to the various levels involved in the Program in an accurate manner; these achievements also relate to strategic alliances to allow negotiations and appropriate lobbying between State institutions (MEF, CND, Congress) contributing to normative designs, influencing the approval of laws such as the Certification System and its Regulations, Fiscal Decentralization, among others; to its persistent follow up actions toward attaining the objective; the elaboration of instruments for the various publics with whom it works (balance sheets, summary reports, bulletins, instructions, primers and posters) containing clear, reliable, ordered and understandable data

to learn and develop the steps of the process; the sustained training of participant actors; and, in general terms, to its ability to foresee problems which could arise from shortcomings of national institutions or to close the gap between the Central Government and Sub-national Governments in order to facilitate the decentralization process.

5. The Program's approach and methodology is efficient and well accepted by the various actors involved, including representatives of other international cooperation agencies. Working with two teams (one team in Lima monitoring the entire Program and the Regional Coordinators and ETLs providing technical support in the provinces) shows good results in relation to the coordinating and facilitating actions it aims at. In a similar manner, courses offered, studies, materials, training workshops/seminars and facilitating actions are well received and accepted.
6. Through interviews made to some local authorities and public officers and representatives of the civil society it became evident in the field work, that PRODES has attained the objectives laid out in the agreements, especially succeeding to make Local Governments issue ordinances regulating the Participatory Budgets of their localities and establishing Local Coordination Councils to subsequently proceed to the "approval" of said Participatory Budgets.
7. In fact, the Regional Governments, Provincial and District Municipalities interviewed have carried out actions to implement citizen participation mechanisms thanks to efforts made by PRODES as facilitator. Participatory Budgets and the conformation of CCR and CCL have been more successful than public accountability sessions. Oftentimes, it complies with the dictation of the law although the same is not fully understood nor the attributes or responsibilities derived from their participation are thoroughly known by them. In this regard, both public officers and the leaders of the social society have expressed their interest that PRODES assist, by intervening with national level authorities, in making the mechanisms for citizens' participation more flexible, in order to adapt them to specific realities helping them in the articulation of approved Participatory Budgeting and Development Plans concerted at District, Provincial and Regional levels.
8. Thanks to the facilitator role of the Program those groups traditionally excluded from management processes of Sub-National Governments have increased their participation in the formulation of the Participatory Budget. However, although efforts made have been relevant, considering the level of exclusion they confront the level of participation is still insufficient.
9. Although PRODES is an institution whose products are considered dependable by most of the participating sectors, representing a tremendous value in a society prone to distrust everybody and everything, to be a USAID program is a factor of distance and mistrust in certain zones. USAID is an agency whose legitimacy has suffered in recent years as a result of Associations with entities like Chemonics or DEVIDA, which has damaged the donor image it used to have. Some informants indicated that for the population and the authorities, both the *Alternative Development Program* and the poor practice of its officers have caused a rejection in some sectors of the population. This ascertainment is worrisome since it could fracture the good impression and action of its PRODES program in the zones of intervention.

- **PRODES Regional Coordinators (CRs).** The four coordinators of the visited regions presented a satisfactory

work. They have demonstrated a close relationship with their ETLs, an adequate knowledge of the region and its characteristics, good rapport vis-à-vis the authorities, both regional and local, and a positive and enthusiastic working approach. Meetings and interviews and focus groups were well planned and showed great concern to comply with appointments and commitments, implying respect for their counterparts and showing a highly deferential relationship style.

- In some respects, however, the collective knowledge and experience of the CRs could be further tapped. For example, it might be possible to have them collectively address the factors that make for the highest and lowest levels of capacity enhancement by sub-national governments. Already the enormous gaps between the poor, high-altitude municipalities of Ayacucho and the most dynamic, royalty-receiving municipalities of the Selva have been discussed as a factor in the level of project success. It would be interesting and potentially useful to get the CRs together in a «brainstorming session» concerning the factors that most affect the success of the project in different (types of) municipalities. We heard individual CRs provide insights relevant to their area but suspect that collectively they could come up with a list of «conditions under which» success is most vs. least likely. Such an exercise could have immediate application in finalizing an exit strategy, since one of the recommendations of this evaluation is that the planned departure from 319 municipalities at the end of 2005 be delayed for a year and, failing that, that there be substantive criteria other than the duration of PRODES assistance that should be applied in deciding to stay in or leave a given municipality. This will be discussed below in the discussion of the «six questions» included in the Terms of Reference.
- In certain moments it seemed to us as evaluators, that both the coordinators and the ETL staff assumed leadership positions in the Participatory Budget processes exceeding the guiding role which presumably they ought to have. In the case of the San Martín Region, in Saposoa, during the debate on the Participatory Budget, disorganization, scant clearness about procedures and mistrust between authorities and representatives of the civil society, each advocating their own interests, led the coordinator and the members of the ETLs to perform the leading roles in the organization of the event. They even had to resort to threatening to postpone the initiation of discussions until the arrival of the regional coordinator. However, it would seem that this facilitator action is still needed to motivate the population, reduce the levels of mistrust, ensure the participation of everybody and enforce rules and procedures. After all, as has already been pointed out, this is a new process for all agents and the presence of a leader is required to reinforce, *in-situ*, knowledge imparted during training sessions. In any event, it would be appropriate to place a warning note to prevent abuses of power that such situation could confer them.
- **PRODES' Local Technical Teams.** By deciding in an appropriate fashion, to work with Local Technical Teams, that is to say, with staff of the zone, two aspects are combined. On the one side the program capitalizes the experience and know-how of the region; and on the other side, training is provided to professionals who are from the zone and most probably will remain in the zone even after the program is over. Hence, the ETLs themselves become the starting point for a Market for Services which PRODES wishes to create to take care of the demands of regional and local governments. This merit is widely acknowledged by the members of local teams as mentioned before (Annex D presents quotes from a Regional Coordinator and an ETL director.)
- However, this double condition may have, besides the mentioned advantages, some risks it would be appropriate to consider.

In the first place, local institutions (NGOs) have, whether for good or for ill, a history, a course of action and accepted practices or simply known and rejected by other local NGOs or by other actors of the process, thus creating adhesion or conflicts which could interfere with the image of neutrality or with the efficiency of work.

The case of ETLs of Cusco is quite symptomatic of this situation. However, it seems worthy to underline the accurate manner how the problem was confronted. When after the competitive examination to fill in positions it was decided to engage the services of the NGOs: *Coincide* and *Guaman Poma*, assigning them determined work zones, the Program did not take into account the «cacique-like» character of their presence in the region. Having worked systematically for many years in certain zones, in time both institutions have transformed these areas of influence into a kind of «chiefdoms» where their presence inspire a sense of authority, knowledge and a sort of privatization of the action of influence transforming them in «their» zone of action.

The NGO *Guaman Poma* began to work for the PRODES Project in *Coincide's* territory and vice versa. This situation favored the resurgence of some conflicts and feuds between the directives, not among workers who, no doubt, have affected in part the work of each of them. For example, the Mayor of Lucre, located in the working area of *Coincide*, did not want to sign the agreement because he had not received authorization from *Guaman Poma*. If each of these NGOs would work in its own zone of action conflicts would not only be reduced but a sound competence would be promoted between these NGOs. It would be convenient to explore this possibility having in mind these realities in order to prevent new confrontations.

- However, this situation of privatized territories affects not only NGOs. The Municipality of Santiago in Cusco did not want to sign the agreement and declined in a very polite form without any explanation. After investigating the reasons for such a decision, the coordinator found out it had to do with a ban imposed by the institution *World Vision* who demanded total exclusiveness for «their pilot zone» in exchange for their donations. Since the Mayor was very much interested in receiving these donations to build a large auditorium on the right river bank—a very popular zone—he refrained himself from signing the agreement. After all, according to his criterion and vis-à-vis the elections, among his potential electors the construction of an auditorium would grant him a greater return than many training courses and other products offered by PRODES.

In like manner, the Regional Coordinator for Cusco comments that there are municipalities with whom it is not easy to deal with, such as the Provincial Municipality of Cusco with whom the agreement still has not been signed because it is said that:

... they are afraid to be exposed to the public. USAID's policies relating to coca is much criticized and since they have political aspirations they do not want to be accused of cohabitation with USAID. The same happens in Chumbivilcas, a locality which remains in the hands of MNI where there is also resistance against USAID.

- Limitations. During interviews and discussions with the ETLs three problems have arisen which we consider relevant to present.
- The ETLs in the visited zones, with the exception of Cuzco, are unmotivated to a certain extent, adducing that their work load is greater (Participatory Budget, public accountability and internal institutional strengthening) compared with last year; and that their budget has been reduced. This situation has caused that training provided to distant rural District Municipalities are less frequent due to a reduction in force (one operator for each 5 or 6 Districts). Nevertheless, they all declare they are complying with objectives laid out in the contracts.
- They express concern for the fact they provide training to officers who do not receive support from authorities, or who are removed from the positions they occupy, thus producing a constant recomposition of

of the Municipal Technical Team (ETM), erasing all progress made. This represents a setback for the advancement of the process and for its performance.

- The evaluation and monitoring plan data cards are very complicated to fill out making it a time consuming operation. Oftentimes, they feel like they are put in embarrassing situations before the authorities. Besides, many times they have to make illiterate participants sign and this generates situations lowering their pride.
- Achievements. PRODES has established very positive alliances with local NGOs. This verification appears clearly from interviews held and from focus groups, and has allowed the project to leverage interventions and provide it with institutional mechanisms for sustainability, to involve the other institutions in training increases the number of staff prepared on these topics and at the same time, reduces the levels of inter-institutional conflicts, ranging from jealousies to envies.

Recommendations

1. It is essential to ensure that Regional Coordinators and the members of the ETLs are aware of their role as facilitators of the decentralization process, and in that capacity, they are not supposed to substitute the role of public officers nor of leaders or politicians.
2. It is important that the ETLs and their institutions, with the support of PRODES do not reinforce the «cacique-like» character occurring in the provinces. On the contrary, they have to insist in the importance of working in a plural, reinforcing and coordinated way considering that PRODES, although interested in the strengthening of local institutions, above all its main interest is to strengthen the decentralization process.
3. It would be appropriate to foster among ETLs a sound competence, both within those sharing work in the same region and between the regions themselves. In this sense, good governance exchanges, contests and debates could be organized. Moreover, the members of the ETLs, should receive training on methodological, instrumental, and technical issues and on conceptual aspects relating to decentralization, regionalization, State, market, civil society and political parties in order to contribute to create a responsible critical mass on economy, society and politics.
4. PRODES, through its ETLs must emphasize alliances with local NGOs and with the MCPLCPs and expand such policies to other civil society groups (teachers, entrepreneurs, professional schools, chambers of commerce, among others) and of the political society. In this regard it should convene everybody, taking advantage of its well known neutrality and the legitimacy of its actions. In this sense PRODES must emphasize on his articulating role between institutions of the society and of politics and between them and sub-national governments.

V

Exploring the four SUB-IRS: Conclusions and Recommendations

A. SUB-INTERMEDIATE RESULT 2.1

Authorities and resources transferred to most adequate levels of Sub-National Governments

Overall, there has been considerable progress in achieving this sub-IR:

- In the first place, efforts to conceptualize the decentralization process carried out by the team constitute a basic step to understand the whole picture, distinguish the parts which conform it and delineate a course of action to follow. This is particularly important having in mind the improvised way it was initiated and the scarce clarity legislators and even the Government had about the future of this important State reform measure. This knowledge has allowed the identification of lines of work, actions and procedures most adequate to attain objectives, and to develop a special anticipation capability vis-à-vis the weaknesses of national institutions to be aware or to supplement contributing with instruments which later they could make their own.
- Besides those actions with repercussions on the approval of the legislative agenda on provisions specifically aimed at the decentralization process (the Law of Certification, the Law of Incentives for the Integration and Conformation of Regions, the Fiscal Decentralization Law and the Regulations of the Framework Law for the Promotion of Decentralized Investments, the Law for Participatory Budgets, the Law for Certification and Incentives and contributions made to the debate of other bills) specific actions have been carried out (work breakfasts, workshop/seminars and consultant services) to discuss issues not sufficiently or inadequately analyzed, notwithstanding their relevance, such as the promotion of economic development by local governments with *Proinversion*, the assessment of the Public Investment National System (SNIP) with the MEF, or the Law of Public Employment with the Congress.
- A second aspect worthy of being underscored, is the capacity shown by PRODES to «influence» or lobby using the best sense of the term. No support for institutions but to the decentralization process. This is a medullary assertion. In this sense, key personalities who have to be persuaded are identified; strategic alliances with various actors are made (Annual Report, Quarterly Bulletin, Monthly Synthesis of Standard Provisions, Newsletters); plural debate sessions are organized convening invitees representing various institutions. Efforts are made to work with them in a disciplined fashion to obtain results which later on will be assumed and shared by everybody, and to publish accurate reports including the balance sheet of the process (2003 and 2004) presenting comments but within a constructive and propositional fashion. This has allowed them to gain legitimacy and contribute to the amendment of regulations and processes which in spite of being regulated were not functioning well.

Quotes in Annex E show the positive opinion of key MEF and Congress leaders concerning the achievements of PRODES.

- In contradistinction to comments made by congresswoman W. Alejos (in Annex E) and the openness to acknowledge the work of the program, working with public officers and congressmen belonging to different political parties is very complicated in Peru. The National Decentralization Council is a clear example of this fact. To start with let us mention that the interview duly agreed with Mr. Luis Thais was finally carried out with Mr. Perlacios, Executive Secretary and with the Chief of the Cooperation Office. The President of this institution was busy and could not receive us. Confirming the impression of the evaluators team on the CND after reading documents, analyzed the opinions expressed during previously conducted interviews and field observations, officers seemed to have trouble or lacked interest to explain the objectives of the institution, leading the process the same as its plans and goals for the future. We were surprised by their apparent scant comprehension of the process. The interview was centered on the lack of resources available to the CND and on explanations why they have been unable to spend PRODES contribution to their budget for two consecutive years and the reasons why, in spite of the mentioned fact, they consider it important that PRODES finances the new proposal which presents a considerably greater budget. In this regard Mr. Perlacios pointed out the following:

Although it is true we have been delayed in effecting programmed actions which nonetheless we will carry out, PRODES has helped us with a very modest amount, with only US \$ 235,000.

According to his expression, delays are justified because:

...the CND has entered into an organic restructuring process slowing down the implementation of the demand prioritized by PRODES.

The attitude of officers was that of justification and complaint in lieu of gratefulness and proposals to continue a cooperative relationship (see Annex D for an additional quote in this regard).

In spite of the above, there is evidence proving that the Program has contributed to the CND's work. For example, it has contributed to the Process Balance Sheet Report, the informative primer on the conformation of regions process, the studies on the certification issue. Furthermore, PRODES is convened by the CND for strategic actions—like the Evaluation Committee of Technical Dossiers related to the Conformation of Regions—that the CND accepts all training materials elaborated by PRODES and acknowledges all of the above and other assistance for its Report to Congress, the interviewed officers declared that PRODES is not complying with its function of providing them support. In this sense, their complaint requesting more resource was recurrent.

It is not easy to find among public officers a sense of service and responsibility; even less, a notion of collective welfare. Each one works for his own and in the best of cases for his party, transforming, oftentimes, the public acts into a sequence of calculations, bribes and favors which are later on repaid with laws and ordinances. It is complicated to change this practice. In spite of this situation, we think that PRODES has done it in the case of decentralization thanks to the legitimacy it has deriving from the earnestness of its performance, the state of alert of its staff, the updated information, its reaction capacity and the experience of many professionals forming part of its teams who have served as public officers.

- The impetus of the Normative and Institutional Strengthening team, as agreed upon in the contractual terms with USAID, has concentrated on its work with national institutions and to a lesser extent with regional organisms to make information and the process come down to other levels of government. The poorest local governments, and in other ambit, the political parties and the civil society have neither received the attention which, considering their level of disregard, the former, and their level of delegitimization, the latter, they should have.

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- Another serious problem is the changes which currently affect municipalities in rural zones as a consequence of the royalties from natural resources (from mining and gas exploitations). From one year to the next one their scenario has been transformed. Budgetary changes and the issue of certifications and competences present questions very problematic for them and for the members of the ETLs (see quote in Annex D).

Recommendations

1. PRODES should continue with the institutional normative design proposals since the legal framework still needs to be improved taking into account the results of its application during these two and one half years. As an example, the following would be required:
 - The flexibilization of requirements for the conformation of Local Coordination Councils.
 - The regulation of Article 117° of the Organic Law of Municipalities – Management Committees, regulating procedures and the operation of these entities with the purpose to allow the co-participation of the local population and authorities, especially those with meager resources, in the implementation of their works within a simple and accurate legal framework.
 - Amendment of the Law No.26997 establishing the conformation of Municipal Management Transfer Commissions as well as its Amendment, the Law No. 28430, in the sense that two representatives of the civil society should be incorporated to these commissions, as custodians of the management and of its transfer. This would help to give greater transparency, continuity and strengthening to those good deeds attained by the outgoing administration (i.e. good government practices), keeping in mind that a municipal electoral process with new authorities is upcoming.

The MEF should see to it that a directive be implemented in the subsequent budgets, in the sense to compel local authorities to approve a minimum percentage of the expenses, to strengthen capabilities on specific issues.

2. The conceptualization on social and political PARTICIPATION, political parties and the civil society which PRODES may accomplish during its next stage is very important. It will also be very important if it could apply all of its conceptual instrumentality to those issues related to society and politics. In this sense, we recommend to foster studies, organize debate sessions and produce documents on these issues for a heterogeneous public.
3. It would be very enriching if the Institutional Strengthening Team could take a closer look on the conditions under which the most isolated municipalities work, especially in zones of the sierra, as well as on the problems confronted by municipalities who do not receive canon royalties at present. It is very important to travel to different zones of work to perform interviews and record the imbalances between officers and leaders, as well as the diversity of demands from the society, in order to facilitate the access of authorities and social leaders to the new normativity. One thing is to listen what the ETLs have to say and another thing is to take first hand the pulse of the process.
4. Another suggestion is it would be desirable that for the coming electoral year special attention is placed on politicians and on the civil society. It is very important to delineate a strategy to make the candidates consider in their agenda issued linked to decentralization, including very concrete and measurable proposals. In like manner, we deem it very important that those issues related to political participation, the civil society, and the NGOs are rethought with the purpose to contribute creating a regional reflection and within this framework,

encourage the construction of political proposals of regional nature. Thereto, it is important to know where and how to conduct this stage and define the role of each entity in the process.

5. Within the framework of strategic alliances, PRODES must continue with its work of liaison between the Executive, the Congress of the Republic, and attempt to reinforce its links with the CND, and the same with the Presidents of Regional Governments and the Mayors of Departmental Capitals in the target zones, in order to go forward in the decentralization process. In addition, it is convenient to establish new alliances with the *Acuerdo Nacional (National Agreement)*, the Institutionalized Political Parties (with elected authorities), the journalists and the media, and with school teachers in order to give continuity to the process.
6. PRODES may propose to the Regional Governments the preparation and application of an «inventory of technical and financial assistance organizations» to ensure a market of localized services.

B. SUB-INTERMEDIATE RESULT 2.2

Sub-National Government Mechanisms for Citizen Participation in and Oversight of Decision-Making Established in Selected Regions

- This Sub-IR shows remarkable **achievements**, having in mind the difficulty of the assignment. Within a context which varies drastically depending on the various levels of government, on the different social and political realities, and on recent history endured by people living in these zones of work, achievements attained are very valuable. Relations established with the municipalities, associations of municipalities, the support provided for the formation of Municipal Technical Teams, the role played by PRODES in the development of diagnostics, in the organization of the Participatory Budgets and in the implementation of public accountability assemblies, is meaningful for the authorities and for the population and to reaffirm the process of decentralization.
- But there also have been **limitations** with respect to progress on this sub IR. One of these concerns the already-noted differences between the extremes of Sierra and Selva municipalities.

The sub-national governments present a very unequal degree of institutionalization. There is considerable difference between municipalities in the sierra and those in the selva. In all of them, however, the presence of PRODES is important, acting as mediators and transmitters of useful information. All cases underline the importance of being present in all the districts and provinces, allowing the creation of a common language between the various instances of local governments. The regional government is still out of this scheme.

The case of municipalities in the sierra of Ayacucho, who do not perceive any canon, agricultural production is for self-consumption, the population is predominantly Quechua speaking and the physical and cultural isolation of the population is considerable. This is a rather critical situation.

- PRODES is a very important actor because it accompanies the process, clarifies and orients the authorities. However, results are not the same everywhere. In other local governments of the Ayacucho Region resistance is even greater. The Mayors of the Vilcashuaman districts say:

In our towns there are authorities who want to know nothing about Participatory Budgets or training if

they do not get paid for the assistance. They say: ¿Why do you oblige me? ¿What will happen if I don't do it? It will not happen anything because the law will not oblige them.... Then we say to them: remember gentlemen what happened in Ilave, look how its mayor ended...ahhh well, we'll do...they say.

While some authorities reject decentralization unless reminded what can happen to them at the hands of an enraged citizenry, as the above quote indicates, it is also noteworthy how some civil society leaders develop a deeper understanding of the problems confronting both local authorities and citizens once they become more familiar with the issues as the result of participating in decentralization. For example, Alfredo Ñaupas, Collegiate General Secretary of 116 peasants' communities of Vilcashuamán in Ayacucho, and representative of the CCL for the civil society of the Vilcashuamán Province, says:

I would like that the decentralization process is fully completed...you won't let me lie; there are many municipalities who do not know what decentralization is. PRODES must insist more in making more sensitive the authorities who are not becoming aware to make them understand the importance of the people's participation. I feel myself humiliated many times. For example, to implement works we are paid negligible amounts, 10 soles to work the whole day. For 10 soles we work like animals, 3 soles for lunch, and 3 soles for supper, one sol for a small amount of coca leaves; in other words, practically nothing is left for our families. We in the district have 25,000 soles to pay salaries, to carry out works, for transportation and miscellaneous. What can we do? And conversely, how much does an officer make? That is not fair. Sometimes the local government convenes and people do not come. Other times it won't convene and people get mad because they have not been convoked.

An extremely interesting aspect of this testimony is the degree of knowledge and «involvement» demonstrated now by this peasant leader, as part of the CCL, on the problems of lack of budget which the authorities must confront, who are also subject to criticism. According to him PRODES should assume a role of correction and education towards the authorities.

- The vast differences between the worst-off districts of the Sierra and the better-endowed districts of the Selva deserve one last mention:
- Lack of institutionality, of resources, lack of knowledge about procedures, weaknesses of the civil society and the exploitation by authorities are recurrent problems in these the poorest zones of Ayacucho.

Taking up again into consideration the differences between local governments in accordance with conditions at each site, we observe that the perception of authorities in the selva, in contradistinction to the situation in Ayacucho, is more dynamic. The differences are tangible. The language, but above all, the market horizon of these populations differs substantially from the isolation situation of peasants in Ayacucho who can scarcely produce to meet their family self-consumption needs. (See Annex _ for some quotes.)

- Indeed, the local public institutions' performance is below the expectations and needs of the population.

We have identified two constants in our conversation with provincial mayors. The first one, is a feeble presence of the various sectors of the Central State (education, health, justice), a fact which recharges their budgets and

increases the needs and demands of the population toward their local governments. And the second one is insufficient budgets, with the further complication that district authorities now want a share of provincial budgets, creating another source for potential conflicts between provincial and district authorities. In fact, there is no norm obliging provincial municipalities to share their budgets. However, in the practice, district mayors exert pressure and oftentimes compel provincial mayors to share their resources thus atomizing their budgets and hindering the implementation of major works. This problem relates to a greater problem which refers to the confusion of competences and unawareness of legislation in force presented by public officers and authorities. In the case of the municipalities of Rioja and Lamas, the mayors informed about this recurrent problem and their difficulties to make district mayors understand the inappropriateness of such apportionment. However, in addition it would seem that, as an underlying feeling of this situation there is a veiled threat from district authorities and their populations to withdraw their support to provincial municipalities who do not distribute their funds. A matter of votes and social base support will add to the problem of competences and unawareness of the legislation, complicating budget management in some provincial municipalities.

- Another limitation relates to the problem of direct-hire staff and staff on personal services contract: the normative framework is complicated and rigid not permitting the replacement of inefficient staff for a better prepared staff. Local bureaucracy is usually scarcely informed, incompetent and many times politicized and reluctant to training to adequate themselves to the new scenario.

The Provincial Mayor of Victor Fajardo comments:

Our greater difficulty is the direct-hire staff. Contractees do attend training, are interested; the other ones say: What for? Any moment they will change the law again and we will have trained for nothing. On the contrary, contractees are willing to participate and know how to do this paperwork.

- **Participatory Budget.** The Participatory Budget issue is extremely interesting and complex. Its different levels of compliance have to do with the willingness of authorities, the degree of association and organization of the population and previous experiences of social work of NGOs and organizational instances fostered by the churches.
- Both in the sierra and in the selva the authorities' perception about the importance and efficacy of this instrument is shared. (Annex D presents some relevant quotes in this regard.)
- However, among the mayors of Ayacucho again we observe a sense of abandonment, of poverty, of persistent assistance requests in their interventions. PRODES' accompaniment is very important to start changing their attitude and at the same time, reinforce its commitment toward these authorities. Thus, little by little –in many cases almost in an imperceptible way— their number will increase and the quality of participation will improve as well as the achievements of local governments. If Participatory Budgets would allow reducing the levels of conflict and the prioritization of works, granting gratefulness and recognition on the part of the population toward the authorities and public officers, this would be the best factor for the success of the Program.
- Fatalism which implies: *....it will always be.* is a relentless sign of Andean poverty. Assistencialism and dependence on donations representing an enormous weight among the poorest populations is added hereto. As far as their capacity to produce is rather limited; as far as they can not generate minimum incomes which in turn will allow them to connect themselves with the market, they will not be capable to establish independent relations, to choose; their universe constraints itself to their level of dependence vis-à-vis the State or whoever may give them protection, prebends or gifts. And if the State does not pay attention to them, the perception that it will always be that way will be reinforced. There is always the request and the complaint. The assistance is never

enough as far as the shortages are so big and encompass very different aspects of life. Will decentralization change these patterns? How could PRODES act in these scenarios so reiterative in the sierra of Peru to modify the defeating sentiments and integrate countrymen under citizen conditions?

- A recurrent problem of district Participatory Budgets is that, although the prioritization workshop/seminars are carried out and agreements are signed related to their most profound needs; when approved by the corresponding Municipal or Regional Municipalities, they are not necessarily respected. An in the hypothetical case they are approved exactly as has been agreed upon with the civil society, they may be subsequently modified by municipal authorities to carry out other projects and/or activities. This situation becomes aggravated even more when the approval of the Participatory Budget –as is the case in the majority of District Municipalities of the visited zones— have no relation or linkage with the Concerted Development Plan of their districts and even less with the ones of their province or region which in their major part are outdated or simply have not been prepared.
- Municipal officers and authorities, especially from Cuzco, have expressed satisfaction for the increase of their budget through the collection of royalties from natural gas. However, many times they feel incapable of using said resources due to technical reasons. They do not have a unit for the formulation of projects nor an Investment Projects Office (OPI) capable of preparing technical dossiers to comply with their viability declaration. This situation compels them to engage the services of inexpert technicians or wait until the Provincial Municipality of their locality opens an OPI capable of wishing to cooperate in the preparation of their respective dossiers.
- It is noteworthy to keep in mind that these instruments could be used with private political purposes, particularly during the period previous to elections. The case of *Nueva Requena* is illustrative of many other cases where summons for Participatory Budgets have focused on small rural villages (*caseríos*) and less so on cities or populated centers where mayors confront a greater opposition. However, repeals are defined by rural populations. This explains their interest to build their social bases among this sector. The Mayoress, *Gandi Dionisio* is a 26 year old teacher and overcame the repeal of its urban population. As *Sonia* from ETL CIPA points out:

Now she has allied herself with all 25 *caseríos*, the strongest ones, against people residing in the District's capital. To do this she has not presented any public accountability statement or a Participatory Budget, or in case she did, she did not care to summon anybody. She says: You wanted to revoke me, now go to hell! Now she has engaged new staff, all dedicated to the production of *sachainchi*, a new project which has secured the market through a company in Tarapoto who has promised to buy the whole production. She is doing this to secure her reelection. This is why she offers technical assistance, inputs, loans and they have to get associated.

The CCL. Here the picture is mixed. The conformation of Regional and Local Coordination Committees is one of the dimensions of the State-Society relationship, and is even more complicated. The application of the norm for the conformation of the CCL seems to be very restrictive. This has been confirmed by authorities from Cuzco, San Martin and Ayacucho, who consider that such norm should be flexibilized inasmuch as only legal incorporated entities with at least 3 years of institutional activity are allowed to participate as participating agents. This does not always happen in many isolated districts. In like manner, local authorities repeatedly declare that the representatives of the civil society before the CCLs, as well as the members of surveillance committees, would like to play roles which do not correspond to them (for example: determine the Mayor's salary; carry out government administrative acts) or simply adopt a passive attitude in their functions ignoring why they were elected. Likewise,

according to information received from the ETLs and local authorities, it seems that some members of the CCL and of the surveillance committees do not quite understand their roles and functions.

Recommendations

1. In face of the passive resistance of authorities and local public officers to make their conduct transparent (public accountability) being afraid they could be disapproved by the population, it is very important that PRODES emphasizes the importance of the application of this instrument. Transparency is good because it generates trust between the authorities and the population since it ensures the commitment to the authorities and the co-responsibility to people in face of the existing shortages and problems.
2. PRODES can have the **proposed or to be proposed participatory mechanisms validated** through the joint participation of the community and public officers and authorities of sub-national governments in order they are fully accepted and identify themselves with the model. The leader in this process should be the District and/or Provincial Municipal Government.
3. In agreement with the Sub-national Governments, PRODES may improve the dissemination of the advantages of citizen participation in the Participatory Budgets as well as in public accountability, employing for such purpose local and regional means of communication.
4. It would be convenient to stimulate the good performance (good practices) of Sub-national Governments, funding with technical assistance investment projects for basic services and thereafter by divulging its achievements through the Special Incentives Fund.

C. SUB-INTERMEDIATE RESULT 2.3

Capability of Sub-national Governments' Institutions to Fulfill Main Functions Increased in Selected Regions

This section presents a brief assessment of the extent to which capacity has increased among Sub-National Governments, i.e., whether municipalities have improved their performance in fulfilling their responsibilities. The next section presents an analysis of the role of PRODES, its ETLs and its materials in contributing to this outcome.

The PRODES' USAID-approved Performance Monitoring Award Fee Plan outlines the specific skills which the project is contractually responsible to strengthen. Overall, five indicators might properly be classified under this Sub-IR.

1. 50% (2005), 75% (2006), 90% (2007) and 100% (2008) of the sub-national governments participating have been certified and have the NDC standard requisites related to directive and management capacities.

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2. Incremented percentage of the goals of municipal governments implemented by the *Financial Management National System* (SIAF/GL) for costs control and management
 3. 80% of regional technical teams and promoters program are officially acknowledged and certified by the CND to provide technical training and assistance to regional and municipal governments.
 4. Annual Master Plan (Capacity Development). A Plan which provides a conceptual approach, a methodology, general contents and an illustrative list for Phase III of the Program for technical training and assistance to be provided according to the presented and approved contract. The Capacity Development Master Plan must cover all program components and all technical training/assistance of recipients (that is to say: regional, provincial and district governments, community organizations, municipal associations) in the projected zone of the intervention for CY 2005.
 5. Delivery of the set of training materials covering all elements of the Annual Work Plan implemented until present.

The indicators provide a limited view of the breadth of PRODES institutional strengthening activities, however. For example, PRODES institutional strengthening materials includes more specific guidance and training materials for strengthening municipal performance in such administrative areas as:

- ◆ *Organization and Functions Bylaws*
- ◆ *Staff Distribution Chart*
- ◆ *Organization and Functions Manual*
- ◆ *Administrative Procedures Single Text*
- ◆ *Capacities' Development Plan*
- ◆ *Citizen Participation Plan*
- ◆ *Government Control System*
- ◆ *Municipal Administrative Systems*

Space limitations don't permit an analysis of performance against each individual indicator, but this is otherwise available in the PRODES 2004 Annual Report (in almost all rated categories, performance exceeds 85% - 93% of target). Indeed, the PRODES periodic progress reports provide a good overview of accomplishment. With the exception of those things that have to be done by CND (e.g., the accreditation of sub-national governments, 11., and the still-undefined certification system for ETL certification, 13.), PRODES can point to a solid record of achievement. A review of USAID's Period Award Fee Evaluations 1-4 (February 2003 – February 2005), for example, substantiates the project's high achievement. Since program inception, the project has received over 80% of total award fee and averaged 90% over the last three reporting periods, generally reflective of USAID's high ratings of project performance in each of the ratings categories: Quality of Product or Service; Cost Control; Timeliness of Performance; and Business Relations. The independent findings of the evaluation team coincide, further highlighting PRODES' achievements in promoting institutional strengthening.

In fact, PRODES' achievements go beyond the «checkpoint» type of PMP indicators that track sub-IR 2.3, e.g., the timely submission of the Annual Training Plan, and the development of impressive numbers of new materials, as we detail in the following, which provides a more qualitative analysis of PRODES performance. We also seek to identify some critical factors for the achievement of sub-IR 2.3 that focus less on achievement of benchmark targets than the achievement of a broader, albeit less precisely specified set of accomplishments.

Findings:

- Thus far, one of the most notable changes brought about by PRODES/ETL capacity-building efforts has been attitudinal. Perhaps this is more important as an intermediate result than the pace of local governments receiving CND accreditation, or even receiving the Municipal Financial Administration System (SIAF), two of the PMP indicators for sub-IR 2.3.

Skepticism concerning decentralization and deep attitudes of distrust about civil society still is fairly widely distributed among local authorities but the terms of the discourse have been changed. Even the most skeptical and recalcitrant are now cloaking their words in the rhetoric of the virtues of decentralization and participation.

This was the case, for example, in Yantaló, in San Martín. We made a special trip there in order to follow up a «negative case» – one where the Regional Coordinator and the ETL key informants agreed that the process wasn't working. The authorities, we were told, were highly resistant to opening up «their» governance and budgetary process to the scrutiny and participation of civil society representatives. It appeared that they were right – we were stood up by both the Mayor and the Council members (regidores) who had agreed to meet with us. But the lone woman on the Council happened to be there and she agreed to an interview. What was most telling about the interview was her use of the language of decentralization and participation. She claimed, however, that the authorities of Yantaló were supportive of the process and any shortfalls were due to the apathy and obstructionism of the local civil society and its leaders, who refused to participate. We had no opportunity to cross-check with members of civil society but the point is that she, too, had already adopted the discourse PRODES has been disseminating.

Verbal endorsement is not a full achievement of greater responsiveness, but the acceptance of the need for and legitimacy of greater responsiveness seems to be a notable accomplishment of the project, especially given the short time frame in which it has been operating. Furthermore, training by PRODES, through its own materials and ETLs, was frequently mentioned by these same officials as being responsible for their new commitment to the goals of decentralization and civil society participation. We heard officials from district and provincial municipalities describe how they previously had been skeptical but now have come to value citizen participation in the governance process. Most named their experience with the Participatory Budget in this regard. Similarly, civil society leaders also embraced the rhetoric and new mechanisms of decentralization and participation, and they, too, tended to praise the PRODES ETLs and materials. At minimum, then, PRODES has changed the terms of discourse. At maximum, PRODES might be termed «the right project with the right people at the right time.»

In more receptive municipalities, where authorities are willing to do more than adopt the rhetoric, we saw abundant evidence of the beginnings of a change in the way that local government is conducted. There seemed to be an apparent concern with better performance, including how well they were fulfilling responsibilities to their civil society constituents. As noted above, although PRODES is now working on many fronts, the Participatory Budget is the most advanced element of this increased capacity: the authorities have had to learn how to deal with

a complex new reality. Accordingly, the rapid, if only partial, institutionalization of the Participatory Budget seems to represent a significant sign of relevant change under sub-IR 2.3.

As mentioned previously, several critical factors to program success have been PRODES training methodologies and materials. Given their importance to the project, and keeping in mind our terms of reference, it is important to take a closer look at these key factors for strengthening municipal administration.

- **Training.** In this field comments are not encouraging according to expressions of a representative of the Concertation Bureau to Fight Against Poverty (*Mesa de Concertación de Lucha contra la Pobreza*) in Cusco:

PRODES has been quite positive. During workshop/seminars issues which had not been discussed before have been discussed, thus compelling the municipalities to develop many new instruments. If PRODES intervenes things are done: the DEMUNA, the Municipalities National Register, the SNIP, liquidations of works, the promotion of the local economy, awareness on the part of the civil society on the Participatory Budget, the Law of Access to Public Investments; all of this would not be known and would not be implemented if PRODES would not exist. Maybe there are already too many management instruments for too little staff in the municipalities; however, this is not a problem of PRODES but a problem derived from the Law. The Participatory Budget took a long time to be learned; now we have MOF, ROF, SNIP, transparency; all of this could saturate the capability of public officers.

- PRODES is regarded as a dynamizer who motivates and contributes with very concrete instruments to make the complicated Law understandable. And in the line of Market for Services which PRODES wishes to impel it suggests the following:

A single technical NETWORK should be implemented. The Municipal Manager, the municipalities' technical staff should receive more training than the Mayor himself. Thus, the Program would achieve the objective that individuals trained join a technical network capable of providing assistance in other sites. The *Mesa de Concertación* has much interest in this aspect. PRODES is a very good program; I believe that its presence has produced a change, a breaking point. Its actions regionwide are significant, not only on one part. It is a program not an NGO. Last year with more money it was less productive; this year with less money, it harvests more. The teams are giving more of themselves; this is a criticism from the ETLs but we see this as a success.

- Training members of the Municipal Technical Teams (ETMs) belong to this same line of action; and Giovanni, who was a trainer in the South Zone of Ayacucho and now works for CONSUCODE, presents the serious problem which they currently confront. In this sense he thinks that:

The ETMs are being changed every month, every two months; there is too much staff turnover hindering progress. From those who were in the staff last year 80% has gone. The good part is: more people have been trained; the bad part is: you have train and train again all the time, because the direct hire do not get involved. PRODES must see to it in order to train the direct-hire staff since they know nothing about the decentralization process.

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- In the meeting with the ETLs of Ayacucho and in the course of multiple interviews some very interesting ideas came up, which we deem appropriate to consider:

Workshop/seminars for ETMs are being programmed one for each province; however, it would be wise to conduct these workshops in all districts to decentralize; otherwise they are not well regarded. We would have a greater impact if train not only 6 individuals designated but many more in the districts. Another thing: what should we do to «certify» the individuals already trained, regardless of whether they are direct-hire, under contract or temporary staff? If an individual has been certified and happens to lose his position, he could offer his services to another municipality. Accreditation, specialization and certification of trained officers would be a good thing to do to build up a national network of technicians in municipal services (during meeting with ETLs of Ayacucho).

- The idea of a Market for Services is very interesting; and most importantly is the fact that it has become part of a «common sense» and a positive concern among team members. The suggestion to find new ways to accredit trained individuals was in the center of the debates.
- The teachers.

The issue of training is ample and in so far as local weaknesses are so evident one is tempted to suggest the implementation of many training events for a greater number of sectors. Without exaggerating, there are some training efforts which deserve consideration –because of the multiplying and forming effect they have on young people. This is the case of teachers. As a town-council member of the Municipality of Soritor correctly points out: *«Teachers don't know what a Concerted Development Plan, a Participatory Budget or an Operational Plan is. It would be important to train them; they could become our best allies. Teachers must play a role in reorganizing the regional scenario and in the decentralization. What happens is they are a very discouraged and little informed sector. However, they represent the presence of the State in many of the smaller and left behind towns.»*

- Finally, there is the issue of training the coming team of authorities and public officers. The imminent takeover of authorities as a result of elections will demand a special programming of the training schedule. Annex D presents the views of a council member from Soritor in the San Martin region.
- **The materials.** Coordinators and the members of the technical team, public officers, and representatives of NGOs and of the civil society interviewed all agree on the clarity of PRODES materials. This has caused many NGOs to reproduce them and even international cooperation entities are interested in their reproduction and dissemination to other areas of the country.
- However, there are some places where certain problems have arisen. Indeed, we are referring to high Andean zones. District mayors from Cuzco and also mayors from Ayacucho point out the following:

One can see that the materials have been worked out in Lima, as they climb up high in the mountain they get *«soroche»*. They can no longer speak; they don't let themselves understand; why will that be?
- It is very important to assess these opinions, having in mind, above all, the diversity of the local capabilities of public officers and representatives of the civil society. What appears to work fabulously for some, for others

might prove to be even more complicated and require greater simplification. A council of Awajún even comments the following:

It would be appropriate to present materials as primers, or as posters, like the one you see on the front door of the municipality, because it is hard to ask a campesino to read much; they are not interested, do not have the time or do not know how to read and have others read for them. For this reason it is much better that the messages are brief and include graphics. This way they could always have their workshop materials at hand when they go out provided they are easy to understand when the trainer is not near them.

- And as we have mentioned above, the importance of manuals is considerable. All mayors and officers ask for manuals. The manual summarizing laws and procedures is an instrument required both because its use at school is quite frequent and people have grown accustomed to utilize them ever since they were small children and because the guidelines and the process itself are quite complicated and disperse and would demand a kind of a special dictionary with a «simplified translation» device. This means that the manual should contain all the parts, and present in an abridged version, the principal procedures and the contents of laws and regulations issued in a disorderly fashion. Besides, access to normativity issued by the CND and the Congress is really difficult to obtain and oftentimes to understand, either because the «El Peruano» (the Peruvian Gazette) does not arrive on time or because it uses a very technical language hindering its comprehension. That's why the clamor for the manuals on the part of all the actors of the process does not seem unrealistic. Annex D presents two relevant quotes from authorities concerning the need for manuals.
- Politics and political parties.* This is an extremely complicated issue. Among the members of technical teams and, in general, among many representatives of the NGOs and the civil society there is an enormous unbelief regarding political parties. And this is a grounded attitude. They are frustrated by the scant capabilities shown by them and by their lack of interest to relate themselves with the society, to deal with the most sensitive problems and act as articulators of interests. This situation leads some people to disregard the political parties as actors of the process. There comes the problem; an ETL of San Martín comments as follows:

I am confident that this process must bear fruit in as much as it is forced forward from the bases. I have no faith in political parties. As long as there is no culture allowing us to understand where politics aim at, it will always be the same. There is no political party whom we can trust and as long as they do not show a change of attitude, nothing will change and everything will continue to be the same.

He is not wrong. National political parties do not count on a relevant presence on the regional and local scenarios. This confirmation is part of poverty in politics and the stagnation of these organizations that we observe day after day. And there are no regional or local parties or their existence is ephemeral. They get organized to participate in elections and once they get into power the party structures disappear; this is why there are no institutions to assume democratic government responsibilities and be accountable before the population. However, doing without them is not the solution either. To work with «the bases», as this professional call them, is not enough; neither will they, through a kind of popular wisdom, learn how to conduct the process.

* This section on politics, political parties and the civil society enhances the referenced made to these sigues in the Sub-IR 2.2. Even though we should have considered it as part of said Sub-IR 2.2, we includ them in this part since it was discussed broadly with the ETLs' members and from their standpoints we saw the importante of including them in the report and make a recommendation in this regard.

The bases act at a social level and require mediators at political level. Participative democracy is very important, but the representation aspect is fundamental to make it work. A government can not talk and interact directly with all its citizens; social organizations and political mediators of these organizations and individuals are needed to carry their demands to the highest levels. Our political reality is far from this ideal. Indeed, the decentralization and its multiple participation instruments must foster a change in the political scenario but it won't happen immediately. Furthermore, the more participation opens the more political actions get complicated. Meanwhile, it is important to promote its strengthening and contribute to generating conditions to make political parties grow progressively and take root in the regional set of problems.

- We must work with all regional and local political forces even though we have little confidence on them. They will start to learn because the population, their electors, in as much as they become more aware of the situation, will start addressing their demands to them. As Andres Solari, representative of *Agenda Sur* of Ayacucho used to say:

Life is starting to get complicated for politicians. Society is already learning and it is not going to be that easy to become Mayor or council member. PRODES should prepare instruments and carry out training events to educate the political parties. Furthermore, it should summon the Departmental Agrarian Federation of Ayacucho (FADA), the professional associations, the Chamber of Commerce and all other institutions of the civil society to assume their responsibilities.

- These remarks are very interesting. Educate the parties, but also, work with the civil society to have them assume their responsibilities. This double strategy is essential since although it is important to be aware of the necessity to work with the parties in spite of their weaknesses and ineffectiveness, it is equally important to work with the civil society, to relate ones with the others and the civil society with the local government, as it is doing now and even more.
- By strengthening the decentralization process PRODES is fulfilling an important role. Decentralization is creating new leadership, new elites capable of understanding the reality and interesting themselves in politics. And PRODES provides an important support to make this happen. However, one has to keep in mind that the appearance of new leaders without organizations providing them support and back up may represent a very big risk. We could find ourselves involved in many authorized lynching. Crowds agitated by young leaders reacting against inefficacy or corruption but who do not know what to do thereafter. Many leaders without institutions is very risky; the same as a society without political parties. The formation of new leaderships must be accompanied by the promotion of social and political organizations to provide them support. Just so, we will be able to build a sound relation between the society and politics.

Beyond the training methodologies and materials, the Public Investments Nacional System has an essential importance to strengthen municipalities and the role of their representatives considering this is an indispensable instrument to apply investment funds. PRODES has acknowledged the importance of the SNIP, and the SIAF as a transparency mechanism and has dedicated various resources to these initiatives.

- **The SNIP and the SIAF.** The SNIP and the SIAF are instruments somewhat difficult to administrate but are slowly gaining legitimacy among officers and technical teams of certain municipalities in the zone of intervention of PRODES. In fact, its importance is greater among municipalities who have abruptly increased their budgets as a consequence of royalties collected from natural resources exploitations (*canon*) compared

with those municipalities who receive funds only from Foncomun. The problem is they do not understand it, in the case of the SNIP, or do not know how to use it, in both cases. The issue appears to them very complicated and they ignore the mechanisms to implement them. They have helped them solve problems of different kind or trained them to solve them through very concrete training courses and materials. In this sense, when becoming aware they need to command these instruments, in various occasions they declared their express desire that PRODES help them on how to control such instruments through the use of manual and training courses.

Due to the complexity and logistical problems involved in adopting these systems, it is worthwhile including a few relevant quotes in the text, rather than relegating them to Annex D.

Giovanni Elliot, representative of CONSUCODE, who formerly integrated one of the Local Technical Teams of the South Zone in the Region of Ayacucho, says:

Standards and procedures made in Lima are very far from these realities. The cost of preparing two written communications represents 200 soles for a municipality because they have no electricity and they have to start a power unit requiring 20 gallons of fuel to get started. It is the only power unit to supply electricity to the entire town and they do not use it normally because they have no money to buy fuel. Lack of logistics. I am from Ayacucho and working with CONSUCODE I am now visiting many small towns I didn't know. From 5 towns, 3 do not have the law or have not heard about the law. In the provinces, which are 11, only 6 have succeeded preparing the Annual Plan for Contracting, in spite of the fact that last year the State has provided training to all of them. Failures are due to lack of logistics and/or lack of knowledge. People don't even know what Internet is all about; they have never seen it functioning.

The same opinion is common in Cuzco, in the case of the poorest provinces that even though they are beginning to receive the canon royalties have not developed their local capacities.

The SNIP is very complicated. A suggestion could be to create an instance whereby the proposals of the municipalities may be converted to the SNIP but without costs. Or else, to make its application easier because there are some people who are getting rich at the expense of the poorest municipalities.

However, this is not only a problem in the sierra. The Mayor of Masisea, asks the following:

The issue relating to the SNIP is another jumble. Technical dossiers and project profiles are negotiated by mafias. The application of this mechanism is problematic; some few people who know how to apply it and make profits; and there are other who do not know or do not understand it.

Finally, there are individuals who feel frustrated. Carlos Oriundo, member of the council of the Municipality of Jesus Nazareno of Huamanga, says:

PRODES has made a lot of noise, has awaked many initiatives. Most municipalities expected much more from PRODES because USAID finances PRODES and USAID has all the money it wants. But it has produced no results.

Unfortunately, we can not extend ourselves or deepen more on the subject since we did not have access to additional information. However, we deemed it important to take this comment into account.

Recommendations

1. Training to the ETM should be extended to more people interested. To teachers and journalists for example. It is fundamental to train them and prepare specific materials for them. They will represent a very valuable resource to divulge consciousness about the process; at the same time we assign them a conspicuous function and recognition it will prove to be relevant when the perception of abandonment, in the case of teachers, is a central cause of their lack of motivation.
2. The accreditation of trained individuals is an issue that should be implemented. In this sense, it would be convenient to explore the possibilities to enter into agreements with the universities in the region to concretize some measures. This is something the central team is thinking about and that would be appropriate to develop. The TECSUP and SENATI, which are the two most important and accepted centers for technical training in the country, could become interested. They receive funds from the private sector and it would seem they are increasingly conscious of the need and urgency of forming good municipal technicians to strengthen the capacities of local and regional governments.
3. It would be convenient to take advantage of successful experiences of local governments making them serve as a kind of *school municipalities*.
4. As for the materials, in the case of rural local governments, additional instruments are required to help public officers understand and develop command of new procedures. Requests of «Procedures Manuals» and «Legislation Compendiums» in their most simple versions, the same as posters; radio programs in the native tongue of each zone are important to inform the populations and let them know about the progress of the process.

D. SUB-INTERMEDIATE RESULT 2.4

Increased Capacity of Community-based Organizations Representing Traditionally Marginalized Groups in the Targeted Regions to Participate in and Oversee Local Government Operations

- We will consider indigenous women and native community organizations as community-based organizations representing groups traditionally marginalized.
- Indigenous women organizations, unlike the rest of institutions of the civil society present a phenomenon inverse from the observed pattern. They are more dynamic, structured and with acknowledged leadership in the sierra compared to the selva.

The presence of *Sendero Luminoso*, the death of their men and displacements they suffered caused by war compelled them to assume new roles very rapidly. Besides, the presence of international cooperation and assistance and philanthropic organizations during the post-war period must be also taken in consideration. These reasons, among others, have allowed women organizations and women participating in these organizations in the sierra to claim now, in spite of their limitations, with relative explicitness some basic rights. On the other hand, among indigenous women of the selva the situation is less elaborated. They are more dispersed, more isolated, and the language of rights has not yet come to them. Annex D presents several quotes by different groups of indigenous women concerning their situation.

- Indigenous women in the sierra have more experience and greater mobility capabilities compared to women in the selva. In the selva women are more perky and cheerful; they are more integrated, in spite of *machismo*. But this must be seen in relative terms. As one council member in Soritor, in San Martin, asserted, the men from the Sierra bring their patriarchal customs with them when they migrate. Therefore, in discussing the participation of mestiza women in the Participatory Budget (the full quote is in Annex D), he noted:

But here people who have come from the sierra are more male-chauvinists. They always delegate decisions to the men. In the *Caserio Alto Peru*, in an assembly gathering 155 community members, there was not even one woman present.

The role of PRODES in relation to these groups is very important and could become even more important with greater dedication. As Ms. Gloria from Ayacucho points out:

At least regarding the Participatory Budget, this is the first institution arriving to my province and informs us. Practically I wish to thank in the name of all *vilquinos* for their presence. We are all grateful for their support because when such nice materials are brought here male council members grab them and they don't pass them to female council members and to the other women organizations of the civil society. Instead with PRODES the materials get to every one of the participating women.

This is a very eloquent testimony of the difference of attitude and behavior of PRODES compared to rest of institutions. It happens that when the population has experienced situations of disregard and discrimination and it begins to become aware of their rights, they do not only make demands but also express their thanks when they are taken into consideration.

- **The civil society.** The overall picture concerning civil society also is mixed, but, perhaps, more positive than negative. Indeed PRODES has awakened great interest in the civil society to participate in their governments' decision making, even if they are not fully aware of the mechanisms and benefits involved.
- Civil society is a multi-colored mosaic of institutions generating serious resistance among the authorities who participate actively in training activities PRODES carry out to adequate their institutions to the new regulations. They feel themselves trapped between the new procedures, a new participative proposition and a very fragmented and unhappy society. Oftentimes, in some cases we refer to a much disorganized society; and, in other cases, we find societies organized but around obsolete associative forms, ideologized, not representing the current society, with sectarian leaders who maintain their leadership due to the lack of renovation mechanisms. This explains their resistance vis-à-vis civil society.

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- Local NGOs play a role in the face of lack of leadership. In many cases this role is quite positive since in the face of the State absence, the absence of political parties and of the other institutions, they get organized and work closely with the population. Others, instead, play the role of political parties without acting accordingly. They maintain and reproduce the same propositions and appraisals with regard to society and ideologized politics; they have an active participation in summons. They assume the «representation» of a society much more dynamic but who does not have adequate means of expression in these instances of participation. The leadership problem is quite serious. This is a central issue in the relation between society and politics proposed as of the decentralization process whereof PRODES should make a reflection.
 - NGOs must be careful not to substitute their own social and political organizations. Twenty years have gone by from the moment NGOs started to work for the strengthening of the civil society; they have developed multiple strategies to promote local development but achievements attained have been very limited. It is true that in many places they fulfill an important role of support. However, in many other places the actions of NGOs in face of the absence of political parties have been marked by localism and the subsequent fragmentation of the territory; by the eagerness to respond to the demands of international cooperation agencies financing their projects; to act rapidly, attain goals and obtain measurable results; by the absence of a greater horizon, more political, capable of articulating local development proposals with regional development plans and compel social organizations to look into politics and vice versa. In many cases, due to overlapping of functions having as its objective to grant efficacy to the leaders' actions, it has caused weakness in social organizations and above all, inefficacy of political organizations.

This is the moment for a change. An understanding between regional and local governments is needed as well as between them and the civil society. Within this approach NGOs must reorient their participation; hence the importance of PRODES to break apart the ghettos existing in all the regions and summon all institutions to make them participate in one single program.

- No doubt, also among authorities resistance against the civil society is strongly based on a natural disavowal of oversight. This is an innovation brought by the decentralization with the Participatory Budget, and in general, with all citizen participation instruments. From a traditional distance between society and authorities, municipalities have turned to be in a short time, in a sort of invaded territory. Male and female citizens with the authority bestowed upon them by the new normativity feel themselves entitled to intervene in the local government decisions and demand accountability, wherein before authorities used to do as they wanted. Changes generate resistance and there is the version of the actors of the process. (Annex D presents some interesting but relatively negative assessments of civil society from two mayors in the Selva.)
- The administration and expenses which a new ordering represents an underlying problem but which may constitute an objection to extend the participation. It is interesting to mark the importance of PRODES presence as an external entity, neutral, wherefrom an orienting and educational role is asked to sponsor a change which the mayor, as an authority, can not attain.
- In face of the mayors' criticisms relating the civil society, the opinion of a CCL member of the Provincial Municipality of Lamas in the San Martin Region, representing the civil society, is the following:

I have many criticisms regarding the manner how the Participatory Budget has been prepared. I ignore the reasons why the summoning and dissemination of pertinent information has not been done. Everything

happened very quickly, and to maintain formalities. In my case, for example, although I belong to the CCL they have convened me only to help not to participate in the budget. What should I inform if I have not participated? As a member of the CCL I should have been invited. Or not?

Municipal officers, on the contrary, say they summon the CCL members but they don't seem to be interested, and those who respond the call are the representatives of rural areas. In general terms, the level of participation is very unequal and although in the most isolated districts the authorities resent the scarce level of participation, there is an explicit interest to increment the same. In return, as urbanization goes on the distance between authorities and the society increases on the one and the other side.

Recommendations

1. The time limit for PRODES' intervention process should be extended in the zones with indigenous and native populations, with the purpose to improve the level of participation of this particularly marginalized sector.
2. The ETLs' staff working with these populations must be knowledgeable of the native languages and of their culture and geography.
3. Although PRODES works within a gender perspective, it is essential to insist in this aspect with the ETLs and in general with all participant sectors. Issues relating the rights of women and of indigenous populations should be included in the agendas of local governments and of the Local Coordination Councils and must become an objective to be attained. This is a difficult task in face of the usual resistance; however, one has to tend progressively toward the formation of regional and local common sense vis-à-vis the importance of the participation of both marginalized sectors.
4. Considering that the lack of identity documents problem is very serious, it is important to contribute to its solution by encouraging, through the CND and the RENIEC, the subscription of an agreement to issue IDs (DNI) gratuitously to women and youngsters belonging to native and indigenous communities. To do so it will be necessary to propose a legal norm allowing distributing the DNI gratuitously for the first time to the indigenous and native population and to women living in extreme poverty.
5. PRODES must contribute to strengthen the participation spaces of the civil society by convening all those actors having something to contribute to the community, thus preventing that this space becomes a space for the political destruction of elected authorities (*asambleísmo*).
6. PRODES should insist in training the CCL members as well as the members of surveillance committees in order to improve their level of participation.

VI Key Conclusions and Recommendations

A. PRINCIPAL CONCLUSIONS AND RECOMMENDATIONS

The team reached the following principal **conclusions**:

1. Decentralization in Peru is advancing, but its advance is fraught with difficulties, given the chaotic political situation and the disaffection of much of civil society.
2. PRODES is an exceptionally good and effective project and has become a positive factor promoting the success of decentralization («the right project at the right time with the right people»); indeed, it appears to have become a key factor in the fate of decentralization:
 - a. It is providing valuable aid to the Ministry of Economics and Finance (e.g., in making technical advances such as SIAF and SNIP more «user-friendly» and, thus, more likely to be adopted), and is providing essential assistance to CND, which has been dogged by inefficiency and inadequate performance and is quite dependent on help from PRODES.
 - b. It also has become an effective advocate for decentralization policies and laws at the national level, and is perceived as both neutral and an effective advocate by a wide variety of stakeholders and observers.
 - c. In addition to its national level policy and advocacy presence, its 100% coverage of 536 municipalities in seven regions – all beset with problems linked to coca and cocaceros – have made it more than a project and of greater scope than an NGO: it is seen as a coherent program with broad impact on decentralization in all four regions where the team carried out fieldwork.
 - d. It is producing effective materials that have made decentralization understandable and more achievable and, with its ETLs, has promoted effective training that has increased the capacities of local government authorities and technical personnel as well as those of civil society organization leaders; it even is making serious efforts to reach the traditionally excluded (e.g., women, indigenous groups).
 - e. All its achievements are based on a team of exceptional qualifications, dedication and effectiveness.
3. The coming elections in 2006 could undo much of the progress (which appeared broad but uneven in the regions visited) and could throw the sustainability of PRODES' efforts into jeopardy.

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4. Decentralization would be more likely to survive the electoral process if and where PRODES assistance continues but the current approach would entail PRODES leaving 319 of 536 municipalities at the end of 2005, i.e., before the 2006 elections.
 5. Decentralization is a complex process and, coupled with the conflict-prone political context in Peru, it will require more time to achieve a «critical mass» that would lead to institutionalization than the life of the current PRODES project.

Based on these conclusions, the team suggests the following as the principal **recommendations**:

1. It is recommended that PRODES NOT leave any of the municipalities in which it is operating until AFTER the 2006 electoral year.
2. It is recommended that there be a follow-up project, in order to provide the time that PRODES – and the decentralization process – would need to help insure that decentralization be more firmly established and institutionalized.
3. It is recommended that, meanwhile, during the current LOP, that PRODES be given the flexibility to adapt its program and activities to meet the dynamic and fast-changing exigencies of the decentralization process.

B. STRATEGIC RECOMMENDATIONS

1. We believe that PRODES as an exit strategy should continue to prioritize support for deepening the decentralization process and should propose the eventual continuation of the program for a second stage. In fact, the mid-term evaluation clearly shows us that advances attained by the decentralization process are quite precarious and uneven in the target regions of the Program. Although PRODES has played a significant role in providing assistance to the various instances and actors, as described above, a persistent effort is required to make the process sustainable.

In our opinion, PRODES' most important role is its role as a hinge, as an articulator between sub-national government institutions and the Central Government and between these and the institutions of the civil society. One of the most serious problems confronted by society and by Peruvian politics is the fragmentation and segmentation of the society and of society vis-à-vis politics. Added to this are the institutional weakness and particularly the insufficient presence of the State at national level contributing to the mentioned fragmentation. The State's lack of leadership aggravates this situation even more.

Within this scenario a program such as PRODES, who is constantly concerned on how to fill in the gaps, anticipate itself to problems, inform, translate the laws and procedures into a language form easier to understand, link the ones and the others is very important and requires continuity in the task. If not, in face of the existing fragmentation and distrust, results obtained until now may easily be deactivated. It is meaningful to keep in mind that the current decentralization process has scarcely three years since its outset.

2. The priorities. We observe there exists a very large distance between the Central Government and the sub-national governments. The MEF shows a sophisticated technical performance at odds with the basic needs

and shortfalls of the district municipalities of the country's sierra and selva regions. Even though these difficulties have been serious during the first part of the process, thanks to the role played by PRODES in the simplification of procedures, the methodological approach to the various management instruments and to its proposal to draw public officers nearer to the country's realities, these hardships have been gradually reduced. However, the distance between regional governments and municipal governments is enormous. We believe that this problem deserves a special attention.

PRODES, without disregarding its support to local governments, should concentrate on Regional Governments in the coming years. If regional governments with competence, with management and administrative capacities in the various sectors, with parties and competitors discussing about regional development plans, are developed, the decentralization process will have a future. This is an urgent task considering the pending regional and local electoral processes; and one should consider two stages: the role of PRODES as a campaign motivator, its subsequent role, once the new authorities are elected.

We consider that assistance to regional governments must be comprehensive in order to achieve their accreditation, facilitate the transfers of competences and ensure the minimums needed for an adequate regional management. But in addition, considering the promoting role of their local technical teams, PRODES, in strategic alliance with other institutions of the civil society, should contribute to make political parties and the society debate on regional development plans proposals enclosing ample regional views, which prepare the regionalization process where little or nothing have been accomplished, and give this decentralized government instance a special location different from the one assigned to provincial municipalities.

It is from this close relation with the regions that PRODES can, at the same time, propose changes and influence on the orientation which the CND should assume as the leading entity of decentralization. Let us hope that the incoming government gives priority to decentralization and in consequence, the CND assumes its responsibilities with efficiency and intelligence. Meanwhile, during the year remaining until the government changeover, it is indispensable to approach the regional governments even closer, in order to identify the existing bottle-necks and to prepare with anticipation, the instruments which the new government should implement.

3. Working with the municipalities. PRODES' work can not be circumscribed to the regional governments. It is essential to continue providing assistance to local governments, as well as to political organizations and to the civil society. Municipalities are key factors because of the relation they have with the population; however, their actions are disconnected from the regional governments who do not know what to do and from the ministers who continue to assume excessively centralist roles

In our opinion, PRODES must continue during the next two years to be present in all municipalities of the regions with whom it works. It is true there are some municipalities better equipped both technically and with regard to human capital. However, if we have in mind the upcoming government changeover, it is risky to say now where it should retract itself and where it should continue. Political precariousness and instability, aggravated in face of elections at sight, require the regular presence of PRODES. This is why, considering that PRODES should come to an end in 2007, but pursuant to the considerations put forward in our first recommendation, we propose as a consultants' recommendation, to evaluate the possibility to continue working with all municipalities until 2007 and precisely at that moment, assess the various behaviors in order to plan an orderly retreat. If this is not possible, we propose that the Program continues its work in all municipalities who are receiving or about to receive royalties

from natural resources exploitations (canon) and in all municipalities with a high indigenous social composition. To work consistently in both poles can contribute to reduce serious manifestations of social conflicts.

4. In many local municipalities, both provincial and district, the innovation of the *canon* is causing a major change in their institutions. It is urgent to provide assistance to these municipalities to accelerate their adequate technical equipment, the development of management instruments, the management of the SNIP to facilitate the implementation of large development projects aimed at improving the conditions of life and thus reduce social malaise.
5. Relations between local governments and society. This is a relation which is tainted *per se* and although PRODES' priority is to provide them assistance and important advances have been made in relation to previous years, it requires a greater intervention. Laziness of public officers and representatives, and the lack of trust on the part of the population are factors of constant confusion. It is very important to insist in the instruments facilitating the interaction between the State and the citizens. In this sense, we recommend that emphasis should be given to the articulation of the Concerted Development Plans, the Participatory Budget and the Institutional Budget. In like manner, the *Public accountability and Social Surveillance Assemblies* are processes wherein the Program must insist. This set of accountability instruments is medullary and are the ones showing less progress throughout the process until present.
6. The civil society. The society in general has many expectations on the decentralization process, but in compliance on the part of the authorities and the lack of competences adduced by regional governments sharpen the social conflicts and violence. Poor people know they have enormous shortages but do not know how to make them concrete. When they present their demands they do it in an indiscriminate fashion; and if their demands are not admitted they burn public installations or lynch their authorities. Conflicts arise out of frustration and satiation of not being heard. In the zones where presence of PRODES is more regular, or where it has been better welcome, these expectations have been reduced because they have been channeled. During the next two years PRODES should demonstrate more initiative at the regional level. It should become a kind of authorized interlocutor, chronicler, promoter and negotiator of the regions with the CND, the MEF and the Congress and within the same regions, between different instances and the civil society, fostering the strengthening of the civil society where it is disconnected.

Its hinge role and its anticipation capacity evidenced in the relation between the MEF, the CND and the Congress to suggest and amend laws must be applied to these social and political instances to facilitate spaces for a greater commitment and to transform these spaces into concrete proposals expressed through the participative instruments. In this connection it must count on «social diagnostics and regional maps of power» capable of registering these demands wrongly formulated and unsatisfied and starting therefrom prepare documents, contribute to make social leaders get together to discuss very concrete issues, negotiate and formulate their prioritized demands directing them to the Participatory Budgets and to other pertinent instances, not just to anybody. It is also starting from these maps of power that new actors of the civil society who have not been participating, can be identified. It is a key factor to integrate them to enhance and enrich the diversity and legitimacy of the local civil society. Oftentimes, it is only a question of information and summoning around very concrete issues; capabilities which PRODES can be proud of. This is the case of entrepreneurs and businessmen, of associations of professionals and of the universities. This summoning should be made at all levels, both regional and local. (In this regard it is interesting to explore experiences of the Regional Government of Lambayeque.)

In the second place, it should encourage spaces of negotiation between social and political organizations by organizing executive working breakfasts, with very straight forward agendas and a subsequent follow up. This is indispensable to encourage them to get articulated, to discuss issues. It has already achieved this goal among local NGOs, by reducing the levels of confrontation. Now it can move up forward a couple of steps more. This can be hard and risky. It requires neutrality and a concerting capability. However, PRODES legitimacy could help. And finally, it must encourage a greater articulation between the existing coordination instances, wherever they might be, with the CCR and CCL, by flexibilizing legislation wherever such action might be needed.

7. Local Technical Teams. As mentioned before, these teams are the face of PRODES in the regions, and the starting point for the Market for Services it attempts to promote. In this sense, it is very important that they get trained in handling the instruments, as they already are doing, as well as on contents' issues about matters needed to be clarified. We are referring to thematic discussions about the role of political parties, the civil society, social conflicts, marginalization, the role of the State and of the market, etc. We believe it is important they have conceptual tools available on all the dimensions of the process at regional level. Internships between the various regions could be a good alternative, as well as frequent meetings between teams, the local coordinators and the teams from Lima. Working with them should be considered an investment toward the sustainability of the process when PRODES retires.
8. Relation with traditionally marginalized groups. With these sectors PRODES must be particularly proactive, considering they are indigenous and native communities settled in a territory where one of their main assets is their institutionality. Work should be carried out with their authorities and with official authorities to articulate the ones with the others. The objective must be attempting to develop the principle of complementarities and cooperation between formal and official instances and their own instances.

This is a process that must begin by prioritizing their need and motivate the authorities to assume them as part of their responsibilities. The State is the big absentee and the municipalities who have the nearer State's representation lack the conditions to meet them. Calling everybody's the attention to this confusion and promote effective points of contact is a key issue. The construction of schools, medical posts, potable water systems, the presence of doctors and medicines, the alphabetization of adult people (oftentimes not too adult) or the identity document (DNI); in other words, the access to basic services may be an efficient vehicle of integration. Through these actions trust relations could be established to encourage their incorporation to society. As long as they do not find tangible reasons to believe, they won't participate.

9. Women require special attention on the part of PRODES. During the electoral process is convenient to program training workshop/seminars for women candidates using materials specially prepared for such purpose. These materials will contribute to local NGOs working on issues related to the rights of women, by making these quality instruments available to replicate and strengthen actions on social and political leaders.

VII Recommendations for an exit strategy, based on questions A-F of TOR

One of our main recommendations is that there be a follow-up project – PRODES II and/or some other decentralization effort, given that PRODES has been so successful and still has so much to contribute to the enormous and largely unfinished effort of decentralization. Accordingly, we prefer to consider the following recommendations to be for the second half of the project and, hopefully, beyond, rather than for a final exit strategy:

a./ On specific actions necessary to contribute to the continuity of good governance practices in planning, budgeting and social control in PRODES target municipalities and how to provide strategic support to help them be more effective in the transfer and accreditation process (1) after PRODES direct technical assistance to those municipalities has ended, but prior to the termination of the project, and (2) during the transition of sub-national authorities brought about as a result of the pending elections.

In order to achieve this, PRODES should attempt to extend its reach beyond the ETLs:

- To interested universities, research institutes, selected NGOs, etc., offering them training concerning the PRODES methodology, instruments, written materials and knowledge base;
- To other donors/international cooperation, in order to broaden the funding base for decentralization, so that possible additional providers of technical assistance could also draw on donor resources to advance the process;
- To other USAID partners in the seven regions, to plan for coordination on possible areas of overlap, so that conflicting demands on overburdened municipalities can be minimized and the process of decentralization strengthened.
- Additionally, PRODES should consider adopting a «training of trainers» focus in the final years of technical assistance to sub-national governments and civil society, so that those trained could, in turn, offer training to their counterparts – either in their same location or in others that are smaller and more remote.
- In order to provide strategic support to target municipalities to help them be more effective in the transfer and accreditation process, the following is recommended:
 - During 2006, prior to the elections, PRODES should train candidates (including women candidates) in decentralization, and promote public forums where they can discuss these issues to civil society audiences.
 - During the transition period before the new authorities and officials take their posts, more training should be offered.
 - Both permanent (nombrado) and contract personnel should be trained in the basic requirements of the transfer and accreditation process. (This is necessary due to the high rates of turnover of

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- turnover of contract personnel, even though many of them merely leave one local government entity in order to work for another.)
 - Because the laws governing the transfer and accreditation process are very complex and procedures are not in final form, there will have to be more input from the central government (MEF, CND). Accordingly, it is also recommended that PRODES consider training a cadre of people from these entities, via a «training of trainers» process, to provide updated assistance, as needed, to selected authorities and technical personnel in the key provincial and district governments.

b./ On how the project might continue to track PMP indicator performance in target municipalities, after PRODES direct technical assistance has ended, it is recommended that PRODES should maintain its monitoring of key indicators and undertake some studies of its highest impact in different types of local governments.

1. Re PMP indicators, there are 17, and all but the six for IR 2.2 and 2.4 are maintained by PRODES or a national-level entity (CND, MEF) that provides the data to PRODES. *Therefore, it is recommended that the present system be maintained for all of these 11 indicators.*
2. For the 6 IR 2.2 and IR 2.4 indicators that are currently maintained by the ETLs, explore the possibility of training the Municipal Technical Teams to maintain and forward the data for IR 2.2 (indicators 6-10). For IR 2.4 (indicator 17, with two measures), explore the possibility of training CCL civil society members or other civil society organization leaders participating in the decentralization process to maintain the needed records. *It is recommended that PRODES should begin with a sample of Sierra and Selva municipalities, assess the possibilities of training the relevant ETM or CSO people to maintain the needed records, and test one iteration. It is further recommended that modifications be made as needed, based on results*
3. «One year after» study. If it is not possible to adopt the team's evaluation about «staying the course» in 2006, and maintaining full project presence in all 536 municipalities during this crucial election year, PRODES will be leaving as many as 319 municipalities by the end of this year. The actual number of municipalities where direct technical assistance will end will depend on whether the original timetable is followed or a more fine-tuned strategy is developed. With either option, however, within one year after direct technical assistance begins to be phased out, it will be possible to carry out a small sample study, using rapid appraisal methods, concerning what remains in the municipalities «one year after» the departure of PRODES/ETLs. *It is recommended that PRODES should design a small sample study to empirically examine what has been sustained one year later. Findings should be used to further promote the sustainability of PRODES efforts in municipalities slated for additional activities in the project's last year(s).*
4. «Impact of PRODES» study. *It is recommended that PRODES consider a study for the final year of the present project comparing one or two PRODES regions (preferably one in the Sierra and one in the Selva) with reasonably comparable regions that are outside the seven regions where the project operated.* The prevalence and state of progress of participatory decentralization should be compared for a random sample of municipalities within the region; the progress of the Regional Governments also should be compared if there were no major exogenous events that had made such a comparison problematic (e.g., political conflict). Although, ideally, the study should be incorporated into the final evaluation of the PRODES Project, *it is recommended that this study be carried out separately if necessary.*

c./ For municipalities to effectively and efficiently access the market for technical assistance and training services once PRODES direct technical assistance has ended.

- PRODES should encourage the Regional Governments to maintain an inventory list of entities that provide suitable technical assistance, as a prerequisite to promoting such a market.
- PRODES Regional Coordinators should compile this list for their region, including ETLs, NGOs, universities, research institutes, etc.
- PRODES should first test the market for technical assistance in those municipalities with the capacity to pay for those services (e.g., those receiving the royalties [canon] who need help in handling the increased demands that accompany the increased resources).
- Once a methodology has been honed, PRODES and USAID should try to interest other donors or, where relevant, USAID partners, to help support technical assistance for poorer municipalities that cannot afford such services based on their own resources alone.

d./ On the most beneficial (highest impact) and appropriate areas for assistance at the regional level during 2006 and 2007, especially to reinforce the accreditation process and regional integration.

Concerning this point, our recommendations are tempered by the fact that (as explained in the Methodology section, above), all regional government people we might have interviewed in Ayacucho and San Martin were attending assemblies for the Participatory Budget during our field visits and in Cuzco and Ucayali we were able to interview a total of only three regional officials due to scheduling difficulties in our brief visits. Nevertheless, we recommend that:

- Efforts to train Regional Governments begin in earnest in 2007, given our suggestion that PRODES focus on maintaining aid to all 536 municipalities during the 2006 election year.
- If any macro region is approved in the October 30, 2005 elections (by 50% plus one vote), PRODES should conduct an assessment of the immediate training needs of its authorities and technical staff and develop a schedule for providing the most urgently required knowledge to the most relevant people.
- In this regard, CND should play a role, including by promoting a less bureaucratic and inflexible accreditation process.

e./ For effectively utilizing the Special Incentive Fund to reinforce and institutionalize democratic skills and practices in sub-national governments and civil society organizations.

- First, it is recommended that the contest mechanism be continued for SIF monies, but that its execution is improved. In particular, more lead time and technical assistance should be provided to local governments and civil society organizations that apply for these awards, and concrete feedback concerning the shortcomings in their proposal should be provided to those entities that fail to get an award.
- Second, although SIF monies should not be used as a sort of «petty cash» fund for PRODES, it is recommended that the project be given some flexibility in the use of these resources, so that, for example, studies that could illuminate how to better «reinforce and institutionalize democratic skills and practices in sub-national governments and civil society organizations» could be at least partially supported by the SIF mechanism.

f./ On the most beneficial (highest impact) and appropriate areas for assistance to CSOs to improve and increase their participation in the decision-making process.

- It is recommended that training aimed at CSO leaders feature a «training of trainers» approach so that there is a multiplier effect – leaders can pass along their new knowledge to others in their organizations, in order to broaden and deepen the pool from which to draw future CSO participants and leaders in sub-national government decision-making.
- It is recommended that PRODES explore the possibility of extending this «training of trainers» approach to leaders of political parties, organizations and movements, in order to further increase knowledge of, and participation in, the decentralized decision-making process.
- It is also recommended that PRODES intensify its already noteworthy efforts to reach the traditionally marginalized groups (e.g., indigenous communities, women), focusing on specially adapted materials and delivery vehicles:
 - Radio, graphics and other visual materials should be further emphasized in order to reach civil society and local government leaders from remote rural areas, and/or from indigenous groups, since they tend to have limited education or, if indigenous, knowledge of Spanish.
 - Radio broadcasts should not only be in the appropriate language and level of difficulty, but also targeted to specific subgroups (e.g., indigenous women vs. men) by focusing on the times and types of programs most accessible to each subgroup; posters and graphics also should be similarly fine-tuned and targeted.
 - The simpler versions of PRODES training materials that are presently being developed should be tested with both CSO and local government leaders whose level of formal education is low.
 - To help overcome the problem of limited attendance by women leaders, and, in many places, even more limited spoken participation on the parts of those who do attend decentralization events such as the Participatory Budget assemblies, it is recommended that women leaders be given additional training in (a) decentralization, (b) the basic rudiments of gender/gender awareness, and (c) advocacy techniques on how to deal with (and get resources from) sub-national governments.

All in all, PRODES has exceeded expectations in its performance during its first half and has become the linchpin of decentralization. These recommendations in response to the six questions in the TOR are intended as input to what PRODES develops as its exit strategy. But given the project's positive track record, giving it the flexibility to establish its own exit strategy may be a key recommendation for promoting a successful and sustainable legacy for the PRODES project. This leads us to conclude with a restatement of our initial suggestion in the Executive Summary:

FINAL RECOMMENDATION: Given the general level of excellence of PRODES and the continued critical need for its services in the still-unfinished and still-precarious process of decentralization, the best strategy is to plan for a follow-up decentralization project, perhaps «PRODES II.» This should be considered as part of USAID's upcoming strategic planning exercise to develop its plan for the next five-year period.

ANNEXES

**ANNEX A
ANALYSIS OF INTERVIEW LIST
(TABLES 1 AND 2)**

Table 1: Overview of Sub-National Government: Locations, Level and Gender of People Interviewed in Four Regions

Sierra:

Ayacucho – People interviewed represented:

4 Provinces (Victor Fajardo, Vilcashuaman, Huanta, Huamanga)

5 Districts (Huancaraylla and Sarhua in Victor Fajardo; Carmen Alto and Jesus Nazareno in Huamanga, Sivia in Huanta)

Totals: 0 from the Regional Government level; 4 from the Province level; 5 from the District level (N=9; 7 men, 77.8%, and 2 women, 22.2%)

Cuzco – People interviewed represented:

Regional Government

4 Provinces (Canchi - where we did fieldwork in Sicuani, Chumbivilcas, Paucartambo, Cuzco)

2 Districts (Calca in Calca Province, Ccatca in Quispicanchis Province)

Totals: 1 from the Regional level; 5 from the Province level; 2 from the District level (N=8; 5 men, 62.5%, and 3 women, 37.5%)

Selva:

San Martin – People interviewed represented:

3 Provinces (San Martin, Rioja, Lamas – where we did fieldwork)

4 Districts (Ajuwan, Soritor, Yantalo, Banda de Shilcayo)

Totals: 0 from the Regional Government level; 10 from the Province level; 7 from the District level (N=17; 12 men, 70.6%, and 5 women, 29.4%)

Ucayali – People interviewed represented:

Regional Government

2 Provinces (Padre Abad, Portillo)

3 Districts (Campo Verde - where we did fieldwork, Masisea, Yarinacocha)

Totals: 2 from the Regional Government level; 2 from the Province level; 10 from the District level (N=14; 12 men, 85.7%, and 2 women, 14.3%)

GRAND TOTALS:

N=48 (36 men, 75%, and 12 women, 25%); 3 from the Regional Government level; 21 from the Province level; 24 from the District level

Table 2: Focus Group and Key Informant Interviews, Civil Society and Others NOT from Sub-National Government, by Location, Date and Gender

	<u>Men</u>	<u>Women</u>	<u>Total</u>
1. Lima, June 18-24			
a. ARD/PRODES Team	2	10	12
b. USAID Staff		3	3
c. Key informants, research institutes, universities, international cooperation	4	3	7
d. Key informants, council members, Municipality of Lima	3		3
2. Ayacucho, June 27 - 29	22	9	31
3. Cuzco, June 30 - July 4	21	16	37
4. San Martin, July 4 - 6	6	10	16
5. Lima, July 7	4	1	5
6. Ucayali, July 8 - 10	12	15	27
7. Lima, July 11-17	1	1	2
TOTAL	75	68	143
<u>GRAND TOTALS</u> (Tables 1 & 2)	<i>111</i>	<i>80</i>	<i>191</i>

ANNEX B

WORKPLAN FOR PRODES MID-TERM EVALUATION Rae Lesser Blumberg, Cecilia Blondet and Roxana Rocha

June 21, 2005

Objectives:

1. Assess the progress and contributions of the project to date towards the achievement of SO 1, Increased responsiveness of elected sub-national governments to citizens at the local level in selected regions, and four (4) corresponding sub IRs;
2. Assess the broader progress, achievements and impact of the project against the Sub-IRs and four components of the program and the needs of the decentralization process, particularly those of (1) regional and municipal sub-national governments and civil society organizations, and (2) national entities, including the National Decentralization Council, Peruvian Congress, and the Ministry of Economy and Finance.
3. Offer strategic recommendations to specific questions and findings for the design of a program exit strategy on which project activities for Years 2006 and 2007 and which will contribute to the sustainability of program impacts and the replicability of its intervention model.

The team will employ a variety of mechanisms to fulfill the objectives established under the Terms of Reference, including:

- A review of basic program documents such as the contract SOW, PRODES integrated strategy, annual work plans, activity reports, performance reports, and selected training materials, studies, work shop proceedings, etc. (a list of the documentation is attached to this SOW);
- Group and individual interviews/discussions with the ARD team and USAID staff;
- Interviews with selected national government counterparts;
- Visits to a sample of regions and municipalities to interview implementers (local technical teams and regional coordinators) and beneficiaries (regional presidents, mayors, regional and municipal council members, regional and municipal technical staff, representatives of citizen groups).

Overview.

After a thorough review of basic program documentation and orientation interviews with PRODES management, technical staff, and key informants such as experts at the national level, social scientists knowledgeable in the field of decentralization and NGO –CSO representatives

and USAID¹, we propose to visit four regions in which the PRODES project has been operating for varying lengths of time and with varying degrees of challenges and difficulties.

The trips will include visits to no less than 2 municipalities in each department, as well as interviews with actors active at the regional level

- Sierra – Ayacucho and Cuzco
- Selva –San Martin and Ucayali

These four regions represents a consensus of sites that will provide the best overall panorama – without danger to the researchers – of the successes and challenges of the PRODES project to date. We believe that these four regions also will provide us with the best understanding of what is and is not feasible for an exit strategy for PRODES.

We propose to carry out the two weeks of fieldwork called for in the Statement of Work from June 27 through July 10. We further propose to give a preliminary draft presentation to USAID and PRODES on Monday, July 11 and finish our report by Saturday, July 16.

Our preliminary itinerary is as follows:

Ayacucho Region	June 27 - 29
Cuzco Region	June 30 – July 4
San Martin Region	July 4 – 6
Ucayali Region	July 8 – 10
Lima	July 11 - 17

During the final week of July 11th- 17th, we will organize a preliminary presentation to USAID and PRODES of our report findings, to receive your input in finalizing the report. This final week will also be spent in final interviews, definition of lessons learned, and recommendations addressing the six key questions posited in the terms of reference.

Field Visits:

In every site, we expect to conduct five-person focus groups with members of each of the following actors:

- ETLs (local technical teams);
- Regional, provincial and district authorities;
- Other relevant authorities, e.g., female representatives of the Ombudsman’s Office (Defensoras del Pueblo), governors, political leaders, etc.
- Civil society and non-governmental organizations active at the regional and local levels;
- Local and regional Mesas de Concertación;
- Rank-and-file members (in separate focus groups) of at least two organizations represented in the meeting with CSO-NGO leaders.

Additionally, we will conduct key informant interviews where focus group interviews prove difficult or counterproductive to arrange, e.g., with mayors, council members, governors, etc.

¹ A listing of key informant interviews conducted to date and proposed throughout the audit may be found attached. [Note: this was superseded by the complete list of interviews in Annexes C and D.]

A detailed explanation of our fieldwork methodology will be appended to the final evaluation report.

Our rapid appraisal methodology is based upon a flexible topic list that can be modified as we develop a better understanding of the general issues or attempt to take into account important local conditions and variations in project delivery. The team is in the process of finalizing the interview list with input from PRODES technical staff, but will guarantee a quantitative appreciation from sub-national actors on PRODES performance, the status of the decentralization process and the needs of its constituent actors (particularly of marginalized groups) and, within this context, local perspectives of the constructive role which PRODES might play in the final years of project implementation. Our investigations will also be guided by the six priority questions included in our contractual Terms of Reference.

ANNEX C

FIELD INTERVIEWS (AYACUCHO, CUZCO, SAN MARTÍN & UCAYALI) TOTAL=159 (97 men, 62 women) June 27-July 10, 2005

PEOPLE INTERVIEWED, AYACUCHO REGION, Total=40 (29 men, 11 women) June 27-June 28, 2005

FIRST DAY	
Monday, June 27	
6:30 a.m.	Pick up visitors at the airport and transfer and accommodate them at the Hotel Plaza
8:00 a.m.	Work Breakfast at the hotel: Jorge Alvarez, Rae Blumberg, Cecilia Blondet, Roxana Rocha.
9.30 a.m.	Focus Group: ETLs' Coordinators Rae Blumberg Cecilia Blondet Roxana Rocha Jorge Alvarez, Regional Coordinator of Ayacucho (CRA) Maricela Quispe, Development and Peace Research and Promotion Institute in Ayacucho (IPAZ) Nancy Cabrera, Adventist Development and Assistance Resources Agency (ADRA) Iván Cisneros, Manager – Association of Municipalities of the Apurimac and Ene Rivers Valleys (AMUVRAE)
11:00 a.m.	Focus Group: Authorities and Public Officers Rae Blumberg Cecilia Blondet Roxana Rocha Teofilo Huauya Pizarro, Mayor of the District of Huancaraylla, Province of Victor Fajardo Justo Hernández, Provincial Mayor of Victor Fajardo Rómulo Rimachi, Municipal Manager of the Province of Vilcashuamán Rocío Arrieta, Municipal Manager of Huanta Vilma de la Cruz Martínez, Town Council Member of Carmen Alto, Province of Huamanga Adrián Huamani, Municipal Manager of Sivia, Province of Huanta Ángel Gutierrez, Mayor of the District of Vilcanchos, Province of Victor Fajardo Rómulo Carhuapoma, Mayor of the District of Sarhua, Province of Victor Fajardo
12:30 p.m.	Lunch
2:30 p.m.	Focus Group: Base Social Organizations Rae Blumberg Cecilia Blondet Roxana Rocha Alfredo Ñaupas, CCL Representative CCL Provincial Civil Society of Vilcashuamán Rafael Casas, Youth Association. Gloria Huamani, Representative of the Women Work Coordinating Unit in Ayacucho (COTMA)
4:30 p.m.	ETLs biweekly meeting ADRA's Office, Av. Del Ejercito # 778 (on the way to the airport) Phone Number: 311956 Rae Blumberg Cecilia Blondet Roxana Rocha

	<p>Jorge Alvarez (CRA) Ángel Erasmo, Development and Peace Research and Promotion Institute in Ayacucho (IPAZ) Nancy Cabrera, Adventist Development and Assistance Resources Agency (ADRA) Iván Cisneros, Manager of the Association of Municipalities of the Apurimac and Ene Rivers Valleys (AMUVRAE) Raquel Gonzáles (ADRA) José Trujillo (ADRA) Néstor Navarro (ADRA) Percy La Torre (ADRA) Leonidas Anccasi (ADRA) Gorki Tudela (ADRA) Edward Abarca (ADRA) Heiko Lombardi (ADRA)</p>
7:30 p.m.	Return to the Hotel
8:00 p.m.	Dinner meeting to interchange appraisals on the visit. Rae Blumberg Cecilia Blondet Roxana Rocha Jorge Alvarez (CRA)

SECOND DAY	
Tuesday, June 28	
8:00 a.m.	Breakfast
9:00 a.m.	Focus Group focal: Organizations of the Civil Society Rae Blumberg Cecilia Blondet Roxana Rocha Jorge Alvarez (CRA) Elizabeth León, Adventist Development and Assistance Resources Agency (ADRA involved in the Concertation to Fight Against Poverty) Victor Hugo Altamirano, representative of <i>Vecinos Perú</i> Michael Lagos, Representative of the Center for Social Investigation of Ayacucho (CEISA) Noemí Cabana, Representative of <i>Madre Coraje</i>
10.00 a.m.	Meeting with informants Rae Blumberg Cecilia Blondet Roxana Rocha Andrés Solari, Representative of <i>Agenda Sur</i> Salvador Tineo, Representative of the Development of Community Support Coordination Agency (CODEAC) Carlos Oriundo, Town council member of the Municipality of Jesús Nazareno – Province of Huamanga Giovanni Elliot, Representative of the Superior Council for State Contracting and Procurement (CONSUCODE) Rigoberto Huamani Cancho, Rural Committee of San Cristóbal Walter Garmendia, Representative of Pathfinder Krupscalla Prado, Representative of Pathfinder
1:00 p.m.	Lunch

2:00 p.m.	Meeting with informants Rae Blumberg Cecilia Blondet Roxana Rocha Amador Barbosa, President of Management of Microsheds Committee of Luricocha Roberto Huamani Caycho, President of the Community of Cacca Orcco – Carmen Alto Amador Morales Quispe, Producers’ Association of Huanta/Association of Orphans and Victims of Political Violence Claudia de la Cruz, Representative of the Producers’ Association of Carmen Alto
3:00 p.m.	Meeting with informants Rae Blumberg Cecilia Blondet Roxana Rocha Edith Carrasco Paucar, member of the CCL, civil society of Huanta, President, group of youngsters.
4:30 p.m.	Assessment Meeting of the work day.
6:00 p.m.	Presentation of the book: Peruvian Municipalism, Advances, Limitations and Decentralization Perspectives, and the Participatory Budget (Municipalismo Peruano, Avances, limitaciones y perspectivas de la descentralización y el presupuesto participativo).

PEOPLE INTERVIEWED, CUZCO REGION
Total=45 (26 men, 19 women), June 30-July 4, 2005

Thursday, June 30 – Cuzco	
10:00 a.m.	Interview with the Regional Coordinator Participants: Evaluators and the CR – Hotel San Agustín
11:30 a.m.	Coordination
12:30 p.m.	Lunch
05:00 p.m.	Focus Group 1: With the participation of the Mayors of Calca (Calca) and Ccatcca (Quispicanchis), the Chiefs of Planification of Chumbivilcas and Paucartambo, the Chief of Planification of Cuzco. Hotel San Agustín
07:00 p.m.	Interview with the Representative of the Ombudsman Participant : Silvio Campana – Hotel San Agustín
Friday, July 01	
07:00 a.m.	Trip and visit to the Provincial Municipality of Canchis 07:00 a.m. Depart from Cuzco 09:30 a.m. Arrival at Sicuani – Canchis 10:00 a.m. Interviews with authorities and visit the municipality 12:00 a.m. Return to Cuzco 02:30 p.m. Arrival at Cuzco Participants: <i>Teodoro Aroni Quispe – Planification Chief; Leslie Pacheco Herrero, Administration and Finance Manager; Carlos Berrio – ETL Adeas Qullana, Coordinator, PRODES</i> <i>Janet Baca Silva, Director, ETL; Carlos Torres Pereira, Promoter, ETL</i>
03:00 p.m.	Focus Group 2: Base Organizations – Hotel San Agustín=6 men and 1 woman; incl. Zacarias Lozano, CCL of Caicay, Paucartambo; Cesar Alcazar Ocampo, of the Health Committee of Calca; Vicente, CCL of _____; a woman, CCL of San Sebastián, Cuzco; Timoteo of Pampamarca, Canas; and 2 men more. Focus Group 3: Participants: <i>Washington Roman – Regional Assembly</i> <i>FARTAC and FDC; Duklida Aragon, Women Network, rep. CCR; Luis Alberto Ayquipa, Director, Human Settlements, Cuzco</i>
04:30 p.m.	Focus Group 4: Representatives of the Civil Society and of the Mesa de Concertación – Hotel San Agustín Participants: <i>Rosa Tejada - MCLCP; Adolfo Echarri; Alberto Aiquipa –North Occidental Zone; Rosa Urrunaga – Women Network; Shirley Palomino – Kallpa Association</i>
06:00 p.m.	Interview with Coordinator of MCLCP – Mr. Alberto Delgado – Hotel San Agustín
07:00 p.m.	Interview with Silvana Moscoso Gallegos - PRISMA Coordinator – USAID Operator (moved to July 2)
Saturday, July 02 *	
09:00 a.m.	Focus Group 4: ETLs’ Coordinators or Representatives - Hotel San Agustín = 7 men and 2 women

10:30 a.m.	Interview with Binolia Porcel – PROXY– Hotel San Agustín
11:30 a.m.	Interview with Representative of Women Organizations – Hotel San Agustín = 6 women (from organizations such as the Mothers´Club, District Association of Women of the Province of Calca, etc.)
12:30 p.m.	Interview with Representative of the FDCC – Hotel San Agustín; Interview with Walter Angulo Mera, Planification Manager of the Regional Government of Cuzco.

**INDIVIDUALS INTERVIEWS, SAN MARTIN REGION: Total=33
(18 men, 15 women), July 4-6, 2005**

1. KEY INFORMANT: Lourdes de Carranza, Public Health

2. DISTRICT MUNICIPALITY OF AWAJUN

AUTHORITIES

Names and Last Names	Position
Celestina Cahuaza Nashampi	Native Council Member
Jorge Sarasara Samecash Clodomiro Vega Alarcón	Indigenous Affairs Office Council Member, MDA

3. PROVINCIAL MUNICIPALITY OF RIOJA

AUTHORITIES

Names and Last Names	Position
Noe Hernandez Izquierdo	Mayor
Roger Alarcon Cortegana Pedro Frias Guerrero	Council Member MPR Technician

4. DISTRICT MUNICIPALITY OF SORITOR

AUTHORITIES

Names and Last Names	Position
Ever Levi Rimarachin Sánchez	Planification/Budget Chief.
Eliseo Lopez del Aguila	Council Member

5. DISTRICT MUNICIPALITY OF YANTALO

AUTHORITIES

Names and Last Names	Position
Flora Reategui de Perez	Council Member

6. CC.NN. WAYKU LAMAS

Names and Last Names	Position
Emérita Cachique	Mothers' Club - FEPIKRESAM
6 women more	Mothers' Club – Minor Populated Center of WAYKU

7. PROVINCIAL MUNICIPALITY OF LAMAS

AUTHORITIES

Names and Last Names	Position
Jorge Vela	MPL General Secretary
José Manuel Díaz	SIAF MPL <i>ad interim</i>
Jorge Ramírez	MPL Administrator
Isaac Rodríguez	MPL Accounting Technician

8. PROVINCIAL MUNICIPALITY OF SAN MARTÍN

AUTHORITIES

Names and Last Names	Position
Carmen Ponce de Vallas	Council member
Clara Navarro Pereira	Chief, Programming and Investments Office.
Werlyng Tuesta Viena	Assistant, Planification and Budget Office

9. HUMAN SETTLEMENTS OF THE DISTRICT OF BANDA DE SHILCAYO

Names and Last Names	Position
Máximo Cudeña Ayra	President of the Jr. Development Committee El Bosque
Carlos Ramírez Ramírez	President of Housing Association Vista Hermosa
Adhería del Águila Sangama	President of the Mothers' Club <i>Antena Parabólica</i>
Llanina García	President of the Defense Front of Banda de Shilcayo
Janeth Ramírez Ramírez (AUTORIDAD)	Council Member MD Banda de Shilcayo

10. ETLS + Regional Coordination of San Martin

Names and Last Names	Position
José Luis Carranza	Regional Coordinator
Rufo Núñez Salas	AMRESAM Coordinator
Cesar Paz Fernández	ADRA Peru's Coordinator
Carlos Vásquez	ITDG Representative

**INDIVIDUALS INTERVIEWED IN THE UCAYALI REGION:
Total = 41 (24 men, 17 women),
July 8-10**

1. Guillermo Chirinos, Regional Coordinator, PRODES, and Key Informant

2. Other Interviews

	Names and Last Names; Positions:
ETL CIPA	Sonia Ríos de Daza, ETL CIPA's Coordinator (Amazonian Research and Promotion Center) Angel Guizado, member of ETL CIPA
Key Informants	Zaqueo Valera Rodriguez, ORAU's Coordinator (Aidesep Ucayali Regional Organization) Maget Velasquez, Regional Coordinator of the Amazonian Anthropological and Practical Application Center - CAAAP Antonio Camprubi Pardo Figueroa, Ombudsman's representative Mario Castro Lorena, MIMDES Sectorial Coordinator Zoila Fernández Escudero, Bureau of Concertation to Combat Against Poverty – Coordinator
Regional Government Officers	Vicente Núñez, Economical Development Manager (a.i.) of the Regional Government of the Ucayali Region, GOREU Miguel Valdivieso, GOREU's Planification and Budget Manager
Civil Society	Rómulo Coronado, President of the Association of Lumbermen and member of the CCLP Violeta Bustamante, National Network for the Promotion of Women Luis Chamorro, Director of the NGO <i>Fight Against Hunger</i> Rosa Pinchi Guerrero, President of the Glass of Milk Committee of the Province of Coronel Portillo
OSB men	Marcos Rojas Panduro, President of the Federation of Native Communities of Iparía (CCNN of Iparia) Humberto Sampayo, Indigenous Regional Organization of Masisea, ARDIM (natives organization) Pedro Salazar, President of the Motorcars Association Lucio Abenzur, President of the Micro entrepreneurs Association, member of the CCLP
OSB women Shipibas & Yines	Mirian Soria, President of Armashiku (regional association of female artisans) Hilda Amasiguen, President of the Dining Center (Comedor) Rabin Rama of Yarinacocha, NGO ORDEMI (Regional Organization for the Advancement of Indigenous Women) Carmen Buenapico, Shipiba, Member of the CCR, President, NGO Ashenon Akawe Presila Maynas Romaina, Shipiba, NGO FECONAU Daisy Zapata Fasabi, President of OIRA (Regional Indigenous Organization of Atalaya), Yine Community. Ritma Urquía Sebastián, Vice-President of FECONAYY (Federation of Native Communities <i>Yine Yami</i>) and President of APROBIP (Association of Bilingual Teachers of Peru), Yine Community Margot, Armashiku

Municipal, provincial, and district authorities and officers.	Delis Bardales, Mayor of Masisea Ulises Saldaña, First Provincial Council Member of Coronel Portillo Sixto Ramos, Chief of Planification and Budget, District of Yarinacocha Isabel Díaz, Technical Cooperation Office of the Provincial Municipality of Coronel Portillo Raul Zevallos Orse, Coordinator, Masisea Miguel Seijas del Castillo, de of Yarinacocha
Authorities and officers of Campo Verde	William Amasifuen Tanchiva, Mayor of Campo Verde Rembertp Rengifo Lozano, Council Member Doris Loyda Telepcio Pacaya, Council Member Marco Aurelio Mori Vasquez, Manager of Planification and Budget of Campo Verde Milne Rene Panduro Melendez, General Secretary Ruben Dario Ceroa Cardenas, Public Officer, “Glass of Milk” Social Support Program.
Women Organization of Campo Verde, rural area.	Lidenza Cárdenas, President of the Agroecological Producers Association of El Pimental Emilia Flores Zumaita, Member Graciela Flores Paredes, Member Luz Pacoya Ipushima, Member

CONSTRAINTS IN UCAYALI:

a) The working visit programmed to the Province of Padre Abad and to the District of Irazola (localities where the Program is functioning well), was adjourned due to an indefinite stoppage convoked by the cocaleros (coca growers)

Entrance to Nueva Requena (a district where the Program is not functioning well, located relatively near to Pucallpa) was taken by the *cocaleros*; due to this situation in the first place we considered the possibility to transfer the Evaluators Team to the District of Iparia (what would have meant the rental of a river boat) but according to our best calculations it would have implied 7 hours of voyage (round trip) for which reason such possibility was finally discarded.

**ANNEX D:
PERSONS INTERVIEWED IN LIMA
TOTAL=32 (14 men; 18 women)
June 18-July 17, 2005**

I. ARD Team and USAID Staff

A. ARD:

- a. June 18, 2005, Lima, initial meeting between team members and ARD top management:
 - i. Thomas K. Reilly, Director
 - ii. Violeta Bermudez, Deputy Director
- b. June 20, Lima, meeting with senior professional staff of PRODES:
 - i. Thomas K. Reilly, Director
 - ii. Patricia Carrillo, Coordinator, Sub-national Strengthening
 - iii. Elena Conterno, Coordinator, Public Policy
 - iv. Liliam Ruiz, Administrative Officer/Accountant
- c. June 22, Lima, meeting with Public Policy Team of PRODES
 - i. Elena Conterno, Coordinator
 - ii. Flor Blanco, Analyst
 - iii. Sandra Doig, Analyst
- d. June 23, Lima, meeting with Sub-National Strengthening Team of PRODES
 - i. Patricia Carrillo, Coordinator
 - ii. Ingrid Guzman, Specialist, Adult Education/ Head of Training Materials Development
 - iii. Cecilia Aldave, Territorial Coordinator
 - iv. Cesar Delgado, Local Government/Administration Expert
 - v. Ana Rosales, Technical and Monitoring & Evaluation Assistant
 - vi. Ana Romero, Communications Assistant
- e. July 17, Lima, meeting with ARD/Burlington Facilitator
 - i. Rebecca Kanaan

B. USAID:

- a. June 21, Lima, initial meeting with USAID, Office of Democratic Initiatives:
 - i. Kimberly Delaney, Chief, Office of Democratic Initiatives
 - ii. Sobeida Gonzales Valencia, Project Management Specialist, CTR
 - iii. Claudia Rohrhirsch, Assistant, Project Management
- b. July 14, Lima, meeting with Acting Chief, Office of Democratic Initiatives
 - i. Stephen Brager

II. Interviews with Selected Key Informants and National Government Counterparts

A. Key Informants:

- a. June 18, Lima, initial key informant interview with Dr. Carolina Trivelli, Senior Investigator and ex-Director, IEP (Instituto de Estudios Peruanos)
- b. June 20, Lima, key informant interviews with Council Members (Regidores), Municipality of Lima:
 - i. Gonzalo Aguirre, Eco.
 - ii. Dr. Walter Menchola
 - iii. Dr. Luis Galarreta

- c. June 23, Lima, Dr. Silvana Vargas, World Bank Consultant (Social Accountability/Decentralization) and University Professor
- d. June 24, Lima, Martin Benavides Abanto, Principal Investigator, GRADE (Grupo del Análisis para el Desarrollo)
- e. June 24, Lima, Javier Torres, Director de SER (Servicios Educativos Rurales)
- f. June 24, Lima, Ivan Castillo Cuadra, GTZ (German Technical Cooperation), Program Officer, Governance Project (Programa Fortalecimiento de Gobernabilidad e Inclusión)
- g. June 24, Lima, IEP (Instituto de Estudios Peruanos)
 - i. Patricia Zarate, Associate Researcher
 - ii. Victor Caballero, Associate Researcher

B. National Government Counterparts

- a. July 7, Lima:
 - i. Dr. Fernando Zavala Lombardi, Minister, MEF (Ministerio de Economía y Finanzas)
 - ii. Rep. Walter Alejos Calderon, Member of Congress
 - iii. Juan Mendoza, Asesor (aide to Congressman Alejos)
 - iv. Jorge Perlacios Velasquez, Technical Secretary, CND (Consejo Nacional de Descentralización)
 - v. Roxana Pareja, Head, Office of International Cooperation, CND
- b. July 11-15, Lima; we were unable to do any more interviews since we had to prepare and make three presentations.

**ANNEX E:
SELECTED QUOTES FROM FIELD NOTES THAT ILLUSTRATE KEY
FINDINGS**

Concerning the positive evaluation of PRODES by the ETLs:

As Marisela Quispe from IPAZ points out:

We remain strengthened by PRODES because PRODES has contributed to our process of maturing as an institution. I must say I have learned a lot from this experience..

Concerning opinions from the poorest Sierra areas vs. most dynamic Selva areas:

Thus, for example, the Mayor of Vilcanchos in Ayacucho comments:

... our Municipality of Vilcanchos is a somewhat rural district; we do not have the entire team. We need more training with the purely administrative management instruments. In fact, we must be honest, we have not been doing things or if we have those documents, we have them alright; but just out of pure formalism. We have copied from others but the fact is we don't use them. Now thanks to training provided by PRODES we are sincering ourselves and becoming aware that it is worthwhile to have those instruments. We still have a long way to go.

In contrast, Eliseo López del Aguila, a council member of the Municipality of Soritor of Alto Mayo in San Martin, says:

I am a teacher and have been elected councilman for the second time; and I can tell you that no other institution has helped us more than ITDG when it started to work with PRODES. We have seen a total change in our municipality. Without their support in the Participatory Budget we would be, as the popular Peruvian slang says: "en la luna" (to be nowhere). At least, now this municipality is among front runners and has a good technical team. We have managed to adequate ourselves to the new normative and planning framework; we are establishing our priorities in accordance with what the population wants which is agricultural development with specialists for every line of production to provide them with technical assistance. We want our district to perform well; this is why we have looked for technical assistance.

Concerning the positive opinion of key MEF and Congress leaders vis-à-vis the achievements of PRODES:

In this sense, the words of the Vice-Minister of Economy, Mr. Fernando Zavala are eloquent:

With the help of PRODES we are changing the SNIP. We will contract people to provide assistance to local governments and help them prepare their priority lists. We will also prepare dossier-samples to prevent them from getting confused using the current dossier forms which are hard to fill in. We want a greater implementation capacity and greater quality. We are also striving for a better control on the OPIS, even if we have to engage people contracted by the MEF to help them. PRODES has provided a great support in this connection. Both because it has alerted us of the problems and because it has helped us to find alternatives for their solution. The MEF is also changing, it is sensitizing itself, as it is commonly said nowadays. However, there is a long way to go; for example, it is necessary to change the Law for Accountability and

Transparency, approve the Fiscal Decentralization Regulations, define the limits of financial aspects to the regions, insist to make the regions have their Multiannual Macroeconomic Framework... in general we need much more transparency. When municipalities have their data “on line”, there is going to be more control and oversight, both by the State and by the civil society.

Congressman Walter Alejos explains:

In this decentralization work there are several NGOs who have accompanied us. The civil society participation space we have opened has been very important. The greater the number of people is there to express their views on any legislative initiative, the better. Red Peru, Propuesta Ciudadana and PRODES have held working meetings with Congressman Herrera and lately with me, to evaluate the decentralization process. Precisely PRODES has helped in this evaluation. It has engaged the services of excellent specialists: Javier Iguñiz, Johnny Sanz-Friz, Nelson Schack and Carlos Casas to conduct an evaluation within a very short term. Logistics support for the next President of the Commission should be continued. I am going to continue working to convert the evaluation results into norms and I hope to negotiate an agreement with PRODES. The evaluation document is a tangible result which has been approved and it won't be ignored. Upon the Commission's installment, we are going to present the legislative package; at this point we want the support of PRODES to help us publish and disseminate the evaluation and to put this package of laws in the agenda of the following Congress. I always say to myself, we do not have to be experts in all matters, that's why PRODES exists; we need PRODES support.

Concerning the attitudes of CND leadership vis-à-vis PRODES:

Licensee Roxana Pareja, Responsible Officer of the International Cooperation Office, suggested:

...that PRODES should provide support to the CND so they can jointly prepare a common strategy of cooperation. We should not keep on the one side the CND, and on the other side the civil society, and on another side the cooperating sources. If there are other cooperating sources interested in PRODES production, they should coordinate with the CND, not only with PRODES.

Concerning problems resulting from the mining and gas royalties (canon):

A member of AMUVRAE's (Association of Municipalities of the Apurimac and Ene Rivers' Valleys) technical team, says:

...in the Province of La Convención, the Municipality of Echarate used to receive until last year 4 million soles from the Foncomun; and now, thanks to the collection of royalties (canon) from gas exploitations it is receiving 40 million soles through this part of the year, and it is expected they will receive 60 million soles to their account by year's end. How are they going to do? They need qualified technical personnel. They have been unable to comply with the Accreditation Law because much of Foncomun's resources are being assigned to these contracts, increasing their current expenses budget from 50% to 80%. PRODES should see to it to have all of these municipalities accredited before it leaves. On the other hand, municipalities are contracting staff who frequently are assigned the same thing other sectors ought to do. Nobody knows who bears the responsibility for doing what. That is another aspect where we need your help.

Concerning the Sierra-Selva differences as a factor in the success of PRODES efforts:

More from poor municipalities in Ayacucho:

The Mayor of Sarhua, in Ayacucho, asserts:

For us the decentralization is “on diapers”, as it is said. It is kind of a democratic varnish but at the far end there are no transfers. The Participatory Budget is an empowerment instrument but the development of human capacities is needed. Without human capital nothing can be done. PRODES and IPAZ have indeed work but they alone are not enough. Now, we face the problem that there are no strong social organizations capable of taking radiographies of their realities, nor have we leaders or leadership. I myself, from my municipality want to continue with the Participatory Budget, but it seems difficult; social organizations need to be strengthened because people just don't know what they want. Another problem: there is much expectations created but what can be done is very little. The budgets we receive through the MEF for Foncomun are exiguous. For example, we have 200,000 soles for investments; which type of major work can we do with such amount? Thus, institutional credibility is lost. We are currently undergoing a crisis of moral standards, both at social and institutional levels. There is no coherence between what the local and regional governments say; promises are not fully fulfilled. For Sarhua they had programmed works which have not been carried out. Then, what we as authorities do? Now we approach our people and they ask us: why are we not having what you offered us? And, what are we going to tell them?

According to his version the Mayor is very much aware of all the shortages. He works closely with PRODES and that, according to him, has allowed him to observe the entire panorama, what is important. However, he feels it is very little what they can do considering the scarcity of resources, the inability of public officers, the weaknesses of the local civil society, incoherence and lack of relations with the regional government.

The Mayor of Victor Fajardo in Ayacucho, complements with a somewhat more positive version, although equally deplorable:

We have been lucky to work with this institution PRODES, who have strengthened our formation as a CCL and is providing training to base organizations. Of course, there is still plenty to do; unfortunately my OPI doesn't work, but we are on our way. We have unified the province, CCLs have been created but we still have to solve the problem of staff. We have quite a few direct-hire staff that has a heavy weight on our current expenses situation preventing us to perform works. We cannot carry out major works, but now that we have established our priorities we will build a school, 5 kilometers of roads, a sanitation post and the amounts involved will be distributed among district, provincial and rural communities. Before in their major part budgets did not get to the districts; now, this is an innovation.

A female representative of the civil society before the CCL of Huanta comments:

As a result of violence many organizations have grown weaker. The FADA used to be very solid, but lost. It is just recuperating itself. The civil society is just waking up but there is no credibility. The population is becoming aware that if they do not participate there will be no changes. For example, when there are Participatory Budgets they participate but always by saying, what are they going to give us? Not even one lemon, or

a small kilogram of sugar? Others say: why so much participation if everything continues to be the same and it will always be that way? But with PRODES people seem to be more alert. The materials are very clear and through training they show the realities.

Quotes from the more prosperous and dynamic Selva municipalities:

In Rioja, in an ample and spacious “Municipal Palace”, with wooden lined walls, the Provincial Mayor receives us accompanied by his main adjoints and explains us in a very formal and slowly manner:

This year the level of participation has been much bigger than last year and public accountability has also been more orderly. PRODES plays a very important role in training and updating our officers. To us one of the most complicated issues is our relation with district municipalities. They insist we should transfer the budget to all districts evenly, what is counterproductive. If such distribution would be made the budget would be reduced to tiny portions and would prevent us to carry out works of provincial impact because each district mayor would like to make little works for their own district. The machinery service we offer them is allowing us to improve our relations with them. PRODES is also interested in this aspect since it works with all districts. Now, for example, we are also building school classrooms. The Directorate of Education does not work well. From a locality called *Venceremos* located at many hours of distance from here, a teacher has to travel to Moyobamba to pick up his materials. And what are they? A pair of brooms, two packages of chalks and 2,000 sheets of paper. Rioja has a population of over 35,000 but even to obtain his study certificates a student has to travel to Moyobamba.

In Awajún, a district with 6,000 inhabitants in the San Martin Region, even taking into account that poverty and the indigenous composition of the population is high (4,000 inhabitants belong to native communities), the perception of their authorities about decentralization is relatively different from the perception of the municipalities of Ayacucho.

As an illustrative reference, while talking to Celestina Cawasa, Deputy Mayor of native origin and to Clodomiro Vega Alarcon, a mestizo councilman, they informed us that their municipality has a staff of 11 people, perceives 25,000 soles monthly from the Foncomun of which 50% is assigned to current expenses. The Mayor earns a monthly salary of 2,000 soles, the five councilmen earn 500 soles each, and the rest of the budget serves to defray the costs of the rest of the staff and other expenses. The remaining 50% serves for investments, to pay monthly installments for a contracted loan (5,480 soles) for the purchase of a dump truck; they are improving their water system and look forward to build a sewer system because there are many infection cases among children. Countrymen are producers of cotton. Up to this, the situation between Ayajun and Vilcanchos is very similar. However, the attitude of public officers is different.

PRODES’ training efforts have been excellent. They have made continuous efforts to make us do our own things. This year they have acted only as observers. The workshop/seminar has been very good; this is the first time that a program of such a level has been conducted here; now this budget is a little more in order. We know who participate and native communities have brought us their prioritized needs and we have invited all people: indigenous *Mothers’ Clubs* and also *mestizo Mothers’ Clubs*. We have learned how the budget derives from the MEF, how a part of it serves to finance

administrative expenses and another part serves to finance investments. Explanations have been quite transparent. Besides, it was good they have carried out workshop/seminars in other districts and also in the province; this is of utmost interest because we now understand each other. We now want to be trained to improve our understanding of economic issues, like those related to purchases and sales of rice and other products to improve people's incomes. That is our priority.

Concerning the Participatory Budget – Some relevant quotes:

As the Mayor of Campo Verde, a district of Ucayali, 45 minutes away from Pucallpa using the Federico Basadre Highway (in appalling conditions and taken over by coca growers a few kilometers from Pucallpa), refers:

I as the Mayor, consider that the Participatory Budget has a great importance. Before one could observe authorities making the budget as they wished. Now the people themselves express their needs which are included in a set of priorities. The population itself sees and decides the programming of works; they observe the work of each officer. We comply with public accountability requirements by distributing fliers with written information. There is a small group who still is discontented, but I would say they do not represent more than 15% or 20%. Individuals more related to PRODES are the ones who belong to the technical team. I myself do not attend the mentioned training due to the multiple tasks inherent to my position. However, I get informed about everything.

In Soritor (in San Martin) a councilman points out the following:

The Participatory Budget in the district has already been institutionalized. We have 80 participants in 41 caserios. Here we have had in the first place the support of AMRESAN, then we continued with the *Mesa de Concertación*, afterwards it went down, and from there the CCL has come to mount itself over all these experiences. But here people coming from the sierra are quite *machistas* (male-chauvinists). They always delegate to the men. In the Caserio Alto Peru, in an assembly gathering 155 community members, not even one woman was present. They wouldn't let them come.

Concerning PRODES and the Participatory Budget in Ayacucho, a civil society delegate has a mixed but essentially positive assessment. Dice Amador Morales:

I am a son of the orphans of violence. I have been a delegate at the Participatory Budget of the Municipality of Huanta and this year the summoning has been more orderly. Before they used to convene everybody together, situation which prevented us from adopting an agreement. Now it has been done by groups. PRODES has influenced to do it this way. Training efforts have only been limited. Materials have not been sufficient; they were too few and are not enough until present. The same happened with the meals. It was not like in other events. The surveillance committee did not show enough care.

Concerning civil society: the views of two mayors from the Selva:

It is interesting to listen to the comments of the Mayor of Masisea in Ucayali:

Masisea is the oldest district of Ucayali. During this PRODES' period of work what the Municipality has been able to perceive is a work where the challenge to build a new

society began. Civil society had endured many confrontations with local governments, basically due to the lack of information on the part of everybody. Civil society has been used to communism, paternalism, Assistencialism and now it is compelled to accept the pragmatism of a new situation. This has induced all actors of the civil society to react against their own authorities. Journalists have helped to see: Why do they present the image of a mayor having a glass of beer with some friends but they do not publish anything about the new law convening everybody to take part in the Participatory Budget? That they won't divulge. I am a lawyer; I know the law; I am the authority and I have to inform but I do not know how!

In 2003 we have elaborated the people's decisions according to their priorities but confronting the resistance to a change from the civil society. Many did not come but then they send people to the small towns to continue asking for support when they know that the Participatory Budget is fixed and can not be changed or increased.

The Mayor of Campo Verde adds an additional element:

Our bottle neck is the civil society who is not trained; only a few people understand. We are going to initiate training and agricultural and productive promotion crusade to allow producers to continue associating themselves. However, we are going to add an item on prevention against accidents to the instructive materials: against forestal fires, vipers, shotguns; don't you see they hunt in the woods? PRODES should convene the civil society, the leaders, all young and old people to let them talk to the people about these changes. The civil society, Doctress, are the evangelic brothers, the teachers, the transporters, the agricultors, the association of palm growers, the association of cattleranchers and the Mothers' Clubs. Before, in 2003 there were few associations. We have given support to allow their formation and in 2004 their number has increased. From 21 who attended the Participatory Budget in 2003, we have gone to 99 in 2004, and to 126 in 2005. Now we have 126 participants; do you imagine how much money we spend in photocopies to hand the information over to them?

Opinions of field personnel concerning the success and impact of PRODES:

The intervention strategy is very good; excellent, beautiful and didactic materials. The only problem is the new monitoring software. It is not friendly, too strenuous, and it makes the consolidation of data somewhat difficult. However, on the other side this is a heartwarming experience. Local governments regard us not like an assistencialist NGO but as an institution capable of imparting technical assistance. (Regional Coordinator, Ayacucho).

Or as Sonia from CIPA explains:

We used to work in one site. PRODES has allowed us to enhance CIPA's ambit of action to all the communities. It has strengthened the team and our work is now acknowledged by many more sectors. The methodology is simple and efficient; thus, it facilitates things.

In addition:

Community members (comuneros) participate, as long as the training lasts. Afterwards, it will depend on NGOs working in the zone who provide support; for example, with transportation. Rural communities are a clear example that if one provides them with transportation and a light informal meal, they will participate. They come from distant

places, without food; one has to provide them appropriate conditions, so they can assimilate the teachings; otherwise they will just stand there like if they were asleep. That forms part of participation when one is extremely poor. It would be excellent if PRODES would summon the participation of various NGOs; this should be emphasized. PRODES fosters sharing not only the materials but their knowledge acquired through training as well. This will allow those who remain on-site to help us with the work to be done. [get source of quote from CB]

Concerning post-election training and the sustainability of PRODES' current training:

According to the council member from Soritor, in San Martin:

With the new government a small regression could take place; this is why it would be wise to consider training the new team before transferring the positions, since anyway they will have to implement the Participatory Budget which is now being negotiated in Sapoosa. We should also consider the possibility to get them acquainted so they know how to react during the first three months.

The state of alert of this officer and of many other officers who have committed themselves with the changes es quite encouraging. Hence, they are going to become very well disposed partners to play a role during this period. This councilman, for example, says he will not be a candidate again because he has to dedicate himself to his personal business and to his small farm. However, he will play an important role as a member of the civil society toward the sustainability of the process.

Concerning the need for user-friendly manuals:

A manual is needed to standardize its contents on how to prepare a Concerted Development Plan. I am referring to the work to be done in order to develop such plans. We are having problems with the formulation of these plans [ask CB: source of quote?].

And the Mayor of Masisea asks:

...a manual for the whole process, whereby we may be able to visualize the whole picture, starting from its legislative, administrative and social part; to find out which dossiers are needed for the regional government, for the municipal government.

Concerning the situation of indigenous women:

Even, indigenous women, who are quechua-lamists, living in Lamas, a city belonging to the Province of San Martin, comment about these facts. This is how Emérita Cachique Tuanama speaks her thoughts out:

We want to be trained, to be taught about laws, because they always leave us women aside; even worse, they say to us that native women do not know about anything. Mr. Toribio do as he wishes; he only works with whom he wants to; he doesn't work with us. What will we tell him if he wouldn't listen to us, if he doesn't convene us. And if he does convene us he will do it not as a group but one by one. Now, if I get angry he will lose his temper and would say: What? You don't want to sign? Then he would approach some other woman weaker than me y will pull out her signature. At the Federation of

Indigenous Quechuas of the San Martin Region (FEPICRESAM) we do not know who represents women.

First they look shy, they just observe, they do not speak; but all of a sudden they become aggressive and defiant. In the case of this group of quechua-lamists women this is a very typical situation. One single Mothers' Club is currently divided into two groups because of conflicts which not even respond to difference between them but to confrontations between community leaders. Manuelita Amasifuen Sanama, the new President of the other part of the Mothers' Club named "Sofia Cachique Sanama", responds to Emerita:

Speaking the truth, the problem is that we women are divided; we make up two groups but each of them has its own ideology and does not want to join the other one. I am, for example, with the FEPICRESAM, with the base; and, when Mr. Toribio convenes us he will inform us little by little.

Manuelita used to be in Emerita's Club but then she left because Don Toribio convinced her to do so. It happens they are instrumentalized as a support base for one or the other fraction, and although they are aware of the situation they do not know how to react, how to get out of this mess. They lack training, counsel, guided assistance; because in the cases of native community organizations, women lack their own space in contradistinction to rural women of the sierra.

As pointed out by a female representative of the Province of Vilcashuaman:

There is always going to be he who considers himself as God, but that's why we are here for, to watch after. In my province, in Vilcashuaman, there is no longer so much discrimination. Some women are not aware of their functions as councilwomen but they are learning. A while ago we were yelling for a greater budget to strengthen the capacities of women; but men don't want, they just want to continue to be the owners. For example, in this moment we have to directors at the UGEL who have different political color. They don't harmonize. They even have had a quarrel. The Regional Director wishes to designate someone, the President of the Region would like to designate someone else. This is why I have mobilized all my people because children can not stay out without going to school. It has been almost two weeks that the school is closed. Traditional parties do not want the population to get trained.

ANNEX F

OVERVIEW OF RAPID APPRAISAL METHODOLOGIES (RAMs)

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(Excerpt from “Fast, Cheap and Valid? Using Rapid Appraisal for Gender Research: A Guide and Some Cases from the Global South,” presented at the meetings of the International Sociological Association, Brisbane, July 2002; revised March 2005)

Development aid aims to improve lives. How to measure the impact of that aid when budgets are tight has been a major problem for many development agencies. But an increasingly popular solution has been evolving since the late 1970s: rapid appraisal. Before discussing its possible use in Gender and Development work, I'll present a summary of this type of research.

A. History and Advantages of Rapid Appraisal Methodologies

The first rapid appraisal methodology was named Rapid Rural Appraisal (RRA) at a conference at the University of Sussex in 1978, and proposed the concept of “triangulation” for establishing validity. Triangulation entails working with a short, tightly focused list of variables and issues and, for each of them, gathering data from (at least) two sources, preferably using (at least) two different research techniques (say, focus groups and key informant interviews). Today, there is a growing family of rapid appraisal methodologies, including Rapid Rural Appraisal (RRA), Participatory Rural Appraisal (PRA) and Rapid Assessment Procedures (RAP). All rely on the principle of triangulation for validity. It is precisely this systematic attempt at cross-validation that raises the rapid appraisal methodologies above journalistic accounts, or “quick and dirty” research (see also Beebe 2001).

Even with triangulation, rapid appraisals produce data that are not as rigorous as random sample survey research. But because of their better ability to handle contextual data, rapid appraisals may have comparable – and sometimes better – levels of validity. In addition, they are far superior with respect to both cost and time. Both are likely to be tight in the average development project. This is especially likely to be the case when the project encompasses vulnerable, poor and powerless groups – such as women, minorities, the elderly, etc.

Five other potential advantages of rapid appraisals (RAs) that are relevant for development projects also bear mentioning:

- (1) RAs are extremely useful for measuring results or impact at any point in the life of a project, and RAs can be integrated into any Monitoring and Evaluation (M&E) system.
- (2) Moreover, RA focus group discussions with various subgroups of both clients/target group and control groups can be used to supplement quantitative indicators; these focus groups also provide the prospect of a more participatory way of creating and periodically measuring indicators of progress and impact.
- (3) Furthermore, RAs are particularly suitable for exploratory research involving new target groups and/or new approaches to working with extant groups.
- (4) Additionally, RAs are potentially more sensitive to gender issues than traditional development research techniques.

- (5) Finally, RAs usually can be carried out when it is not possible to do a random sample survey.

Four main reasons why random sample surveys may not be feasible or the method of choice are:

- (1) It may not be possible to obtain a random sample. One important reason for not being able to fashion random samples is that in many remote, large, or difficult terrain areas, it is too difficult and expensive to undertake the mapping that can establish the universe from which the random sample must be drawn.
- (2) Projects involve new phenomena about which little is known. The main reason that surveys are inappropriate for the early, exploratory stages of development initiatives is that we don't know enough to write out a full and valid set of probable responses ("closed-end" alternatives) for the survey questions. In fact, the multiplicity of open-ended questions that are needed at this juncture are horrendously expensive to code and analyze, and the process usually takes so long that results come in much too late to be of use to the average development project.
- (3) The topics and/or target group may not be amenable to the rigid format of a survey. First, surveys need a "constant stimulus," which means that questions must be asked in precisely the same way and in exactly the same order. With some groups and topics, doing this undermines rapport or leads to inaccurate responses. Surveys also may be contra-indicated when the topic is too controversial or delicate or complex, and/or the target group may be engaged in activities that are too intimate or illegal to be willing to give truthful answers to the interviewer. (It also is impossible to delineate the universe of those engaged in marginal or illegal activities, precluding a random sample.)
- (4) It is suspected that there is little variation in people's responses to questions of interest. Surveys are too expensive just to confirm key respondents' assertions of uniformity (e.g., that almost 100% of the farms in District X raise maize and cattle). Conversely, a large-scale random sample survey is most justified where there is lots of variation in people's responses to the questions being explored – and the phase of exploratory research is over.

B. A Typical Rapid Appraisal Sequence

As a caution, note that not all the steps presented here must always be done, nor must they be done in the following order; sometimes two or more steps can take place concurrently. What is important is that the information obtained is triangulated, or cross-validated. This means using two or more techniques, comparing the vision of "insiders" and "outsiders," and (where projects or other interventions already are under way) contrasting the experiences of both clients and control groups.

The typical steps of a rapid appraisal for a development project, program or other initiative are:

1. Review of secondary data.

This includes two types of **literature/documents**: **outside** literature (e.g., social science studies, government reports, donor studies, "gray literature," etc.), and **inside** literature (those documents, reports, etc. related to the organization's project cycle, from initial formulations to final evaluations).

It also can include **re-analysis of existing data**. Again there can be **outside** sources (such as national account statistics, household surveys, census, and/or quantitative data generated by bilateral or multilateral agencies, such as the World Bank LSMS series), and/or **inside** sources (e.g., rerunning tables to disaggregate them by gender, age groups, region, economic sector, etc.). The idea behind re-analysis of extant data is to use variables: (1) for which information had been collected, and (2) are important to you, but (3) had not been (fully) analyzed in the past. An example of such re-analysis is rerunning tables on health visits in order to disaggregate them by gender and age because these dimensions are important to you, even though the original researchers weren't interested in them.

2. Gathering of primary data.

Here are the main techniques:

- **Key informant (KI) interviews.** These make use of a flexible semi-structured “**topic list**,” rather than a rigid questionnaire, and this topic list can and should be continually adapted/modified as new insights and topics emerge. This topic list is one of the principal ways in which rapid appraisals are more flexible than surveys. Science is generally defined as (1) cumulative, and (2) self-correcting. While not “science,” per se, topic lists in rapid appraisals meet these two criteria. If, for example, new information emerges in the phase of key informant interviews, the topic list can and should be modified. It can be fine-tuned to accommodate cultural, gender, class and other differences, with new questions added and old ones dropped or modified as needed – and as the researchers deem fit. (In contrast, once a survey questionnaire has been finalized, it is cast in concrete. If new information surfaces during the interviews, there is no easy or inexpensive way to modify the questionnaire and re-interview everyone.)
 - Typically, KI interviews begin at the top, at the national level, and then work their way down to the grass roots level.
 - KI interviews also should involve both **outsiders** (e.g., the staffs of Non-Governmental Organizations (NGOs) that compete with the one(s) involved in the project or initiative; locally knowledgeable people such as teachers, health post workers, etc.) and **insiders** (various levels of project or NGO staff).
- **Focus group discussions.** These can be conducted in a participatory manner by a trained facilitator, so that participants interact and discuss topics among themselves, often arriving at creative new insights and recommendations. Focus groups are almost invariably a part of rapid appraisals (RAs) because of their flexibility and the sometimes astonishingly rich data obtained in a very brief time. Another advantage of this technique is that many empathetic and intelligent people can be trained as facilitators fairly easily even if they don't have a formal social science background.
 - The following points describe the best use of focus groups for development-related research, as opposed to market research, political preference investigations or mock jury research, all of which use focus groups differently. These points are distilled from the author's experience working in over 40 countries around the world, during which I have created my own version of rapid appraisal:
 - It is essential that focus groups be **homogeneous**. One should never combine people with conflicting interests in the same focus group (e.g., labor and management; large landlords and tenant farmers, and – in most situations – men

- and women). Neither side will be forthcoming and honest. (In contrast, marketing and political preference studies use heterogeneous focus groups.)
- Focus groups also should be **small**. Groups of a dozen or more often are used in market and political preference research. But based on the author’s experience in over 40 countries worldwide, the ideal size for development research, especially with vulnerable groups, seems to be **five**. In practice, up to eight can be manageable with a fully trained facilitator running the discussion and a second person recording; conversely, the occasional group of four (or even three) may be necessary if there are “no shows.”
 - **Why five?** Social psychology research has established that when group size goes above five, a clear leadership structure begins to emerge: one or two dominate the group and one or more tend to withdraw, saying little or nothing. And based on my experience around the world, five is indeed the “magic number” for interactive, insight-producing discussions that can be managed by one facilitator (aided, if possible, by one assistant to help record answers).
 - Focus groups can collect two kinds of data: (a) on the **issues**, and (b) social data, specifically, **socioeconomic and socio-demographic** information. The social data (e.g., existence, timing and length of a yearly “hungry season;” literacy/years of schooling) can be collected at strategic moments when the issues discussion is veering off on a tangent, or being monopolized by one or two people. The facilitator announces that it is now time “to go around the circle,” and asks everyone, in turn, e.g., how many children they have and how old they are. This breaks the unwanted discussion pattern and the facilitator can pick up with a new topic or ask for a comment from someone who had not spoken.
 - During the project implementation phase, focus groups should be conducted not only with **insiders/clients** but also with **outsiders/controls**. It is necessary to have separate control group meetings in order to find out what other factors (exogenous variables or externalities) may have been affecting the people in the area, independent of the program/project.
- Supplemental techniques. These include:
 - **Follow-up individual interviews** with a few people from the focus groups to clarify points remaining in doubt.
 - **Observation**. This can be a powerful tool for cross-validation, especially for agricultural or conservation/natural resource management projects. One can walk a farmer’s fields and see what he/she actually is doing, vs. what the person may claim to be doing in an individual interview or focus group.
 - **Content analysis** of newspapers or other media (TV, radio, magazines) or even donor or project documents can be very revealing. This technique is especially well suited to reveal often subtle biases – e.g., not mentioning vulnerable subgroups, such as women, landless, widowed elderly, the disabled, etc. – or presenting them in a stereotyped way.
 - A “last step” mini-survey. Such a technique is useful if, after all the above:
 - We still cannot predict what the people in the next focus group are going to say on a particular topic from the by-now highly polished topic list, or
 - We need quantitative data, either to convince skeptics or because the consequences of loose estimates for a particular issue/variable could be detrimental to the clients/target group as a whole or to vulnerable subgroups.

But this “last step” survey need not include all the items for which clear patterns have emerged. For example, if we already know the main crops and livestock in the area, the gender (and age) division of labor vis-à-vis those crops and livestock, as well as any variation in that gender division of labor by ethnic group or level of wealth, we do not have to include these items in the survey instrument. This is further discussed below.

To reiterate, the questionnaire for a last step mini-survey need contain only the questions that remain in doubt. By this time, we probably know enough about even those issues to be able to make most of the questions in that survey “closed-end.” (This means that we can write a coherent set of “closed-end” alternatives that anticipate just about all the answers people are likely to give, so that few will have to answer “other.” For example, in a study of children’s health, the prior exploratory work in an area would have revealed the most prevalent problems; these could be listed as closed-end alternatives to a question asking mothers about health problems suffered by their children in the last year.)

Furthermore, it may be feasible to base that last step mini-survey on a random sample even where, for one of the reasons discussed above, it would have been impossible to do so for a “first step” (baseline) survey. For example, it may be that the unsettled issues turn out to be confined to a small corner of the original geographic area. If so, the cost of constructing the “sampling universe” and then drawing a random sample from that universe could be greatly reduced.

As a final note on the topic of linking rapid appraisals with surveys, it should be noted that it is possible to combine RAs with full-scale random sample surveys in an iterative process. This is particularly useful in two kinds of situations: (1) for emerging issues where the ultimate goal is to design an efficient and valid survey but which require preliminary qualitative research to lay the groundwork, and (2) to provide “early warning” signals about changes in dynamic situations that may not be picked up by even frequent waves of a standardized survey questionnaire.

3. Feedback.

In order to help the various stakeholder groups feel a sense of ownership in a project, it is necessary to encourage their participation in decision-making related to that project. One key step is to consult periodically with principal stakeholders about an on-going initiative’s progress and/or problems. This is enormously facilitated where a twice-yearly Monitoring and Evaluation (M&E) system utilizing focus groups has been introduced. The general sequence for sharing feedback – and disseminating the most recent M&E/focus group results – is to reverse the original process and “go back up the pyramid.” In short:

- One would start with some of the grass roots people who had been focus group participants and/or key informant interviewees.
- Then one could hold a community-level meeting, even though those with less power would be unlikely to participate freely (this is one of the main defects of the original Participatory Rural Appraisal model: it used large group meetings, which typically were dominated by local elites; the poor and powerless would rarely tell the whole truth in the presence of those who had power over their livelihood). But it is useful for the whole community to hear the results of small focus groups whose participants are drawn from subgroups of the poor and powerless.

- There also should be feedback meetings with project staff (front-line workers as well as project management).
- Finally, feedback meetings also could be convened at the national level where deemed appropriate (e.g., with top management of the project or NGO, relevant donors, government officials, etc.).

In sum, well-conducted rapid appraisals can provide data that offer acceptable or better levels of validity and provide these data more quickly and cheaply than any comparable method. As a final bonus, RAs are particularly suitable for typically under-funded development sectors, such as gender, aging, etc. Also, training target group members as facilitators or co-facilitators of ongoing RA-based monitoring and evaluation can be empowering both for them and their group.