**Midterm Evaluation of the Peru Decentralization and Local Governance Project**

# Executive Summary

### Evaluation Purpose

The purpose of this independent external mid-term performance evaluation is to measure the relevance, effectiveness, efficiency, and sustainability of the ProDecentralization project design, approach, methodologies, tools, and activities. By testing the development hypothesis and program assumptions with facts from the findings, the evaluation identifies performance results, implementation challenges, unmet needs, and unexpected results. It provides information and develops recommendations intended to support Peru Mission of the United States Agency for International Development (USAID) in enhancing ProDecentralization activities and orienting future programming. It also summarizes lessons learned and best practices. This mid-term evaluation looks at the first two years of implementation, slightly less than half of the implementation period.

### Evaluation Questions

1. To what extent is ProDecentralization project achieving its results and targets, and how has it contributed to the improvement of the decentralized management and articulation of the State in health, education and environmental services in selected areas? What are the main factors that have limited or facilitated achieving expected results?
2. What activities, tools, or interventions are more successful than others, and what are the factors for their relative success? What current activities/efforts should be expanded or decreased?
3. How do the design, strategies, tools, and activities of ProDecentralization correspond with the needs, priorities, bottlenecks, and the evolution of decentralized management of services in the areas of health, education, and environment?
4. What type of technical resources and level of effort are used by ProDecentralization to improve the decentralized management of services in health, education, and environment, and which of these should be assumed by different levels of government to expand and sustain the coverage and/or quality of the priority services?
5. What specific changes to the strategy, approach, methodologies, or activities should be made to achieve maximum results, sustainability, and ownership by the governments involved?

### Project Background

Following the return of democratic governance in Peru, the regionalization process began after a decade’s hiatus in 2002, with the Base Law for Decentralization (Law 27783). That law requires the creation of “regional governments” through the integration or fusion of two or more adjacent departments as approved by popular referendum in the territories proposed for them (Article 29). To date, no regional governments have been created. However, the same law defines decentralization as a dynamic process, to be implemented in stages to promote regional integration and the constitution of macro-regions (Article 4, paragraph b) through a process beginning in the existing departments and the Constitutional Province of Callao, and establishes that the sites for these “regional governments” are the capitals of these departments (Article 30). Thus, in practice, Peru’s Departments are functioning as if they were Regions, with all of the organs and functions established for the Regional Governments.

In response, USAID developed three successive projects to support the decentralization process, all awarded to ARD, Inc. and its current parent company, TetraTech. The current ProDecentralization award began on October 10, 2012 and is scheduled to finish on October 14, 2017 with a total budget of $14,858,825. Unlike its predecessors, the current activity is based in five departments of the Amazon Basin and is focused on strengthening the decentralized management of select public services. Its core development hypothesis is that a combination of capacity building and policy strengthening at the regional and national levels, including better coordination and coherence among the three levels of government, supported by active citizen participation and oversight, will facilitate improvements in service provision and citizen/user satisfaction with those services.

The ProDecentralization activities are designed to be mutually supportive across three Intermediate Results (IR). Specifically, interventions consolidating the policy framework (IR 1) and broadening transparency and citizen participation (IR 3) will contribute to the success of interventions strengthening capacity for effective democratic governance at the subnational level (IR 2).

ProDecentralization set up clusters, the Decentralized Management Groups or GGDs, each comprised of one regional government, one provincial government, and at least three district governments to set objectives and project implementation. The GGDs identify and prioritize one critical area and service related to health, education or the environment, with civil society participation. The project applies the Functional Organization Capacity Strengthening (FOCAS) tool to assess functional capacity in operational areas and identifies improvement needs, in discussion with the regional and local governments; these must reflect priorities for effectiveness. Then the project applies the Quality Service Improvement Plan (QSIP) tool in partnership with the same government institutions, and citizens or public service users to jointly diagnose and address barriers to accessing quality services. The sub-national GGD members or their staffs are trained and provided technical assistance to help them implement capacity building plans and conduct service audits. Thus, ProDecentralization seeks to integrate policy decisions, citizen participation and transparency measures, with improved decentralized management and quality service improvements.

### Design, Methods and Limitations

The evaluation team, in coordination with USAID and ProDecentralization, developed a statement of work for the midterm performance evaluation of the Peru Decentralization Project. The statement of work (SOW) is included as Annex 2 of this report. The SOW includes a matrix for the evaluation’s analytical focus and 14 different guides for interviews with stakeholders at all level. These include USAID officials, the ProDecentralization team, public officials in the appropriate central government agencies and in the regional and local governments who participate in project activities, service users and beneficiaries, and focus groups. Based on 140 interviews conducted in Lima and during site visits to the five regions of project implementation as well as the revision of project documents, the evaluation team employed a mixture of qualitative and quantitative methods with data obtained from both primary and secondary sources. Activities initiated on September 15, 2014, and evidence collection concluded with submission of the first draft of the evaluation report on December 26, 2014. Primary source quantitative methods included a survey of knowledge, attitudes, and practices (KAP) with resident solid waste management service users in their homes to obtain direct evidence on targeted results (e.g. changes in collection frequency), a self-applied survey of teachers in San Martín, and an exit survey of health services users in Amazonas and Loreto. The evaluators also obtained secondary source statistics from health providers, schools, and local governments (LG).

### Findings and Conclusions

After two years of implementation, the evaluation team found the ProDecentralization project to be relevant to USAID and GoP priorities to the extent that it addresses decentralization policy issues at all levels of government, strengthens capacity in subnational governments, furthers transparency and social inclusion and seeks to articulate subnational government with the State.

Confronted with a lack of adequate supervision, support for, and autonomy of the central government agencies charged with furthering the decentralization process in Peru, ProDecentralization has adopted a flexible strategy. This strategy prioritizes the consolidation of capacity at the subnational level, emphasizing the articulation of the State at different levels of subnational government, while continuing to provide technical assistance to improve the legal and regulatory framework at the national level. The Project has been innovative in integrating service improvement processes across subnational government levels and effective in reaching under-served populations and furthering its gender focus, although the most underserved populations reside outside of project intervention areas (e.g. remote populations of Amazonas).

ProDecentralization provides training and technical assistance to the GGDs, or directly to corresponding level of sub-national government to help them implement capacity building plans and conduct service audits, in accordance with a Training and Technical Assistance Plan (TTAP) developed for each GGD. These interventions are intended to enable participating institutions to resolve the priority critical barriers to quality service delivery. The training strategy has been challenged by the loss of trained personnel due to the rapid turnover of government positions. The project intends to more sustainability addressing the need to retain trained personnel at the subnational level through support for the implementation of the new civil service law under the National Civil Service Authority (SERVIR).

Capacity building and institutional strengthening interventions are long, tedious processes with many obstacles and pitfalls, but the FOCAS and QSIP tools have made helpful contributions toward diagnosis and planning for technical assistance to lead to the targeted improvements. Despite their effectiveness, they have not been introduced to many local management teams, especially local governments.[[1]](#footnote-1) The widespread and sustainable adoption of these tools will require their incorporation into public policy and management norms.

Some of the interventions would benefit from expanding, integrating, or focusing the processes involved in public service improvement, as the different situations require. For example, the GGD-selected focus on reducing wait times for the delivery of health services addressed to child growth (CRED) will be limited in its health outcomes without also addressing the need for related service improvements, such as ensuring the availability of vaccines. Addressing solid waste management must also integrate the whole service chain, including public environmental education. There is a need for stronger transparency measures and for strengthening recently functioning citizen oversight committees and other platforms for citizen participation.

ProDecentralization has met its goals for new and improved policies in terms of norms drafted. There is a need for additional follow-up and support, in coordination with the Secretariat for Decentralization (SD) and the Secretariat for Public Management (SGP), for the approval of proposed policies, and to ensure the implementation of policies that have been approved. There is a particularly strong need for the policies that further the decentralization process and provide guidance and supervision on that process at the subnational level; such as the guidelines for subnational management elaborated by the project that are currently moving through the approval process.

The ProDecentralization San Martin experience has built on a solid foundation. Previous USAID interventions in the region and the current project´s strengthening of policies and networks have contributed to a relatively advanced and better-integrated decentralization process when compared with Peru in general. The San Martin experience in education can serve as a laboratory for furthering decentralization elsewhere in Peru and beyond. The experiences with CRED service support in Amazonas and Loreto and those of improving solid waste management in Ucayali and Madre de Dios are on the whole effective but can benefit from better integration of the processes involved in those services and increased project focus.

An important project initiative has been its establishment of citizen oversight committees, particularly among beneficiaries of the solid waste management services in Madre de Dios and Ucayali. These need to be consolidated, and, in Madre de Dios, where environmental oversight functions are combined with citizen security concerns, their roles and functions better defined.

### Recommendations

ProDecentralization should move quickly with the newly elected subnational government officials to ensure their commitment to and ownership of the processes, tools, and policies that it advanced in the previous administrations.

USAID and ProDecentralization should take advantage of the upcoming 2016 national elections for President and Congress to position decentralization as a campaign issue to which it can contribute information and experience. The project should build on its established experience disseminating publications and lessons learned, to carry out the systematic dissemination of project successes, lessons learned and methodologies, which can be tied to election year themes. Meanwhile, ProDecentralization should emphasize the importance and benefits of decentralization as demonstrated through project results while seeking stronger commitment of central government agencies guiding the decentralization process throughout Peru. Whether or not substantial progress can be made in this area prior to Project termination in 2017 will depend largely on how well the issues around decentralization are discussed in the election campaign and how committed candidates are to the related policies.

ProDecentralization should continue working with the SD and SGP to develop training materials, coordination guidelines, and supervision processes that can be applied at the subnational level. The policy and institutional framework for the decentralization process would benefit from changes that elevate the political level of the SD and SGP in order to provide Peru’s decentralization process with adequate autonomy from the changing short-term political agendas of the Office of the Presidency of the Council of Ministers (PCM). The project should also consider providing assistance to the SD and SERVIR to enhance training and service supervision that support effective implementation with well-trained managers at the subnational level.

The project should promote the adoption of the GGD as a tool supporting the improvement of regional management through coordination that can be adapted in a flexible manner nationwide. In parallel, the project should work with subnational governments to facilitate their proactive adoption of these or equivalent mechanisms. The GGDs are proving to be a potentially useful mechanism for coordination among subnational governments in each of the project regional areas. However, they are not fully understood nor appropriated by the subnational governments themselves. There is a need for more substantial awareness and consolidation of such coordination spaces to ensure their sustainability and effectiveness.

ProDecentralization contributions to human and institutional capacity building at the subnational levels need to be consolidated in conjunction with transparency and citizen participation and oversight processes, as is already underway. With the approval of the Civil Service Law, ProDecentralization needs to work with SERVIR to ensure its application at the subnational level in order to overcome the issues around frequent staff turnover and inadequate human and institutional capacity – an initiative that ProDecentralization has been pursuing since FY2013 without traction due to a lack of political will supporting the effort. The subnational governments need to demonstrate improved capacity to assume their service delivery functions, and they also need clear and more effective guidance and supervision from reorganized central government agencies having those responsibilities.

Each level of government, including the three levels of subnational government, requires improved understanding of its roles and functions and ways to achieve their objectives through improved inter-governmental coordination and articulation. For that, the subnational governments need guidance and supervision, while the central agencies need to better understand subnational governmental needs and an improved ability to respond to them.

Work with civil society organizations needs to be strengthened to help generate public support for decentralization initiatives and service improvements at the subnational level. The citizen oversight committees in Loreto and Madre de Dios require strengthening and better definition of their roles and functions. The project should provide support to help these groups address the sensitive issue of incentives, ensuring that participation in committees remains voluntary in fact and perception. The introduction of measures such as photo identification for committee participants could provide simple means for formalizing community recognition for members’ service.

USAID and ProDecentralization should make a strategic determination regarding the potential benefits of promoting a more comprehensive approach to service improvements versus an approach that focuses on specific links in the service chain. In the case of waste management, the interventions have taken a more integrated approach. This approach is recommended for health and education interventions as well, although it would require more geographic focus and a more gradual implementation – both of which may represent strategic costs for USAID.

The project should articulate CRED interventions with regional and national priorities and policies to help ensure their sustainability and leverage a more integrated service improvement. For example, the project could support participating subnational governments to develop activities that respond to the criteria of the Fund to Stimulate Performance (FED), launched in May 2014. The project should strengthen its gender approach for the CRED intervention by engaging stakeholders, such as UNICEF, in promoting more paternal involvement in their children’s nutrition and health.

Interventions in solid waste management could give more attention to recycling and integrating the solid waste management processes in a manner that diminishes the reliance upon sanitary landfills. Although not included in the original prioritization process, ProDecentralization is already supporting this work in Loreto and Madre de Dios. Additionally, the Project should coordinate with Madre de Dios Regional Government (GOREMAD) to secure its commitment to Ministry of the Environment (MINAM) goals and processes for solid waste management and to provide the corresponding budget allocations. If these requirements cannot be achieved, it should consider concentrating efforts with the Tambopata Provincial Municipality to advance the JICA-funded solid waste management project there and apply best practices and lessons learned in the three districts of that Province with which the Project is working. In Ucayali, the project should work with the MINAM to carry out a study supporting the local governments to establish a permanent solution for the final disposition of solid waste at their currently overburdened landfill.

In San Martin, there is a need for better coordination with the new Regional Government (GORESAM) authorities and to commit them to assume the progress attained with Ministry of Education (MINEDU) support and provide continuity to the progress made by their predecessor administration with improvements that they can help define. The project should support the Office of Operations and the Local Education Management Units (UGELs) to assume their respective functions while continuing to close performance gaps in the distribution of education materials.

ProDecentralization should expand its performance measurement indicators to capture results that are currently not reflected in the performance monitoring plans, such as gains in environmental education.[[2]](#footnote-2) USAID may want to consider an ex-post evaluation of the 15-year process of support to Peru’s decentralization initiatives with a focus on long-term impacts and lessons learned.

1. ProDecentralization management note that this was planned for the fourth year of the project following a period of transition to new regional and local administrations in January of 2015. [↑](#footnote-ref-1)
2. Post-evaluation note: USAID approved an updated Activity Monitoring Plan that includes RIG recommendations on April 15, 2015. [↑](#footnote-ref-2)