
DECENTRALISATION IN RURAL AREAS

Peru: Support of Decentralisation in Rural Areas (APODER)



During 11 years APODER supported decentralisation of services and participatory processes in 70 Peruvian rural municipalities.

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Lima and Bern, August 2012

Table of contents

1. Background..... 3

2. Context and Power Analysis..... 3

3. Participation/ Accountability Mechanism(s)..... 5

4. Analysis and Main Lessons Learnt..... 8

5. Concluding Remarks..... 8

6. References..... 9

1. Background

The Program in Support of Decentralisation in Rural Areas (APODER in Spanish) was launched in 2003 by SDC and implemented by Intercooperation. Its main objective was to make a contribution to the decentralisation process with a focus on the rural areas of Peru. A first specific objective of the programme was to improve the administrative capacity of regional governments and municipalities, particularly regarding participatory processes and transparency. The rationale behind this was that participatory processes would bring opportunities to marginalised social groups, particularly women. The programme aimed at strengthening participation through public consultations of municipal strategic development plans, participatory budgeting (budgeting by results), and using consultation spaces for territorial economic development at the regional level. A second specific objective was to promote territorial economic development, using the associations of municipalities as entry point. A third specific objective was to reinforce the linkages between the different levels of government and to strengthen the capacity of rural local governments to advocate for their interests.

The programme went through three different phases, i.e. adjustment of the design together with partners (2003 - 2004), then implementation (2004 - 2008) and finally consolidation and closure (2008 – 2011). It was embedded well within the national decentralisation process launched in 2002 in Peru with the adoption of the Law on Municipalities and the Law on Participatory Budgeting. The former transferred new competencies regarding service delivery to local governments.

Partners were the Secretariat for Decentralisation of the Presidency of the Council of Ministers¹, the National Assembly of Regional Governments², the Network of Peruvian Rural Municipalities, three Regional Governments, five Regional Associations of Municipalities, some Communities of Municipalities (“Mancomunidades”) and seventy municipalities. Partners were selected according to their legal or strategic role in decentralisation. At the local level, civil society organisations were included in order to stimulate and strengthen the demand side for decentralisation. Municipalities and their different associations played a central role in implementing the tools promoted by the programme.

2. Context and Power Analysis

Sources of Tensions, Stress and Opportunities

National politics had a detrimental effect on the decentralisation policy during the eight-year duration of the programme, with three different national governments bringing significant policy and institutional changes. Shortly after the programme started, the National Council for Decentralisation³ was replaced by the centrally-driven Secretariat for Decentralisation of the Presidency of the Council of Ministers. This meant that fiscal decentralisation did not go as far as expected and as a consequence, legal competences decentralised by the Organic Law on Municipalities remained significantly under-funded. Also, no capacity building policy was drafted to increase the capacities at the lower tiers of government. Moreover, there was high staff turn-over both at the regional and municipal levels, due to the absence of a law for a career civil service at decentralised level that could have provided greater stability of personnel.

¹ The President of the Council of Ministers is the spokesperson of the President of Peru, coordinates the duties of all ministers, countersigns decrees issued by the legislative assembly and the government. The President of the Council of Ministers is appointed and removed by the President of Peru.

² This assembly is an association created by the regional governments of Peru to promote decentralisation.

³ This government body established in 2003 included in its board representatives of the regional governments and the municipalities besides representatives of the national government. It had the important competence to conduct the process of transfer of legal competences and resources to the lower levels and to administer international grants.

With regard to citizen's participation, the decisions taken in established spaces – the Councils for Participation at both local and regional levels – are not binding for the government. Furthermore, the citizens bear the costs of participation (e.g. transportation costs), which limits the participation of the poorest groups of society and gives a de facto advantage to those with more financial capacities, such as NGOs and other formalised civil society organisations.

Despite these limitations, the existence of spaces for participation made it possible to introduce as binding procedures participatory strategic planning and budgeting, as well as social audits. Also, the transfer of legal competencies to local governments has laid the basis for greater and more meaningful participation and accountability. Even though the expected targets were not reached, the amount of fiscal resources managed at the local and regional levels has also increased. With decentralisation reforms, the role of a local government has shifted from that of an operator of public services with very little autonomy and provider of marginal infrastructure to that of a promoter of local development processes. Previous country-wide experiences with citizen's participation contributed to the functioning of the new participatory institutions, e.g. the population was very eager to claim more transparency after the disclosure of the shocking corruption cases of the Fujimori government in the late nineties.

Effectiveness of Local Government Structures

The two main local government structures in Peru are the mayor and the municipal council. Both share the responsibility for the planning and management of financial resources transferred by the national government. However, technical capacities to properly manage these resources remain weak. There are two additional layers of government between municipalities and the national level: provincial and regional. In certain cases the separation of competencies between them is not clear, which can cause conflicts of authority and provide authorities with a welcome excuse when they do not meet their responsibilities. The control on financial management is in the hands of the Republican Audit Office while the Ministry of Finances is responsible for organising administrative and budgetary systems.

Different grassroots organisations exist, e.g. mothers' associations, producers' organisations, neighbourhood organisations. In general they lack well-developed organisational skills and technical capacities to develop project proposals. The administrations of line ministries are also present at the local level. Their role is to coordinate the latter's actions with local governments but they often act unilaterally, implementing parallel actions and creating further confusions around authority in similar intervention areas. Public service delivery is supposed to be universal but financial limitations imply continued limited access. Compared with access levels of urban zones, communities living in the highlands and the Amazon Basin are discriminated. The general rule is: the more remote the communities are, the lower is their access to services. According to the programme, the overall response capacity of the government in terms of delivering services to realise the rights of citizens is still estimated to be average to low according the programme appreciation.

The main services provided by municipalities in rural area are related to drinking water, sanitation, electrification, street cleaning, rural roads construction and maintenance, civil registry and protection of children against domestic violence. Increase in coverage has mostly happened during the last years for drinking water and electrification. Civil registration has a very good outreach too. Sanitation, street cleaning and protection against domestic violence remain services where the delivery of services is mostly limited to urban centres. Despite their importance for development, the construction of rural roads and maintenance services do not meet expectations.

Legitimacy

The closeness of municipalities to citizens has brought the latter opportunities to claim compliance with their rights, influence the allocation of public expenditures, and the opportunity to monitor the implementation of budgets. It was observed that women participate more than men but are less represented in political bodies. In general, municipalities are recognised by rural communities as legitimate sources of authority, even though the lack of services in remote areas may limit this to some degree. The legitimacy of municipalities sometimes is also questioned when they align too

quickly with the interests of firms present in their territory and without taking into account the concerns of the local population.

Authority

Peruvian municipalities are generally able to coordinate and integrate the actions of the different actors in their territory, even though conflicts over natural resources sometimes are not mediated sufficiently. Conflicts over the exploitation of natural resources are the main source of social conflict and a main cause of restrictions to civil liberties, especially when the latter lead to a confrontation of interests between communities and the national government. The government has the monopoly of force over the national territory, except in some remote areas where the Shining Path and drug smugglers frequently question this authority by confronting the police and the military. The fact that the different levels of government do not always act in a coordinated way hinders the establishment of an effective state authority.

3. Participation/ Accountability Mechanism(s)

Participation Spaces

The main task of the programme was to assist municipal governments in organising citizens participation and in holding social audits. The programme also supported the demand side, i.e. civil society, by strengthening their organisational capacities and knowledge of their rights. Specific actions targeted at women were also implemented. There was no need to open up “closed” spaces as such, but rather to make existing spaces work better through addressing issues both at the demand and supply side.

There seem to be tension in rural Peru between economically powerful groups and farmer communities. This is based on the understanding that when wealthier groups hold political positions, they strongly influence policies towards their private interests. Tensions inevitably emerge as those in the opposition, would like to have their interests better served. For example, in order to facilitate their interventions, large mining companies tried to place their representatives in local political positions. Despite this, farmer communities were able to elect their own candidates to local political positions in the last years. Formally, all social groups can interact with local governments through participation spaces established by law. In reality, however, economically strong social groups are more present. One of the reasons being that participation has a cost (e.g. time, transportation) and consequently it is more easy for wealthier groups to participate. If there are competing demands, the demands of the latter groups also seem to be considered more than those of poorer groups. Also, more educated people can formulate their demands better. However, the voice of leaders of poorer groups is heard, if they are well-connected with politicians and able to exert pressure on the government through social protest. Final decisions on the allocation of public expenditures are made by elected local authorities and professional staff working with them (e.g. advisors, managers). The latter have significant influence.

On the demand side, the programme aimed at strengthening civil society organisations representing poorer social groups. This was achieved by a multi-pronged strategy, i.e. building leadership capacities and assisting the organisations in getting legal recognition, formulating action plans, introducing management tools and helping them to design project proposals to be integrated in municipal plans and budgets.

Forms of Power

Authorities from the local to the central level and political parties are visible powers. In particular, the Ministry of Finance as well as the Commission on Decentralisation of the Republican Congress are important powers. Hidden powers who influence the visible bodies, are located within powerful economic groups, the media and advisors (economic and political). They are invisible to the extent that their influence is not exerted in an open and transparent way. The programme considered the opening up of institutionalised spaces for participation by the decentralisation reforms as the most

effective available instrument to enable the poor to influence visible forms of power. The programme showed that opportunities to participate in auditing budget implementation is as crucial as having opportunities to participate in planning and budgeting. Even though the traditional invisible power groups showed some resistance to the newly created spaces for participation, they were not able to prevent people from claiming newly created spaces.

Regarding invisible powers, there is a clear discrimination of women in politics. Out of the 1'834 mayors only 69 are women and no regional Presidency is held by a woman. One explaining factor is that especially in rural areas, women have less access to education and professional training than men. Poverty in Peru is often associated with being a woman and living in a rural area. Consequently, this invisible power has consequences and outcomes for visible power.

Transforming Power Relations?

It is not easy to make a statement on the degree to which the programme managed to transform power relations. There is a certain number of grassroots civil society organisations that are now better organised and prepared to participate in policy dialogue. Another outcome is that 70 municipalities have provided opportunities for participation, which resulted in a fairer allocation of public financial resources. Accounts on the use of public money have also been rendered to citizens, which is a significant transformational experience from the point of view of power relations. Nevertheless, the ambitions of dominant economic and political groups to monopolise decision-making remain alive with entrenched and recurrent resistances to participation, transparency and accountability in policy processes.

The strength of the programme is that it based its participation strategy on legal procedures and hereby contributed to the implementation of Peruvian law. This provided legitimacy and allowed the mobilisation of government entities at various levels. It also made it easier for the programme to make recommendations to the Ministry of Finance on how to adapt official guidelines on participatory budgeting on the basis of the lessons learnt through its concrete and longstanding practice.

Inclusiveness of Civil Society Participation

The participatory procedures that were best received by local governments and civil society were participatory budgeting and social audits. Other spaces like the Regional Coordination Councils were met with less enthusiasm. Nevertheless, difficulties were encountered while introducing participatory budgeting and social audits. In addition to the elite's resistance to transparency, the programme also encountered a simple lack of capacity of officials to communicate with the population (e.g. social competency and leadership skills).

Another limitation was that the access to participation spaces was reserved for legally established civil society organisations. While this legal provision was perhaps designed to limit excessive presence of single individuals and promote a better organised civil society, the programme considered it as an unfair restriction to participation. In order to enable inclusive participation, the programme together with 70 partner municipalities organised village and urban district level participatory workshops on the municipal budget which were open to all citizens. The practice was later consolidated, thanks to the adoption of municipal acts, regulating budget consultation at this community level. However, the increasing levels of participation caused a severe fragmentation of municipal budgets, since every single community wanted to get its fair share. Municipalities were put in a situation where it was difficult to design a programme with strategic value for the whole territory. Consequently, the procedure for community workshops had to be adapted, and an event dedicated to discussing overall municipal strategic priorities was introduced. The municipality then reminded the community about these strategic priorities at the end the workshops and when all proposals were ranked by priority.

Communities also prioritised projects that normally are not the responsibility of the state, e.g. to fix the village chapel. A whole range of micro-projects, allowing an increase in the production capacity of individuals also arose. The programme had to adapt its workshop modalities, so that eligible projects that were also in line with the legal competencies of municipalities and included shared

benefits for the community as a whole were chosen. In this context, the programme became very aware that preventing the fragmentation and individualisation of benefits and finding funds for demanded activities falling outside municipal legal competencies, had to be assumed by municipal officers and not by programme officers. This was key to avoid the substitution of municipal authorities and responsibilities by the programme. An intensive training of municipal officers was required to ensure they understood the consultation methodology and the expected outcomes.

It cannot be stressed enough how difficult it is to cover the costs of a inclusive participation. Unless the Peruvian government decides to allocate important resources for participation, the transportation costs and the time required to participate in policy-making will continue to constitute a barrier for poor people. Investing in participation, might also be seen as an avenue for patronage and populism, providing an opportunity to mobilise and reward partisan followers.

Accountability

A precondition for social accountability events, i.e. open municipal assemblies scrutinising the implementation of municipal budgets, is that citizen have access to potentially sensitive public information. Administrations were not used to communicate such detailed accounts in the past. Therefore, the programme focused on creating well-functioning social accountability assemblies. To achieve this, both the supply-side and the demand-side were addressed. The capacity of municipalities to plan participatory processes and to respond to demands through projects was strengthened. Similarly, the capacity of grassroots organisations to formulate demands and follow up both budget and project implementation was strengthened. The programme did not promote the holding of other types of meetings that would have focused for example on scrutinising exclusively and in all details single public services. It also did not promote or support accountability mechanisms such as legal actions against the administration, supporting the judiciary or strengthening capacities of the media.

Advocacy and Policy Influencing

The set-up of the programme itself implied an influence on policy as the initial agreement with national and regional partners was that the new laws on decentralisation would be implemented with the assistance of the programme. Methodological guidelines provided by the Ministry of Finance regarding participatory budgeting were adapted with inputs from the programme. Policy influence on local institutions was achieved through the very significant changes that were brought about, i.e. the implementation of participatory procedures. It was very rewarding for the programme that municipal and regional authorities showed a great interest in implementing these participatory mechanisms. However, it is true that the concrete outcomes of participation mostly occurred at the municipal level, with very significant changes in municipal investments portfolios and the adoption of municipal regulations.

Parallel to the implementation agreement with national and regional authorities, the programme also supported the Network of Peruvian Rural Municipalities – a private association gathering representatives of local authorities which has a professional secretariat in the capital city. Thanks to the support of the programme and that of other international donors, an independent monitoring of the transfer of fiscal resources to local governments was held and a permanent dialogue with national executive and legislative authorities was ensured. The programme did not provide any other kind of support to civil society organisations for advocacy at regional and national levels. Very few civil society organisations are present at that level. This reflects a certain fragmentation of society as and how few opportunities there are for dialogue between the state and civil society at regional and national levels. The advocacy capacity of the association of Peruvian rural municipalities was limited by the absence of any official mandate given to it by legislation. However, thanks to the contribution of the programme, the association managed to get recognised as a legitimate and important actor by national authorities.

The support of the programme to women as a discriminated social group was very explicit and with focused monitoring. For example a guiding manual to design local policies with a gender perspective was provided, women civil society organisations were supported with capacity building and the

participation of at least 40% of women in all training sessions was defined as a standard requirement. The log frame of the programme also included indicators to monitor achievements regarding the inclusion of women.

4. Analysis and Main Lessons Learnt

A very positive lesson learnt by the programme was that participation and transparency matter and reach tangible outcomes. Better decisions are taken and actions are more effective. It is worth highlighting that participation was not implemented against the will of municipal authorities. On the contrary, participatory processes clearly increased their legitimacy, both towards the population and higher level authorities. Participation and transparency also reduced political conflicts at the local level and improved relationships between socio-political leaders of the opposition and the ruling political group.

When the programme ended, participation and transparency were institutionalised by 64 municipalities and two regional governments – showing concrete benefits in terms of developmental outcomes, mainly at the municipal level. Also, 1'200 community leaders were trained to participate in planning, implementation and social audit processes. Civil society was supported and strengthened in the areas of working with values, achieving legal recognition, in management issues and mechanisms to promote greater participation of women and youth.

Several challenges remain. Frequent political and institutional changes within the national authority in charge of implementing the decentralisation policy have been a limiting factor. Uncertainties still exist regarding the replication of the programme across the whole country and the continuation of methodological and technical assistance in the former partner municipalities. The programme has learnt that an effective way of influencing central authorities is to work with associations of municipalities as well as with regional authorities. However, at the local level, changes in executive and legislative powers could have a negative impact in the future on the continuation of the participatory processes promoted by the programme. The risk is high, as most municipal officers do not remain in office for long. Also, the costs of participation remain an obstacle to inclusive participation.

If the programme were to be restarted now, more effort would have to be put into linking planning and implementation processes of the three tiers of government. Capacity building of grassroots organisation would also be emphasised even more and with an even stronger focus on women and youth. Also, the programme received many demands for support in increasing household incomes. Using specific negotiations spaces with key private sector actors within the frame of territorial regional strategic planning processes is seen as a promising way to respond more effectively to these demands in the future.

5. Concluding Remarks

The timing and the design of the programme were both very good: the programme began just after important decentralisation legal reforms had been adopted and it chose to support the legal mechanisms for participation mandated by law together with the institutions responsible for implementing them.

The programme had concrete influence on power relations, i.e. choices for municipal investment were made with a greater consideration of the needs of poorer social groups. Dominant local economic groups had less opportunities to capture policy-making to serve their private interests at local level. By supporting associations of local governments, the programme was able to advocate for decentralisation at the national level with some success. Intensive capacity-building for grassroots organisations was very important to open opportunities for effective inclusive participation.

However, at national level, very profitable agreements between large mining companies and national governments have probably not been a consolidating factor for decentralisation until now. In several instances, the national government has enforced these agreements against the interests and concerns of local communities. Thus the struggle remains between the interests of large private companies and those of local communities, i.e. hampering progress in decentralisation and participation.

6. References

APODER, 2011, Presupuesto participativo y rendición de cuentas. Dos buenas prácticas de gestión pública municipal, APODER y HELVETAS Swiss Intercooperation