

PD-ABS-682

UNCLASSIFIED XD

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
Washington, D. C. 20523

PERU

PROJECT PAPER

LOCAL GOVERNMENT DEVELOPMENT

AID/LAC/P-914

PROJECT NUMBER: 527-0371

UNCLASSIFIED

AGENCY FOR INTERNATIONAL DEVELOPMENT PROJECT DATA SHEET	1. TRANSACTION CODE <input type="checkbox"/> A = Add <input type="checkbox"/> C = Change <input type="checkbox"/> D = Delete	Amendment Number _____	DOCUMENT CODE 3
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2. COUNTRY/ENTITY PERU	3. PROJECT NUMBER 527-0371
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4. BUREAU/OFFICE LAC 05	5. PROJECT TITLE (maximum 40 characters) Local Government Development Project
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6. PROJECT ASSISTANCE COMPLETION DATE (PACD) MM DD YY 09 30 99	7. ESTIMATED DATE OF OBLIGATION (Under 'B' below, enter 1, 2, 3, or 4) A. Initial FY 94 B. Quarter 4 C. Final FY 94
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8. COSTS (\$000 OR EQUIVALENT \$1 =)						
A. FUNDING SOURCE	FIRST FY			LIFE OF PROJECT		
	B. FX	C. L/C	D. Total	E. FX	F. L/C	G. Total
AID Appropriated Total	625	4,375	5,000	625	4,375	5,000
(Grant)	(625)	(4,375)	(5,000)	(625)	(4,375)	(5,000)
(Loan)	()	()	()	()	()	()
Other U.S.						
1.						
2.						
Host Country				10,000	10,000	
Other Donor(s)						
TOTALS	625	4,375	5,000	625	14,375	15,000

9. SCHEDULE OF AID FUNDING (\$000)									
A. APPROPRIATION	B. ACTIVITY CODE	C. ACTIVITY CODE		D. OBLIGATIONS TO DATE		E. AMOUNT APPROVED THIS ACTION		F. LIFE OF PROJECT	
		1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan	1. Grant	2. Loan
(1) ESF	DIDE					5,000		5,000	
(2)									
(3)									
(4)									
TOTALS						5,000		5,000	

10. SECONDARY TECHNICAL CODES (maximum 6 codes of 3 positions each)	11. SECONDARY ACTIVITY CODE PSMG, DICE
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12. SPECIAL INTEREST CODES (maximum 7 codes of 4 positions each)						
A. Code	DEC	PVL	TIC	NAR	FBN	
B. Amount	4,500	4,000	2,650	2,000	900	

13. PROJECT PURPOSE (maximum 480 characters)

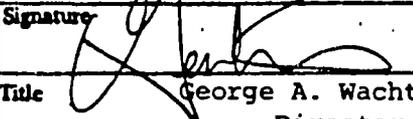
To strengthen the institutional capability of local governments and develop effective participatory mechanisms that promote sustainable democracy at the local and national level and improve quality of life of their citizenry.

14. SCHEDULED EVALUATIONS Interim MM YY MM YY Final MM YY 09 96 08 99	15. SOURCE/ORIGIN OF GOODS AND SERVICES <input checked="" type="checkbox"/> 000 <input type="checkbox"/> 941 <input type="checkbox"/> Local <input checked="" type="checkbox"/> Other (Specify) Peru
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16. AMENDMENTS/NATURE OF CHANGE PROPOSED (This is page 1 of a _____ page PP Amendment)

Mission Controller has reviewed and concurs with the methods of implementation and financing included herein.


 James B. Safford

17. APPROVED BY	Signature:  Title: George A. Wachtenheim, Director	Date Signed MM DD YY 9 27 94	18. DATE DOCUMENT RECEIVED IN AID/W, OR FOR AID/W DOCUMENTS, DATE OF DISTRIBUTION MM DD YY
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PROJECT AUTHORIZATION

Name of Country: Peru

Name of Project: Local Government Development

Number of Project: 527-0371

1. Pursuant to Part II, Chapter 4, Section 531 of the Foreign Assistance Act of 1961, as amended, I hereby authorize the Local Government Development Project for Peru, involving planned obligations of not to exceed Five Million United States Dollars (US\$5,000,000) in grant funds (the "Grant") over a one-year period from the date of authorization, subject to the availability of funds in accordance with the A.I.D./OYB allotment process, to help in financing foreign exchange and local currency costs for the Project. The planned life of the Project is five years from the date of initial obligation.

2. The Project has been designed to strengthen local governments and promote local level participation in the development process in Peru. To do this, the Project will finance: a package of technical assistance, training, commodities, and related financial support to build-up the institutional capacity of selected municipal governments, develop and/or re-inforce democratically-oriented community organizations in each participating community; instill democratic values and civic responsibilities among the citizens in the target areas through civic education and awareness activities; and complement local governments' and communities' resources to carry out small basic services and revenue generation activities planned and designed mutually and in a participatory way by communities and local governments.

3. The Project Agreement, which may be negotiated and executed by the officer to whom such authority is delegated in accordance with A.I.D. regulations and Delegations of Authority, shall be subject to the following essential terms and conditions, together with such other terms and conditions as A.I.D. may deem appropriate:

a. Source and Origin of Commodities, Nationality of Services

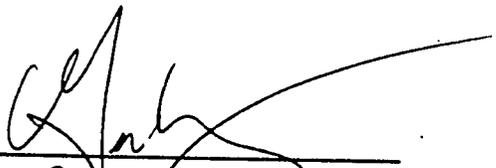
Commodities financed by A.I.D. under the Grant shall have their source and origin in the United States and/or in Peru (pursuant to HB 1B, Chapter 18) except as A.I.D. may otherwise agree in writing. Except for ocean shipping, the suppliers of commodities or services shall have Peru (pursuant to HB 1B, Chapter 18) or the United States (A.I.D. Geographic Code 000) as their place of nationality, except as A.I.D. may otherwise agree in writing. Ocean shipping financed by A.I.D. under the Grant shall, except as A.I.D. may otherwise agree in writing, be financed only on flag vessels of the United States. Motor vehicles financed by A.I.D. under the Project shall, except as A.I.D. may otherwise agree in writing, have their origin in the United States.

b. USAID has granted a Nationality Waiver making Peruvian institutions eligible to be the recipient of the Cooperative Agreement to be awarded under this project.

c. Conditions Precedent to Disbursement

Prior to the first disbursement under the Grant or to the issuance by A.I.D. of documentation pursuant to which disbursements will be made, the Grantee shall, except as A.I.D. may otherwise agree in writing, furnish to A.I.D., in form and substance satisfactory to A.I.D.:

- (a) A legal opinion of the Legal Counsel of the Ministry of Foreign Relations of Peru, or other counsel acceptable to A.I.D., stating that this Agreement has been duly authorized, or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms; and
- (b) A statement of the name(s) of the person(s) holding or acting in the office of the Grantee specified in Section 8.2 of the Agreement and of any additional representatives, together with a specimen signature of each person specified in such statement.



George A. Wachtenheim
Director, USAID/Peru

Date: _____

Clearances:

ORD: MBroadly	(i.d.)	Date:
ORD: HWing	HU	Date: 9/26/93
PDP: JBoyer	JB	Date: 9/20/94
CONT: JSandford	JS	Date: 9/22/94
GC: DJames	E-mail	Date: 9/16/94 (attached)
DD: DBoyd	DB	Date: 9/27/94

NATIONALITY WAIVER FROM AID GEOGRAPHIC CODE 000 TO CODE 935

1. Problem: A nationality waiver from AID Geographic Code 000 is required under the Local Government Development (LGD) Project to permit the award of a grant under a Cooperative Agreement arrangement with a Peruvian organization to be selected competitively to help the Government of Peru (GOP) in implementing the Project.

2. Facts:

- | | |
|-----------------------------|--|
| a. Project: | Local Government Development Project
(527-0371) |
| b. Authorizing Document: | Project Agreement to be signed with the GOP. |
| c. Implementing Entity: | To be selected competitively in Peru. |
| d. Nature of Funding: | Grant |
| e. Description of Services: | Technical assistance and training |
| f. Approximate value: | Approximately \$4,500,000 |
| g. Nationality: | Peru |

3. Discussion: The purpose of the Project is to strengthen the institutional capability of local governments and develop participatory mechanisms that promote sustainable development. The Project is an element of a package of assistance designed to help the GOP implement its alternative development strategy. Ultimately, such strategy seeks to replace coca-based employment and economic growth with licit alternatives.

This purpose entails two interlinked actions. One is the provision of technical assistance and training to modernize and professionalize the functioning and operations of participating municipalities. As a result, participating local governments will be expected to increase their revenues and maximize the cost-effectiveness of the use of human and financial resources in carrying out programs responsive to the expressed needs of their constituents, most of whom live in coca-growing areas. The other is the design and use of effective mechanisms to promote increased citizens' participation in local governments.

Because of the nature of the Project, Project personnel must work closely with local government counterparts, community leaders and local organizations. Experience gained during the implementation of the recently terminated Upper Huallaga Area Development Project shows that external institutions which worked in

the target areas have not been nearly as effective as local organizations in providing assistance and establishing the vital working relationships at the local level which are so necessary to attain the planned development objectives.

The success of the Project in attaining its purpose in furthering vital foreign policy objectives in Peru is highly dependent on the availability of personnel with intimate knowledge of the Peruvian culture and a native language capability, in addition to the technical skills required to deal with the problems that municipalities and local level organizations face. Based on recent project experience, it is highly unlikely that an external organization could provide the required number of people who meet these requirements during the timeframe planned to help in carrying out the Project successfully.

Further, advisors to be provided by the selected organization will be involved in helping to promote the enactment and implementation of Peru's Decentralization Law. This is a highly sensitive area and experience shows that external organizations would not be as effective as local organizations in dealing with various sectors of Peruvian society and government in a way that optimizes the probability of attaining the objective of such assistance.

Another critical consideration in selecting the organization will be its continuing availability as a resource to local governments upon termination of USAID assistance. Municipalities will be more likely to continue using the services of local organizations than the services of external organizations, whose services generally cost many times more than the services of local organizations.

In addition, the budget analysis carried out during the project design process shows that entering into a Cooperative Agreement arrangement with a US organization would cost 300 percent more than a similar arrangement with a local organization. For example, the average cost of an external advisor for one year would be at least \$150,000 annually, including salary, benefits, danger pay, transportation, HHE, and related costs. In contrast, a similar advisor hired locally would cost well under \$50,000 annually. Since the Project is personnel intensive, USAID would have to provide a very significant additional amount of funds or scale down drastically the scope of the Project. This would result in a different Project design which might not be responsive to US objectives in Peru or that would not allow the attainment of the Project purpose and its planned targets.

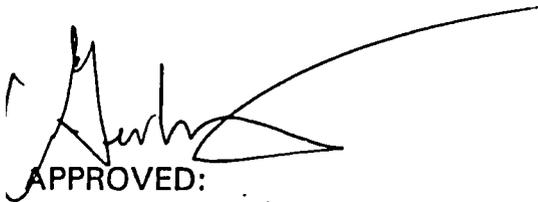
4. Justification: The authorized Geographic Code for subject Project is the United States (Code 000). According to AID Handbook 1, Supplement B, Section 5D10a(1) a nationality waiver can be authorized for Geographic Code 935 (any area or country in the Free World including the cooperating country) if the proposed procurement meets one of the five criteria listed in that Section. Specifically, for the five reasons discussed above, the proposed cooperative agreement with a Peruvian organization selected competitively clearly meets two of the listed criteria: 5D10a(1)(d) -- Procurement of locally available services would best promote the objectives of the

5

foreign assistance program; and (e) Such other circumstances as are determined to be critical to the achievement of project objectives. Additionally, as required in HB 1D, Chapter 5D10B, "The interest of the United States are best served by permitting the procurement of services from Free World countries other than the cooperating country and countries included in Code 941."

5. **Authority.** Per HB5, Delegation of authority No. 752, Section III.B, you have been delegated the authority to waive the nationality requirement for the project from Code 000 to Code 935.

6. **Recommendation:** It is recommended that, by signing below, you approve a nationality waiver from AID Geographic Code 000 to Code 935 to permit the award of a cooperative agreement to a Peruvian organization.


APPROVED:

George A. Wachtenheim
Mission Director

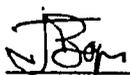
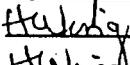
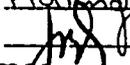
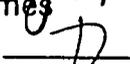
Date: 9/27/94

DISAPPROVED:

George A. Wachtenheim
Mission Director

Date: _____

Clearances:

<i>for</i>	PDP:JBoyer		Date:	<u>9/20</u>
	ORD:MBroady		Date:	<u>9/20</u>
	ORD:HWing		Date:	<u>9/20</u>
	CONT:JSanford		Date:	<u>9/22/94</u>
	GC:RMeighan/DJames		Date:	<u>9/27/94</u>
	DD:DBoyd		Date:	<u>9/27/94</u>

To: Elvira Varillas@PDP@LIMA
Cc:
Bcc:
From: Deborah James@GC@AIDW
Subject: local government project documentation
Date: Friday, September 16, 1994 14:39:12 EST
Attach:
Certify: Y
Forwarded by:

The revised project description you sent is fine.

The project authorization is fine. Please just note the spelling of the word "recipient" on line 2 of 3.b. and insert "the" before "recipient".

For the nationality waiver:

1. Please include either in or attached to the waiver the certification stated in para. 5D10B of HB 1 Supp. B.
2. On the sixth line in the first full paragraph on p. 2, I would suggest changing "can" to "could".
3. In "4. Justification", third line down, please replace "from" with "for" and insert "any area or country in the Free World including" before "the cooperating country".

LOCAL GOVERNMENT DEVELOPMENT PROJECT (527-0371)
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Local Government Development

(Project No. 527-0371)

ACRONYMS

AID/W	Agency for International Development/Washington D.C.
AMPE	Asociación de las Municipalidades del Perú
CAS	Cabildos Abiertos
CORDES	Corporación de Desarrollo Regional/Regional Development Corporation
DA	Development Assistance
DCD	Democratic Community Development
DDLG	Democratic Development of Local Government
DRRRP	Disaster Relief, Rehabilitation and Reconstruction Project
EOPS	End of Project Status
ESAN	Escuela Superior de Administración de Negocios
ESF	Economic Support Funds
FLDD	Food and Local Development Division
FONCODES	National Compensation and Social Development Funds
FSN	Foreign Service National
GOP	Government of Peru
GTZ	German Agency for Technical Cooperation
HCOLC	Host Country Owned Local Currency
IDB	Inter-American Development Bank
IFI	International Financial Institution
IGV	Impuesto General a las Ventas
ILD	Institute of Liberty and Democracy
INADE	National Development Institute
IRD	Integrated Regional Development
ISOs	Intermediary Support Organizations
JICA	Japanese International Cooperation Agency
LAC	Latin America and Caribbean
LG	Local Governments
LOP	Life of Project
LOU	Letter of Understanding
MEA	Municipalities in Action
MEF	Ministry of Economy and Finance
MIPRE	Ministry of the Presidency
MIS	Management Information System
MRTA	Movimiento Revolucionario Túpac Amaru
ODIT	Office of Democratic Initiatives and Training
ORD	Office of Rural Development
PACD	Project Assistance Completion Date
PDGG	Participation Development and Good Governance
PEIS	Emergency Employment Generation Program
PID	Project Identification Document
PROAG	Project Agreement
PSOs	Primary Support Organizations

RSO	Regional Security Office
SL	Sendero Luminoso (Shining Path)
TA	Technical Assistance
UHAD	Upper Huallaga Area Development
U.S.	United States
USAID	United States Agency for International Development
WB	World Bank

(A:ACRONYMS)

August 17, 1994

**Local Government Development Project
(527-0371)**

I. SUMMARY

A. Background

As part of the alternative development component of the USG Andean Counternarcotics Strategy, USAID/PERU initiated in 1992 in two provinces in the Region of San Martin under the Upper Huallaga Area Development (UHAD) Project a local government strengthening activity called Democratic Community Development (DCD). The DCD activity sought to re-establish local governments in those areas where they had been driven out by terrorism and to promote popular participation in the development process. Because of its success, in 1993 the activity was expanded to the 10 San Martin Provinces, to Leoncio Prado Province in the Department of Huánuco and to Padre Abad Province in the Department of Ucayali.

Within two years, the DCD activity helped to re-establish local governments in every municipal district of San Martín and completed 185 socio-economic community development projects. The local government-community participatory process used to plan and implement these projects encompassed built-in sustainability factors: as communities contributed materials and labor to complete such projects, they have developed a sense of ownership, have protected them from terrorism (none of the completed DCD-sponsored community development projects has been destroyed) and are maintaining them.

The DCD activity as well as related experience in other countries, such as the Municipalities in Action program in El Salvador, highlight two major lessons:

- o By involving community participation in local government decision making and project planning and implementation, people's confidence in government can be restored, democratic values enhanced and social stability fostered. Such stability is crucial to instill democratic values, particularly in deprived areas, where people may tend to believe that radical political ideology and violence is the best road to change.
- o Since local governments are exposed on a daily basis to the needs and aspirations of people under their

jurisdiction, given improved institutional capability and resources they can be more effective than the central government in working with communities in planning, marshalling local resources and delivering basic services that truly respond to expressed local needs.

During the project design phase, it was determined that potential use of project activities for political gain by an agency of the GOP would be unlikely based on prior DCD experience in San Martin. The San Martin experience demonstrated that a GOP agency (National Development Institute - INADE) could work effectively with all local governments in spite of them representing a broad range of political parties, both for and against the current administration. INADE provided technical assistance and grants to all of the San Martin provinces without regard to political differences. During the 1993 local government election, the DCD activity was not a political issue. All candidates supported the concept and in some municipalities, incumbent mayors lost the election and the new mayors continued with the DCD activities once in office.

These lessons embody the fundamental reason why both the USG and the Government of Peru (GOP) want to support efforts to strengthen local governments.

The GOP interest in local governments is evident through recent actions such as: (a) the inclusion in Peru's new 1993 Constitution of a full Chapter (XIV) on decentralization and the role and responsibilities of local governments in the integrated development of the country, (b) the enactment of the Municipal Taxation Law of December 1993 which defines the tax base for municipalities to generate revenues for their operations and social and economic development activities; (c) the establishment of the Social Compensation Fund to provide financial assistance to municipalities based on a formula which includes population and social indicators of the area where the municipality is located. Per current plans, the Fund would increase the amount which the central government would invest in municipalities by approximately 47 percent over the previous year.

In addition, the GOP, through the Ministry of the Presidency (MIPRE), specifically requested (per Annex 3) USAID assistance to carry out the project summarized in this Section and described in detail in Chapter IV (Project Description). This interest will be backed by a planned GOP contribution of approximately 67 percent of the Life-of-Project cost, as indicated in the letter of request.

Prominent Peruvian congressional personalities and non-governmental organizations (NGOs) are also becoming increasingly involved in the process of decentralization and local government

strengthening. For instance: (a) the President of the Congressional Committee on Local Government has requested USAID assistance to carry out research on decentralization and issues affecting the transfer of power to municipalities; (b) the former Minister of Economy and Finance, now President of an NGO, is carrying out research on decentralization which will be used to conduct seminars and conferences on current decentralization issues; and (c) the Institute for Liberty and Democracy (ILD) is engaged in policy analysis and research on land titling at the local level that further reinforce the movement towards stronger local level institutions.

For the above reasons, an excellent atmosphere now exists in the country to continue the process of strengthening local governments and supporting municipal-community partnerships that promote sustained development within a democratic and socially stable environment. The Project will support such processes through technical assistance, training and financial assistance to deal with the problems summarized in the next section.

B. The Problem

While the foundation and the conditions now exist for continued and significant progress in the process to strengthen local governments and establish solid municipal-community partnerships to advance Peru's development, a number of critical problems hinder the process. There are three major ones which the Local Government Development Project will address, in priority order. First, the majority of elected local government officials and their technical support staff have virtually no or very limited training in administration or modern managerial skills. They have little or no knowledge of development planning, implementation or monitoring techniques and in many cases are not fully familiar with the codes and laws which affect local government functions. Particularly, these weaknesses affect their capability to generate revenues, to use their limited resources in a cost-effective manner, and to develop effective linkages with the community and their resources for development purposes. Second, because community members do not have a clear view of their duties, rights and responsibilities in a democratic society and lack understanding of their role within the governmental process, communities generally do not participate with local governments in a meaningful way in decisions affecting their socio-economic well-being. Third, there are no effective non-partisan national or regional local government organizations or associations which actively promote local government interests at the national level or promote improved local governance through the professionalization of public officials and support staff. Existing organizations are political or social in nature and do not promote the technical and operational efficiency of local governments.

C. The Project

The Project will help address the above problems in order to promote and advance the process of improving the effectiveness of local governments and citizens' participation in Peru's sustained development. Over its five year life, the Project will be implemented in each of the distinct geographic areas of Perú: the Eastern Selva Region, the Central Highlands and the Western Coastal Region. This will help develop models of local governments-communities-citizens' participatory mechanisms in the development process based on the specific characteristics of each region. Within these geographic regions, Project-funded activities will be carried out in selected municipalities and communities (mostly rural) in five departments, including the departments of San Martín, Ayacucho, Apurímac, Junín, and Ancash. Consistent with USG and GOP counternarcotics objectives, the target municipalities are located in areas where coca is grown or which provide migrant labor (i.e. Ancash) for coca production and processing. The contribution of the Project towards these objectives is explained in Section D.1.(b) of this Chapter.

The Project implementation strategy encompasses a mix of technical assistance, training, and some financing for community level socio-economic activities to promote participatory local government-community partnerships for sustained development. This mix of inputs will be used to deal with the problems summarized under Section B. above by:

- o strengthening local government institutions, mostly through technical assistance and training programs tailored to deal with specific problems and institutional weaknesses of each participating local government unit;
- o developing and/or reinforcing democratically-oriented community organizations in each participating community. These will be expected to play an effective and sustained role in promoting civic participation and in brokering the socio-economic needs/priorities of the communities with the concerned local governments;
- o instilling democratic values and civic responsibilities among the citizens in the target areas through well-targeted civic education and awareness activities;
- o providing advisory assistance to central government institutions and local governments in promoting the enactment and implementation of the decentralization law, parts of which are currently in various stages of completion. The enactment of this law, however, is not a pre-condition to attain the purpose of the Project, as current legislation already provides the basis for

the types of activities which this Project proposes. This will be accomplished through TA directly to the central government through local NGOs who will promote dialogue on decentralization policy themes. Initially \$300,000 from HCOLC will be made available for local NGOs and, depending on success and future demand, more HCOLC could be made available; and

- o complementing local governments' and communities' resources to carry out small basic services and revenue generation activities planned and designed mutually and in a participatory way by communities and local governments. Assistance to support these activities will serve as a vehicle to complement related technical assistance and training provided to strengthen the institutional capability of local governments, promote citizens' participation in local government processes, and restore the confidence of the population in government institutions, the rule of law and democratic values.

1. The Goal

The Project will contribute to advance Peru's democracy as contained in its 1993 Constitution and the broad USAID goal of building democracy. Within this goal, the Project goal coincides with the USAID strategic objective number 1: "To strengthen democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituents."

2. The Purpose

To strengthen the institutional capability of local governments and develop participatory mechanisms that promote sustainable democracy at the local and national level and improve quality of life of their citizenry.

This purpose entails two interlinked actions. One is the provision of technical assistance and training to modernize and professionalize the functioning and operations of participating municipalities. As a result, participating local governments will be expected to increase their revenues and maximize the cost-effectiveness of their human and financial resources in carrying out programs responsive to the expressed needs of their constituents.

The other is the design and use of effective mechanisms to promote increased citizens' participation in local governments. The Project will provide funds to finance community development projects which will serve as the means to develop such mechanisms. Through citizens' involvement in the planning and

implementation of basic services and revenue generation activities, the assistance to be provided will instill democratic values, which will include not only a sense of citizens' rights but of their responsibilities in society. This is necessary to promote the rule of law and continue building on the progress already made in some rural areas to reduce the perception, particularly among the poor, that radical ideology and political terrorism is the best way to bring about change and a better life.

3. Project Components

The Project purpose will be attained through two mutually-reinforcing components:

(a) Institutional Strengthening of Local Level Organizations

Under this component, the Project will provide technical assistance and training to strengthen both local government institutions and community organizations' capability to work with citizens in the target communities in promoting community level basic services. The precise mix of technical assistance and training will be determined at the outset of Project implementation through a diagnostic study which Project specialists will carry out in each participating municipality. Tentatively, based on the institutional analyses carried out during the design of the Project, the areas where municipalities need to be strengthened include: project planning, budgeting, revenue generation, modern data analyses tools (computerized data processing) management and approaches to raise the awareness of constituents about the role of local governments. Additionally, "Sunshine Law" or "Brown Act" concepts will be emphasized (i.e. clearly stated agendas distributed to constituents several days before town meetings are to occur) in order to further citizen participation and enhance their ownership of local governments.

Technical assistance and training will also be provided to develop and fortify linkages between local governments and local community level organizations. Most of this assistance is expected to be in the form of short-term training, workshops and civic education and awareness seminars. Emphasis will be given to the training of women leaders in the communities.

In addition, the Project will sponsor seminars and fora on decentralization as well as short-term technical assistance which may be required to promote local governments' advocacy initiatives and advance the process of enactment and/or the implementing procedures for the decentralization law.

(b) Participatory Community Development Activities

The Project will complement local governments' and

communities' resources to carry out small, basic services and revenue generation activities planned and designed mutually and in a participatory way by communities and local governments. The planned activities (which include small farm agroindustries, fish ponds, small irrigation systems, animal husbandry and horticulture, handicrafts, reforestation and watershed protection, latrines, water systems, school repairs, etc.) will serve as motivational elements to foster the development and use of participatory mechanisms. Accordingly, the ultimate aim of this component is not the implementation of specific subproject activities per se, but rather the development and use of adequate and effective community-local government participatory processes in the planning and implementation of such activities. Yet, the proposed activities are expected to have an important social and economic impact in participating communities, as discussed in Chapter IV (Project Description) and the Economic Analysis Section.

With the establishment of participatory processes and the training provided to local government officials and community leaders, local organization strengthening is expected to continue well after the Project Assistance Completion Date (PACD). Over time, they are expected to influence in a significant way the manner in which local development projects are planned, resources are allocated, people's basic needs are met and quality of life is improved.

The Logical Framework, Annex 1, shows the indicators that will be used to measure progress towards the accomplishment of the objectives of each component. Briefly, flowing from the Purpose and the planned activities, the Project will seek to attain the major Program Outcome stated in the 1995-1996 Action Plan which is "Improved, more efficient local governments which are responsive to the needs of their constituents." The key indicators which will be used to measure this program outcome include:

- o the percentage of the population in target areas served with basic services provided by local governments,
- o the percentage of local governments' budgets coming from target areas resources increased,
- o improved management by local governments' elected officials and staff as a result of training in target areas, and
- o the degree to which open town meetings (or other regularly-scheduled project-planning mechanisms) in target areas to discuss/determine people needs/priorities, use of resources and development results.

4. Implementation Arrangements

Funds for the Project will be obligated through a Project Agreement with the Ministry of Foreign Affairs and the Ministry of the Presidency (MIPRE) of the Government of Peru (GOP). The MIPRE will assign coordinating and monitoring responsibility to INADE, which will be the main GOP liaison office with USAID/Peru. In turn, INADE will sign Letters of Understanding (LOUs) with each participating municipality. The municipalities will be the implementing entities at the local level. Disbursements of the GOP project contribution (\$5 million) will be based on annual work plans which municipalities will prepare, for INADE and USAID/Peru concurrence, detailing the activities to be carried out during the year (See Page 25 for detailed description). The disbursement procedures for all sources of funds are fully discussed in the Chapter VI (Financial plan). To coordinate Project implementation, INADE will use its field offices in targeted Project areas.

Technical assistance and training under the Project will be provided through a Cooperative Agreement (CA) arrangement with a qualified Peruvian institution selected competitively. Chapter V (Implementation Arrangements) of this Paper provides details about the criteria that will be used to select this institution. Under the substantial involvement provisions of the CA, USAID/Peru will concur with the hiring of key Project personnel for the selected institution and key procurement actions, the value of which will be determined during the CA negotiation process. In addition, the selected institution will prepare yearly work plans for the provision of technical assistance and training, or more often if deemed necessary, which both INADE and USAID/Peru will review and approve. The work plans will provide the basis for USAID disbursements under the terms of the CA.

The Project Agreement will include a clause allowing USAID/Peru to: (a) sign a Cooperative Agreement with a selected Peruvian institution, and (b) contract the services under Personal Services Contracts (PSCs) arrangements with two Peruvian specialists and a secretary who will assist the USAID Project Manager in monitoring all aspects of the Project.

5. Financing

The Agreement will obligate \$5 million from USAID resources and commit the GOP to complement this amount with a \$10 million GOP contribution, which represents 67 percent of the Life-of-Project (LOP) cost. This GOP contribution includes: (a) \$5 million from Host Country-owned local currency (HCOLC) and (b) \$5 million from its central treasury. The tentative, illustrative budget for the use of these funds is as follows (in US\$000s):

Project Element	USAID	GOP		Total
		HCOLC	Central Budget	
1. Institutional Strengthening of National Local Level Organizations (Coop. Ag. for TA & Training)	4,231	300		4,531
2. Participatory Community Development Activities		4,600	445	5,045
3. Project Monitoring & Coordination Costs: ¹				
a. INADE Central Office			1,118	1,118
b. INADE Zonal offices			3,436	3,436
4. USAID Project Coordination	614			614
5. Evaluations	155			155
6. Audits		100		100
Total	5,000	5,000	5,000	15,000

D. Project Paper Approval Factors

1. USAID/W Concurrence

USAID/W reviewed the Project Identification Document (PID) on March 18, 1994. Per State 151579 of June 8, 1994, the Review Committee approved the PID and authorized USAID/Peru to prepare and approve the Project Paper. The USAID/W Review committee made two comments and suggestions, as follows:

(a) Central Government Role

The Committee expressed the concern that a heavy central government role in the implementation of the Project might undermine efforts to strengthen local governments and improve their prospects of self-sufficiency. This concern has been carefully considered in designing the Project. In essence, all Project inputs, including technical assistance, training and funding for social infrastructure and income-generation activities, are directed to strengthen the role of local governments and the communities' participatory mechanisms in the development process. Indeed, development activities at the local level will be implemented by the relevant local government office and the participating communities. INADE, however, will play an

¹Although INADE will re-assign current employees to the LGD Project, this is not considered an in-kind contribution since these employees were scheduled to be dismissed due to the planned termination of their current projects.

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important coordination and monitoring role and will facilitate the disbursement of the GOP contribution. In addition, INADE is expected to facilitate actions at the central level to advance the decentralization process.

(b) Counternarcotics Impact

The Committee suggested that the Project Paper and Project Agreement clarify the relationship of Project activities to counternarcotics goals. This clarification is provided herein.

The Project will contribute to the USG Counternarcotics Strategy by helping to create one of the primary preconditions needed to foster legal, private sector-led economic growth - an active and efficient local government which responds to the needs of its constituents and provides them with the basic services required by law. The alternative development component of the USG counternarcotics Strategy promotes this economic growth as its primary strategy to reduce the area planted to coca leaf production in implementation areas. As communities democratically participate in local government affairs and the level of civic awareness increases about the long lasting ill effects of coca cultivation and narco-trafficking, coupled with more responsive local governments, the citizenry will seek legal economic alternatives to coca leaf production. This concept was proven effective in the Ponaza Valley during an 18 month period in 1992-93.

The LGD Project will be implemented in five Departments affected by coca leaf production and will coordinate its activities with any other counternarcotics sustainable development activities implemented by USAID/Peru. Although this Project will not impose any coca conditionality on the participating local governments or communities because of the nature of its purpose, it will create the base for an active alternative development effort to be implemented by USAID through future projects.

Also, it should be noted that the Project is one activity among a series of other GOP, USAID, and other donor efforts to carry out sustainable development alternatives for people who depend on coca leaf production and related activities for their livelihood. Such alternatives include both macro and micro-economic development activities that create the conditions for diversified economic growth and job creation and incentives for people engaged in coca production and processing to move to other legal income-producing opportunities.

At the macro level, the USG strategy seeks to stabilize the economy by encouraging macroeconomic adjustments that will reduce inflation and fiscal, monetary, and trade disequilibria. This is done through balance of payment support, policy dialogue, and assistance to improve economic policy analysis and implementation.

At the micro level, the USG strategy includes efforts to

improve alternative economic opportunities for those in coca-growing areas and for potential migrants to those areas through a series of mutually supportive efforts such as those described in this Project Paper, the Microenterprise and Small Producers Support Project and the proposed Counternarcotics Sustainable Development Project. Complementary efforts include activities to promote local awareness on the narcotics problem, to improve the administration of justice (particularly against narco-traffickers), and to strengthen key democratic institutions that will be essential for alternative development to be sustainable in the long run.

2. Project Analyses

The Project is based on: (1) the institutional, social soundness, and economic analyses attached as Annex 5 to this paper; (2) the experience of past USAID-sponsored projects, especially the Democratic Community Development (DCD) component of the Upper Huallaga Area Development (UHAD) Project; and (3) and the vast day-to-day implementation experience of USAID personnel.

3. Environmental Threshold Decision

Per Annex 4 (State 114350 of April 13, 1994), the LAC Bureau Environmental Officer has approved the Mission's threshold recommendation for a Categorical Exclusion, for technical and training assistance. Community development and revenue generation activities on the other hand were given a Negative Determination because some of these actions could have negative environmental impacts. As suggested in the above cable, the USAID/Peru will develop and provide guidelines to INADE and the municipalities to ensure that small-scale community development activities, such as small irrigation and potable water systems, will have minimal environmental impact. Currently, generic guidelines are being prepared with USAID LAC Bureau assistance. These will be shared with INADE and participating municipalities. INADE's experience in implementing special development environmental activities in Peru will ensure adherence to these guidelines once their staff receives training in Environmental Impact Assessment (EIA) procedures and risk assessment/risk management techniques. (See VII. Summary Analyses, E. Technical Analysis; Page 68.) Subsequently, during Project implementation, specialists provided by the CA Grantee will develop specific guidelines based on the actual community development activities to be funded under the Project. Training will be provided to INADE, (see Annex No. 7 for proposed training budget), to municipal employees, and community organizations on the application of the guidelines.

II. BACKGROUND and PROBLEM STATEMENT

A. Background

1. Overview

Over the years, the territorial organizational concept of the Republic of Peru has evolved into four main levels: regions, departments, provinces and districts. A region generally consists of up to three departments, but one department, such as San Martin, could also be considered a region. Currently, Peru is composed of 13 regions (although the regional concept is still not clearly defined) and 24 departments which include 187 provinces. In turn, these provinces consist of 1787 districts. There are further divisions of districts into Caseríos but the delegated powers of the caseríos is negligible.

Based on the present territorial arrangement, there are two types of municipalities: provincial and district. In addition, the Organic Law of Municipalities (No. 23833) allows the creation of the so called "Delegated Municipalities", provided:

- o the representatives of the community show that the municipality is needed to provide basic services at the local level and that it has sufficient resources to do so,
- o the territorial jurisdiction of the proposed municipality is not within the limits of a provincial capital nor within the main population center of a district,
- o the area has a population of over 500 adults,
- o a majority of the citizens in the area request the municipality status, and
- o that a request be approved by the Provincial Council after obtaining the consent of the relevant district council.

In sum, according to the municipal law and Article 191 of the new 1993 Constitution, the provincial, district and delegated municipalities constitute local governments. As such, they represent citizens in their respective jurisdictions. The law allows these municipalities ample political, economic and administrative authority to plan and carry out a wide range of services and development activities to benefit the population in their areas, including: (a) the provision of basic services, and (b) activities to promote the well-being of their citizens and the integrated, rational development of their respective territories.

Yet, due to institutional and financial handicaps, most municipalities have been unable to go beyond their traditional role -- providing very basic services with minimal, rather than with systematic, meaningful and continuous citizens' participation. Nor have they been able to tap effectively, often because of inadequate technical capability, all the potential sources of revenues potentially available for developmentally-

oriented and self-sustaining socio-economic programs.

The mayors, vice mayors and *regidores* (town councilperson) of the provincial and district municipalities are elected every three years. This provides a periodic mechanism for communities to participate in the election of individuals to represent their interests. Unfortunately, due to a mix of factors, including the ineffectiveness and operational weaknesses of some local governments, and a general lack of awareness and civic education among the population in many rural areas, a significant part of the population does not vote.

Yet, Peru has a good record of participatory democracy. For the most part, the electoral process works and the results are fair and honest. Although political parties play an important role in the electoral process, they do not control the system. Independent candidates can run and, especially at the local level, win. Often, there is a mayor from one party, and a council comprised of independents or members from other parties.

President Fujimori's election in 1990 is a good example of the freedom of selection the voters have during the electoral process. Without the backing of an organized political party, President Fujimori won the election in a runoff between the two top candidates.

Throughout the country at the community level, there is active participation of people in various types of organizations such as mothers' clubs, youth clubs and parents' organizations at schools. Women play a very active role within these organizations and often serve in leadership positions, helping to maintain stability in communities. In many areas these organizations maintain minimal basic services for the community.

Their importance in development has been shown by the success throughout Peru of PL480, Title II funded non-governmental organization (NGO) activities such as maternal health and child care, community kitchens, micro-enterprise efforts, reforestation and potable water. The Local Government Development Project will continue to build on the foundation which has already been established for citizens' participation by helping to expand and strengthen, through technical assistance, training and funding for small development projects, the participatory mechanisms between communities and local governments.

2. Historical Context

Peru's historical record of elected local governments is spotty. They were abolished in 1919, and although the 1933 Constitution allowed decentralization, it did not take place in a significant way for two decades. Municipal governments at the provincial and district level have been elected during recent periods of constitutional government (1963-68 and 1980 to present) but, until now, have not played a major role in economic and social development efforts.

The 1979 Constitution continued to advance the case for decentralization and greater local government autonomy. It stated that Peruvian society was based on democratic principles and the government should be representative and decentralized. The Constitution proposed that the municipality was a fundamental unit of government and subsequent supporting laws gave them greater power to undertake non-traditional roles in education, health, transportation, utilities and development activities.

This Constitution also created regional governments which were supposed to be responsible for the planning and implementation of both central and regional development efforts. Unfortunately, the law did not provide for the election of the provisional regional government president. This slowed down the transition process for establishing regional governments as described in the 1979 Constitution. The current GOP is focusing first on developing the district and provincial municipalities and has been postponing the decision to establish regional governments.

3. Current Situation

a. The Legal and Political Basis for Decentralization

A national referendum held on October 31, 1993, approved a new Constitution which became effective in December 1993. Chapter 14 of this Constitution states that decentralization is an on-going and continuous process. It further says that provincial and district municipalities are the basis for local governments and that they have political, economic and administrative independence in those areas described in the Constitution.

Present plans are to enact legislation that will more precisely define the responsibilities of municipalities. The laws implementing the portion of the new Constitution dealing with local governments are now being debated in Congress or are in the planning stage. Already, there is significant progress in this direction, as indicated by Legislative Decree No. 776 (Ley de Tributación Municipal) which defines the tax base for municipalities. Based on recent congressional public statements, the process to further devolve public functions by the central government to local governments is expected to continue. However, both the constitutional and legal basis already exist for municipalities to play a significant role in Peru's development.

b. Municipal Government Structure

Under the 1993 Constitution, voters in each provincial and district municipality will elect a mayor, vice mayor and a municipal council for a period of five years, most likely beginning in 1999. The size of the council will depend on the

size of the municipality. As envisioned, the main duties of the municipal council are to: enact municipal laws and regulations, represent the interests of their constituents and oversee the government. The mayors are to perform administrative and executive activities. Officials can be re-elected but their mandate is revocable if they are proven to be corrupt or incapable of serving the public interests.

Present legislation states that municipalities will provide the following essential municipal services: environmental sanitation, potable water and city sewers, public lighting, health posts, public markets, civil registry and promotion of tourism and culture. Assistance is needed to help the central GOP implement the legislation and upgrade the capability of the municipalities to effectively perform these responsibilities.

The central government provides budgetary assistance to municipal governments from several different types of sources such as vehicle taxes, recreational boating taxes and sales taxes. Approximately 11 percent of the national sales tax is contributed to the Municipal Compensation Fund. In the past, the central government rarely provided the budgeted amounts because of lack of funds due to poor collection or because the money was needed elsewhere. Through the Municipal Tax Law (Legislative Decree No. 776 of December 1993), the central government has indicated that local governments will receive additional national assistance beginning in 1994. According to the Decree, the Municipal Compensation Fund will provide financial assistance to provincial and district municipalities based on a formula which includes population and social indicators of the jurisdiction in which the municipality is located. The Decree increases the total amount which the central GOP will invest in municipalities by almost 47 percent over the previous year. Some district municipalities would receive over 500 percent more in additional revenues during 1994 than they did in 1993.

c. Municipal-Central Government Relationships

Although there is growing national leadership support for decentralization, the historical relationship between municipal governments and the central government described earlier in this section continues to exist. There is still a vertical dependency for problem resolution, funding of development activities and for maintenance of basic services and other municipal activities. Central government programs such as FONCODES and PEIS reflect this vertical structure and control as do direct petitions frequently sent to the President and to Congress. Thus, when the central government does not provide funds, the operational effectiveness of municipal governments is severely impaired.

Central government involvement in local government affairs affects all municipalities. However, given the apparent national leadership commitment to strengthening local governments and devolving power, this Project assumes that by the PACD, significant progress towards devolving power to municipal governments will have occurred.

d. **Municipal Government-Community Relationships**

Historically, municipalities' attention has been directed toward the central government because it has been the source of funding and power. For much of the Republic's history, municipal authorities were designated by the central government, without any input from the people they served. Even with the restoration of democracy in 1980, except for participation in elections, there has been a lack of community involvement in local governmental affairs. One of the reasons for this lack of interest is that people perceive municipal governments to be arenas for politicians' battles as opposed to organizations which can deliver basic services and plan and promote sustainable economic growth and social well being of the people.

B. The Problem

There are three major inter-related problems which the Local Government Development Project will address. First, the majority of elected local government officials and their technical support staff generally have no training in administration or managerial subjects. They have little or no knowledge of development planning, implementation or monitoring techniques and usually are not familiar with codes and laws which affect the functioning of local governments. Because there is no established public civil service at the municipal level, after every change of administration there is generally a change of local government staff. Technical and administrative positions are appointive in nature and awarded based on party affiliation. Assistance is needed to upgrade the skills of local government employees and elected officials in areas crucial to modernize municipal operations and improve the quantity and cost-effectiveness of basic services as well as to encourage Congress and the Central Government to establish a local government civil service and develop relevant education training courses in municipal management.

Second, community participation in municipal governments is generally limited to "obligatory" intervention in the electoral process. Because community members do not have a clear view of their duties, rights and responsibilities in a democratic society and lack understanding of their role within the governmental process, the community generally does not participate in municipal management and other local government affairs. The Assistance is needed to strengthen democratic community participation in decision-making by educating community leaders and members concerning their role within the community.

Third, there are no well-established organizations that actively and effectively promote local government interests at the national level nor that sponsor programs to develop their technical and operational efficiency. Assistance is needed to support non-partisan associations at the regional and national level which can perform such roles and to encourage advocacy initiatives to facilitate the enactment and implementation of the decentralization law.

III. PROJECT RATIONALE AND STRATEGY

A. Rationale

Building Democracy is one of USAID's goals in the transition to and consolidation of democratic regimes throughout the world. Although it is considered an end in itself, it is also a critical element in promoting sustainable development. This goal will be achieved through the establishment of democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituents.

Experience in progressive Latin American countries and elsewhere shows that strong local governments that stimulate citizens' participation contribute in a highly significant way to development and social stability. The experience in Peru, as shown in previous sections, indicates that where local governments have been strengthened, even in a limited way, such governments have dramatically improved their performance in delivering services to improve the well-being of their constituents. In most cases, given improved institutional capability and resources, they can respond faster and more effectively than the central government in delivering services.

Given the poverty which distresses large segments of the Peruvian population, such local governments' role is of paramount importance because in the process of promoting development and delivering services they enlist citizens' participation, promote empowerment --which gives people a sense of controlling their future, and advance social stability. Such stability is crucial to instill democratic values, particularly in deprived areas, where people may tend to believe that radical political ideology (and violence) is the best road to change.

In terms of GOP and USG interests, the role of local governments in changing such perceptions through socio-economic development activities planned and implemented through a participatory process, is vital because it supports Peru's constitutional government and furthers major USG objectives -- promoting democracy and broad-based, sustained development. The Project will provide technical, training and financial assistance to upgrade the capability of local governments in performing such role.

The timing for the proposed assistance to increase the success prospects of the Project is propitious because the country enjoys the best atmosphere in many years. Attitudes toward local governments are changing. The threat of terrorism, population growth and migration, economic dislocation and diminishing central government resources have forced communities and local governments to seek new solutions to their social and economic problems. This has created a movement which is promoting decentralization and, in many cases, has caused local leaders to speak out against centralist policies. Although motivated in part by partisan politics, the leaders in Arequipa,

Cusco, Lima, Trujillo and Iquitos are expressing the frustration felt by many mayors throughout Peru concerning their inadequate capability to solve the social and economic problems facing their communities. This pressure has moved the topic of local government strengthening to the forefront of the domestic political agenda.

The current GOP administration recognizes the important role communities and district municipalities play in restoring economic and social stability in Peru. New laws have been passed which attempt to rationalize financial resources to local governments and social compensation programs which help to alleviate dislocation caused by the GOP economic austerity package. Further, some national leaders are now voicing their commitment to the decentralization process.

However, good intentions and laws are only part of the process to devolve power to local governments and strengthen their role in development. The laws have to be implemented, the operational and financial ability of local governments must be improved to respond to the socio-economic needs of their constituents, and communities' mechanisms must be developed to strengthen citizens' participation in the governance process. The Project will help provide assistance to deal with these problems.

B. Project Strategy

Establishing efficient, responsive local governments is a slow and continuing process. It involves not only the implementation of the decentralization law, but most importantly, attitudinal changes on the part of citizens and the central and local governments. The Project will help address the most important issues which the institutional and social analyses suggest are critical to promote and advance the process of improving the effectiveness of local governments and citizens' participation in Peru's sustained development.

Over its five year life, the Project will be implemented in those distinct geographic areas of Perú affected by coca leaf production: the Eastern Jungle Region, the Central Highlands and the highland areas of the Western Coastal Region. This will help develop models of local governments-communities-citizens' participatory mechanisms in the development process based on the specific characteristics of each region. Consistent with USG and GOP counternarcotics objectives, Project-funded activities will be carried out in selected areas in up to five departments where coca is grown or provide migrant labor for coca production and processing. These include the departments of San Martín, Ayacucho, Apurímac, Junín, and Ancash. There are 30 provincial and 315 district municipalities in these areas, where approximately 2,616,000 people live. Within this target area, a number of municipalities will be selected to participate in the Project.

Typically, most people in the target areas live in conditions of poverty. Basic services in health, education, and

environmental sanitation, even in the most progressive population centers, are either inadequate, lacking or not reaching all segments of the population.

However, meeting the basic needs of the population in a comprehensive way in these areas is beyond the scope of this Project. The planned resources can only finance limited activities which will serve as motivational and educational elements, which, combined with training and technical assistance, will be used to develop effective participatory mechanisms and relationships between communities and local governments. These activities will also be used to refine a Local Government-Community Development model which could be replicated in other areas as resources become available. Thus, because of limited available funding, it is important that local governments and communities that will participate in the Project meet certain minimum requirements to enhance the impact and the prospects of success of the Project.

Therefore, the selection of municipalities and communities will be based on the following criteria:

(1) Criteria for Municipality Participation.

Within the aforementioned departments, the Project will be carried out in municipalities where there is a critical lack of basic services. In this context, the selection of a particular municipality to participate will be the extent of its commitment to:

- o the municipality's willingness to use a basic financial management module to be provided by the USAID, in concert with INADE, for the proper use and accountability of any funds provided under the Project for socio-economic development activities;
- o assign relevant personnel to participate in training programs to upgrade their capability in the areas of budgeting, planning, revenue collection, community development, management and personnel administration;
- o implement recommendations made by Project-funded specialists to strengthen its overall capability in the above areas;
- o work and provide services in rural and peri-urban areas; and,
- o promote community involvement in the process of planning, designing, and implementing socio-economic development activities in the community;

(2) Criteria for Community Participation

Communities will be selected on the basis of certain minimum requirements, as the limited availability of funds justifies a ranking to select those communities which have a basis to use resources effectively and to sustain the activities which the Project will support. These minimum requirements include:

- **Community Organization.** An adequate level of community organization exists to promote broad community participation in the selection and implementation of activities.
- **Social Impact.** The social impact of the activity as measured by the number of persons gaining access to basic services or benefitting from improved productive capacity.
- **Commitment.** The community's commitment to provide resources for the activity (particularly labor) and to maintain the activity once completed.
- **Location.** The community is located in an area within the jurisdiction of a selected municipality and is in an accessible area where the risks to personnel involved in implementation are minimal.

The Project implementation strategy requires a mix of technical assistance, training, and some financing for community level basic services activities to promote participatory local government-community partnerships in sustained development. Specifically, within the selected target areas, the strategy entails:

- Strengthening local government institutions, mostly through technical assistance and training programs tailored to deal with specific problems and institutional weaknesses of each participating local government unit. This will improve their ability to provide basic services and promote sustained development.
- Developing and/or reinforcing democratically-oriented community organizations in each participating community. These will be expected to play an effective and sustained role in promoting civic participation in local governments and in brokering the socio-economic interests of the communities and the concerned local governments;
- instilling democratic values and civic rights and responsibilities among the citizens in the target areas through well-targeted civic education and awareness activities;

- o providing advisory assistance to central government institutions and local governments in promoting the enactment and implementation of the decentralization law, parts of which are currently in various stages of completion. The enactment of this law, however, is not a pre-condition to attain the purpose of the Project, as current legislation already provides the basis for the types of activities which this Project proposes.

Ultimately, effective decentralization is more dependent on the participation of the community in the government process and the improvement of local elected officials' ability to manage than on the further formal devolution of power from the central government to local governments.

- o complementing local governments' and communities' resources to carry out small basic services and revenue generation activities planned and designed mutually and in a participatory way by communities and local governments. Assistance to support these activities will serve as a vehicle to complement related technical assistance and training provided to strengthen the institutional capability of local governments, promote citizens' participation in local government processes, and restore the confidence of the population in government institutions, the rule of law and democratic values. This will also facilitate the GOP's decision to continue its implementation of decentralization policy and the issuance of the corresponding decentralization law.

Consistent with the problems discussed in Chapter II, implementation of the strategy involves a series of steps, some of which will be carried out simultaneously, while others will be phased. Chapter V (Implementation Arrangements) provides a detailed listing, in chronological order, of the actions that will be taken to implement the Project. The major steps include:

- (1) The actual selection of target municipalities and communities.
- (2) A diagnostic by Project specialists of the institutional situation (in terms of personnel, operational efficiency, resources, communities served participatory mechanisms used, etc.) of each target municipality.
- (3) Preparation of a technical assistance and training plan to address the identified institutional weaknesses of each target municipality as well advocacy initiatives to promote the enactment and implementation of the decentralization law.
- (4) Preparation of a plan to enlist the participation of community organizations and develop or refine local

government/community participatory mechanisms.

- (5) Identification of community development projects.
- (6) Actual implementation of the actions identified through the above steps.

C. Relationship of Project to the USAID Strategy

The Project directly supports two of USAID's four worldwide goals: building democracy and the promotion of broad-based sustainable development. The Project will contribute to the former by providing assistance to help empower citizens in the target areas through the promotion of community participation in the government process. The Project will contribute to the latter by strengthening local government's capacity to manage resources in a way that promotes sustainable private sector economic growth and ensures that the benefits of this growth are spread broadly. Improved capacity to manage resources includes tax collection, financial/personnel management, project design and implementation, and an ability/willingness to work in partnership with the private sector. The Project will also support the Agency's environmental protection objectives by increasing, through training and civic education activities: (a) citizens' awareness in target areas about sound environmental conservation practices, and (b) INADE's and municipalities' capability to apply sound environmental practices as they plan, carry out and monitor development activities.

D. GOP Commitment and Other Donor Programs

1. GOP Commitment

The 1993 Constitution provides a solid basis for the GOP commitment to stronger local governments and widespread socio-economic development. Further, the Peruvian Congress has shown renewed interest in finalizing the Decentralization Law and has passed a Municipal Taxation Law (Legislative Decree No. 776 of December 1993) which more precisely defines the tax base for the municipalities to generate revenues for their operations and social development activities. The Decree also established a Municipal Compensation Fund which gives financial assistance to provincial and district municipalities, as discussed in the background section. In addition, the GOP contribution to carry out the Local Government Development Project is estimated at 67 percent of the Life of Project cost.

2. Other Donor Programs

Other major donors, such as the World Bank (WB) and the Interamerican Development Bank (IDB), are in the initial stages of developing loan proposals for local government strengthening projects. The tentative plans of the WB and the IDB include \$250 million in their loan portfolios for municipal development. The German development agency (GTZ), would contribute \$10 million and the GOP would provide some \$100 million as counterpart to the

planned WB and IDB projects. However, given the WB and IDB's project development and approval process, these are unlikely to be implemented in the very near future.

Both the WB and the IDB have identified the lack of local government managerial skills as a major concern and are planning to include technical assistance components in their loan packages. They have been informed about the USAID's efforts to strengthen local governments and have indicated that they will coordinate their assistance plans with USAID/Peru. One of their expressed concerns is the capability of local governments to handle development activities. The USAID-sponsored Local Government Development Project will address this concern in participating municipalities.

IV. PROJECT DESCRIPTION

A. Project Goal and Purpose

1. The Goal

The Project will contribute to advance Peru's democracy objectives as contained in its 1993 Constitution and the broad agency goal of building democracy. Within this goal, the Project goal coincides with the USAID strategic objective number 1: "To strengthen democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituents."

Some key indicators to measure the contribution of the Project towards the agency goal and the strategic objective will be: (a) the percent of the public in target areas with confidence in local governments and the increase in citizens' knowledge about local governments, as assessed through special surveys; (b) the percent increase in the number of people who participate in elections to select their representatives in local governments; and (c) the percentage of local governments' decisions based on constituents' expressed needs.

2. The Purpose

To strengthen the institutional capability of local governments and develop participatory mechanisms that promote sustainable democracy at the local and national level and improve quality of life of their citizenry.

This purpose entails building up the operational efficiency of local governments and the use of effective mechanisms to promote increased citizens' participation in local governments. Through citizens' involvement in the planning and implementation of basic services and revenue generation activities, the assistance to be provided will instill democratic values, which will include not only a sense of citizens' rights but of their responsibilities in society. This is necessary to promote the rule of law and continue building on the progress already made in

some rural areas to reduce the perception, particularly among the poor, that political terrorism is the best way to bring about change and a better life.

The Project purpose will be attained through two mutually-reinforcing institutional development components:

1. **Strengthening of Local Level Organizations and,**
2. **Participatory Community Development Activities.**

These are discussed under the subsequent Project Description section. The design of each component is based on the institutional, economic and social analyses contained in Annex 5 of this Project Paper and on the wealth of day-to-day experience gained by USAID personnel during the course of implementing the DCD component of the completed UHAD Project.

The Logical Framework, Annex 1, shows the indicators that will be used to measure progress towards the accomplishment of the objectives of each component. Briefly, flowing from the Purpose, the Project will seek to attain the major Program Outcome stated in the 1995-1996 Action Plan which is "Improved, more efficient local governments which are responsive to the needs of their constituents." The key indicators which will be used to measure this program outcome include:

- o the percentage of the population in target areas served with basic services provided by local governments;
- o the percentage of local governments' budgets coming from locally-generated resources,
- o the number of local governments' elected officials and staff trained in target areas, and
- o the average number of open town meetings (or other project planning mechanisms) in target areas promoted by local governments or citizens.

In addition, the Logical Framework shows the indicators that will be used to measure progress towards the accomplishment of the purpose of each component. The indicators to measure the End of Project Status (EOPS) and the Outputs are also summarized under the description of each Project component.

B. Assumptions

Attaining the Project purpose and its targets assumes:

- o Political stability, and an atmosphere of receptivity in the target areas for the proposed assistance.
- o That other USAID-sponsored programs in Perú which

generate local currency are approved and the related funds are provided in a timely fashion.

- o That the US Congress makes available dollar funds to USAID and USAID, in turn, provides such funds in a timely basis to USAID/Perú for the Project.
- o Continued and sustained GOP commitment to the implementation of its decentralization policy.
- o That the re-establishment of security and government authority in target areas allows the assignment of long and short-term personnel who will work with municipalities and communities in implementing the Project.

C. Detailed Project Description

The Local Government Development Project will be implemented during a period of five years, starting in 1994 and ending on September 30, 1999. The GOP has assigned coordination and monitoring responsibility to INADE, a public institution within the Ministry of the Presidency. INADE has a long track record in working in the development aspects of counternarcotics and local governance programs in Peru. INADE's key role is to promote the implementation of social development programs and support activities that create jobs for the poorest segments of Peru's population. It has authority to seek funds, both from public and private organizations, to carry out social emergency and job-creation programs.

INADE will create a special unit to coordinate the Project and will serve as the focal point of contact with the USAID Project manager. The process for choosing provinces and districts, municipalities and communities who will participate in the Project will be based on criteria described on pages 19-20 of this Project Paper and will be jointly approved by USAID and INADE. The preparation of the annual work plans for each municipality will be the responsibility of the CA contractor working directly with the municipalities and communities concerned. USAID and INADE will provide the guidelines for work plan preparation and will be consulted during the process, if questions should arise. The consolidated work plans will be approved on the Departmental level by both USAID and INADE and then will be consolidated into a national yearly work plan.

INADE's role at the national level will also be important, because, although the focus of the Project is at the local government level, efforts and follow-up are necessary at the national level to complete the process of finalizing the decentralization law and obtaining GOP funds for development activities. As municipalities are strengthened and improve their

ability to generate and use effectively additional revenues, they will be expected to be less dependent on central budgetary allocations, thereby relieving the pressures on the GOP Treasury. Based on this framework, a detailed description of each component follows.

The training and technical assistance will be provided through a Cooperative Agreement with a Peruvian Institution chosen through competitive bidding. Allocations for HCOLC will be channeled through INADE based on annual work plans established jointly by the local governments, the CA contractor, INADE and USAID.

1. Strengthening of Local Level Organizations

(1) Overview

The purpose of this component is to strengthen both local government institutions and community organizations' capability to work with citizens in the target communities in promoting community level basic services.

The foundation of strong, effective local government institutions is the presence of well-trained, dedicated and highly experience personnel. In Peru's case, as the Institutional Analysis shows, the majority of elected local government officials and their technical support staff lack training in administration, financial management and managerial skills. They have little or no knowledge about development planning, implementation or monitoring techniques, and largely are not familiar with codes and laws which affect local government affairs. Because there is no established public civil service at the municipal level, after every change of administration often there is a major change of key local government staff. Appointed persons, often unqualified, fill technical and administrative positions. Party affiliation, in many instances, is a key factor in such appointments.

Regarding citizens' participation, non-government organizations exist in most communities which, if properly strengthened, have the potential to provide an effective linkage between citizens and local governments and promote civic awareness. However, these usually do not have the required scope and depth of knowledge and experience about the functioning of local governments. Neither do they have the resources to train their members, let alone to mount a useful plan of action to deal effectively with local governments.

(2) Planned Assistance and Expected Results

To address the above problems, the Project will provide

technical assistance and training to strengthen local level organizations and promote effective, de facto decentralization under three categories, as follows: (a) Assistance to Local Governments, (b) Assistance to Community Organizations and Civic Awareness, and (c) Decentralization Law.

(a) Assistance to Local Governments

The Project will provide technical assistance to strengthen participating municipalities and provide training for government officials from those municipalities. The technical assistance will be provided by specialists to be made available under a USAID/Peru Cooperative Agreement with a local institution chosen competitively. Tentatively, this institution (CA Grantee) will be selected among reputable institutions with a strong, proven capability to provide technical assistance and training. Possible CA Grantees include, but will not be limited to, the Graduate School of Business Administration (ESAN), the University of the Pacifico, Piura University, Catholic University, the University of Lima, the Institute of Business Administration of Peru (IPAE) and the National Institute of Public Administration (INAP).

Initially, beginning immediately after the signing of the CA, Grantee's specialists will analyze the personnel capability of each participating municipality, its project planning and implementation systems, the approach used to enlist community participation, and its financial, administrative and management systems. This analysis is necessary at the outset of the Project implementation process because the capability of the participating municipalities varies from province to province and from district to district and the institutional strengthening actions must be tailored to the specific needs of each one.

Thus, based on this analysis, the specialists will work with concerned municipality personnel in designing and implementing an institutional strengthening plan to improve the municipality's capability in the key areas crucial to improve their effectiveness in working with constituents in planning, designing and carrying out socio-economic development projects. According to the analyses carried out during the design of the Project, the areas where municipalities need to be strengthened include: project planning, budgeting, revenue generation, modern data analysis tools (computerized data processing) management and approaches to raise the awareness of constituents about the role of local governments.

The technical assistance efforts will be complemented with training programs specifically designed to address the specific weaknesses which the aforesaid specialists will identify. Such specialists will analyze the personnel roster of each municipality, their role and the qualification of each individual

to perform its functions effectively. On the basis of this analysis, the technical assistance specialists provided through the CA will design the required training programs to upgrade their capability.

Based on the institutional analysis, a number of training modules and workshops are expected to be developed to train the following groups of individuals from local governments:

Type of Trainee	Training Contents
<p>1. Provincial Level Personnel:</p> <p>Group A: -- Mayors -- Vice Mayors (regidores) -- Councilmen</p> <p>Group B: -- Other municipal employees, including engineers, technicians, community development specialists and office staff</p>	<p>Group A: Workshops on revenue generation strategies, municipal administration, financial and project planning, community development and participatory democracy, decentralization law, environmental conservation practices, and effective civic education and awareness approaches.</p> <p>Group B: Project monitoring and supervision, project planning, community participation approaches, budgeting, accounting, modern office skills, including computerized data processing.</p> <p>In addition, based on a diagnostic study of participating municipalities, the CA Grantee will develop specialized correspondence courses or seminars for the above groups to upgrade their capability in other areas of particular importance to municipalities and the communities they serve.</p>
<p>2. District Level Personnel:</p> <p>Group A: -- Mayors -- Vice Mayors -- Councilmen (regidores)</p> <p>Group B: -- Other municipal employees, including engineers, technicians, community development specialists and office staff</p>	<p>Group A. Relationships between provincial and district municipalities and the provisions of the law affecting such relationships, revenue generation strategies, municipal administration, financial and project planning, community development and participatory democracy, decentralization law, environmental conservation practices, and effective civic education and awareness approaches. Also, based on a diagnostic study, the CA Grantee may offer to this group correspondence courses or seminars similar to the ones developed for provincial level personnel.</p> <p>Group B. The training for personnel under this group will be similar to the one indicated above for provincial level employees, but adapted to the specific needs of each district municipality.</p>
<p>3. Community Level:</p> <p>-- Community leaders -- Community Organizations' personnel</p>	<p>Leadership training, democracy and community development, participatory government, municipal governments, municipal services, civic education and awareness, environmental conservation practices.</p>
<p>4. General public in target areas</p>	<p>Conferences on current issues, civic education, environmental protection, and operational and financial situation of relevant municipalities.</p>

The details of the contents of each workshop, seminar and course will be developed by the CA Grantee and included as part of the yearly work plan to be submitted to INADE and USAID/Peru.

To reduce the number of full-time individuals which the CA Grantee will assign to the Project, the Cooperative Agreement will allow the CA Grantee to sub-contract aspects of the technical assistance and training activities, as appropriate. For instance, once the training modules are designed, the CA Grantee may sub-contract with specialized institutions in the target area, such as a regional branch of a university, an NGO, or with uniquely qualified experts to carry out the training modules as scheduled by the CA Grantee's personnel. The CA Grantee may also sub-contract short-term specialists to teach trainers in specific subjects, such as revenue generation approaches, computerized data processing skills, and financial management topics. In turn, they will train municipal level personnel based on the schedule contained in a yearly training plan which the CA Grantee will prepare.

The above approach to the provision of technical assistance and training to local governments will encompass a degree of flexibility necessary to make adjustments based on the specific condition in each province or district where the Project is implemented. This flexibility is necessary because generally any development project will face social, political and human factors which cannot be accurately predicted during the design stage.

**(b) Assistance to Community
Organizations and Civic Awareness**

The Project will finance assistance to develop and fortify linkages between local governments and local community level organizations. These organizations are expected to play a key role in promoting civic participation and in brokering the socio-economic interests of the communities and the concerned local governments.

Most of this assistance is expected to be in the form of short-term training, workshops and civic education and awareness seminars. The CA Grantee's specialists will work on an intermittent basis as indicated in its yearly work plan, in concert with local governments and INADE Zonal Offices, in promoting a democratic participatory process for development, helping communal organizations and citizen groups in determining community development needs, in assessing the social infrastructure needs and in establishing priorities for Project support.

In addition, they will work with community organizations and municipalities in developing and carrying out leadership training, civic education, and awareness programs for citizens in the participating communities on participatory government,

citizens' rights and responsibilities under a democratic, constitutional government, electoral processes, and development aspects of interest to their community. The Project will also provide funds to prepare and distribute civic education brochures, and to cover the costs of training programs for community leaders, members of local level organizations, and communication media campaigns on topics of interest to the community.

(c) Decentralization Law

Under this component activity, the Project will finance advisory assistance to central government institutions, as requested by concerned GOP entities, and local governments as well as advocacy initiatives (such as fora) to promote the enactment and implementation of the decentralization law, parts of which are currently in various stages of completion. Types of assistance include HCOLC-financed grants to local NGOs who will conduct research and provide advisory services to the GOP in the subject area of decentralization and local government legislation as well as short term USG-funded technical assistance to Congress on law preparation. The enactment of the decentralization law, however, is not a pre-condition to attain the purpose of the Project, as current legislation already provides the basis for the types of activities which this Project proposes.

As previously stated, effective decentralization is more dependent on the participation of the community in the governance process and the improvement of locally-elected officials' ability to manage than on the further formal devolution of power from the central government to local governments. Yet, success of the joint efforts of communities and local governments in promoting development and stability within a stable atmosphere will also provide a significant spark towards the enactment of the final legislation on decentralization.

However, it should be noted that central government agencies are expected to continue to play an important role in decentralized development. For instance, the Project would not affect the Ministry of Education's role of developing and implementing education curricula and in staffing local schools nor the Ministry of Health's overall health policies at the local level. The Project, however, would strengthen the local governments to deal more effectively with these central agencies on the use and allocation of resources to respond to local needs, as discussed in a participatory way with communities.

The advisory assistance will consist of short-term specialists provided through the institutional CA Grantee in the area of local government/municipal administration to work during the critical stages in the process of discussing, drafting, enacting, and implementing the law, as agreed with concerned GOP

agencies. The CA Grantee will follow such stages closely and schedule the assistance at the most propitious time, in concert with the municipalities and INADE. In addition, the Project-funded specialist(s) will:

- o help INADE and local governments in carrying out seminars for local government officials and community leaders on the key provisions of the law.
- o assist the Peruvian Congress in the process of developing laws to implement Chapter 14 of the 1993 Constitution and further strengthen the legal base of local governments.
- o assist appropriate central ministries on ways to better support local governments in terms of planning, administration and financial requirements.

The expert(s) who will provide the above assistance should be highly qualified by experience and training on local government law and administration and should have experience in Latin American efforts to strengthen democratically elected local governments. Such services may be provided by one individual on an intermittent basis or by several individuals, if they have the required competence. If such short-term experts are not available locally, the CA Grantee will sub-contract them from external sources. Funding for their services will be included in the aforesaid USAID Cooperative Agreement.

Through the above technical assistance and training activities under the first Project component, the following major **End of Project Status (EOPS)** will be achieved:

- o A model mechanism or mechanisms will have been developed to assure an effective participatory working relationship between local governments and communities in the socio-economic development process. This model will be used in participating municipalities and will be provided to concerned GOP agencies and other donors for replication in other areas.
- o By the PACD, the GOP will have begun to expand the coverage of the Project to other departments of Peru, using its own resources or resources of other donors.
- o At least 25 provincial municipalities and 100 district municipalities will have been strengthened, as measured by the extent of their success in enlisting the participation of communities, the adoption of improved management, financial, and administrative procedures to carry out their functions, and their success in obtaining resources from other donors or other national

financial institutions (i.e. FONCODES) for their development projects.

- o The level of participation of target communities in local government activities will have increased in a meaningful way. This will be measured by:
 - the types of planning and decision-making activities in which communities, through their leaders, get involved.
 - increased confidence among communities that local governments are responsive and accountable to their needs and priorities. This will be measured through surveys which will determine people's attitudes toward government, feelings of empowerment by the people and levels of accountability people feel that local government officials have demonstrated.
- o An increase in the level of citizens' knowledge in target areas about the role of local governments and increased knowledge of the role of the community in government by local government officials. This will be measured by: the increase in the number of primary support organizations participating in the governmental process; the number of community-initiated projects included in the municipality's annual operational plan; and systems established to monitor accountability of public funds.
- o An increased number of registered voters participating in the municipal election process. Indicators will include the absolute increase in the percentage of people voting in a given community. To assess quality of participation, Project personnel will examine the decrease in the percentage of spoiled ballots.
- o Increased community participation, especially among women, in local government decision-making process through town meetings, popular assemblies, consultative committees, open budget hearings and council meetings and involvement of primary support organizations in decision-making. Indicators for this End of Project Status (EOPS) will be the number of popular assemblies, consultative committees, open budget hearings or *cabildos abiertos* held in a municipality during the year; the number of people attending and the format used by local officials in conducting them.
- o Improved management and transparency of local governments and more effective use of human and

financial resources for projects and activities planned and implemented in response to community needs. Indicators will include more effective and efficient delivery of basic services, increased collection of taxes and other fees and greater ability to identify problems and develop solutions.

- o A GOP legal environment which enables local governments to respond to their constituencies. Indicators include laws passed by Congress which: expands local governments authority to generate revenues, afford them greater autonomy to plan and implement development projects, and assigns them increased responsibility for delivering basic services.
- o Mayors and personnel from participating municipalities will be working closely in exchanging experiences and discussing issues of mutual interest.
- o The level of civic awareness and civil education of the population in the target areas will have increased in a significant way, as measured by a mix of the above EOPS and indicators.

Note that the baseline data for some of the above indicators will be developed during the initial stages of Project implementation. Surveys will be conducted at the start of the Project to obtain such data, during the mid-point of the Project to determine progress, and near the PACD to determine the success of the Project.

To attain these EOPS, the Project will produce the following major **Outputs**:

- o Trained people from local and regional organizations, particularly from the municipalities, on public administration, community development planning, budgeting, etc.
- o At least 10 training modules developed and used to train local government officials in target areas.
- o At least 30 training courses carried out for local government officials in the areas of democratic leadership, the decentralization law, central-local government relationships, revenue generation, communications, management, resource management, decision-making, approaches to civic awareness.
- o Improved budgeting, project planning, management and administrative procedures developed and adopted by participating municipalities.

- o A civic education module used in pilot secondary schools in participating communities.
- o Municipal government employees trained in the above subjects. The planned number will be estimated by the TA contractor during the first year of Project implementation.
- o Community leaders trained on local government subjects, project planning processes, etc. The planned number will be estimated by the TA contractor during the first year of Project implementation.
- o At least five civic education and awareness campaigns on local government and civic values carried out through local communication media for the general public in the target areas.

(3) Inputs

The **inputs** required to reach the above outputs related to the Institutional Strengthening of Local Level Organizations Project Component include the following:

- **Technical Assistance.** The Project will finance the following assistance:
 - (a) A USAID/Peru grant through a Handbook 13 Cooperative Agreement (CA) arrangement with a Peruvian institution (Grantee) selected competitively. The grantee will provide the personnel summarized below and listed in the financial Plan tables to work with the municipalities in the implementation of the Project in target areas. Grantee's specialists, all Peruvians, will provide long and short-term technical assistance to local governments various areas, including public administration, budgeting, revenue generation, decentralization, modern management practices, and project development, implementation, and evaluation.

The Grantee will also subcontract and manage short-term consultancies which are identified as special needs during the implementation of the Project. These short-term consultancies may be filled by U.S. consultants or third country nationals. These could include, but will not be limited to, specialists to carry out project design, market studies, and environmental examinations, as well as to provide assistance to associations of municipal mayors, etc. The CA

will begin in year one and will end with the PACD.

Presently, it is envisioned that the personnel listed below will be required to carry out the technical assistance and training activities under the Project. However, the Grantee who will provide such personnel will be selected competitively on the basis of proposals that interested institutions will submit. Thus, the actual mix of personnel will depend on the selection by an evaluation committee of the best proposal and the most qualified offeror to carry out the intent of the Project. The next Chapter of this Paper (implementation Arrangements), lists the criteria that will be used to selected the Cooperative Agreement Grantee.

Keeping in mind this caveat, the illustrative list of personnel requirements is as follows:

Long-Term Personnel:

- ** **Project Director.** This person, a Peruvian, will work through the life of the Project (five years), will be a highly qualified individual in the area of public administration and local government affairs. In addition to providing technical assistance in the areas specified in the contract's scope of work, this person will coordinate the preparation and implementation of a yearly technical assistance and training plan for the municipalities, community organizations and community leaders. This entails identifying qualified individuals to provide the technical assistance, carry out the training plan, and making all the necessary logistics arrangements.

- ** **Technical Director.** Given the multi-facet nature of the Project, the qualifications of this individual will be similar to those discussed above. However, his functions will focus on the technical aspects of the assistance to be provided to municipalities and local level organizations. In addition, this person will share in the workload of the Director and facilitate the planning and the start-up activities under the CA. His services will be provided for a period of three years.

**** Training Specialist.** The CA Grantee will provide a specialist for a period of up to two years. The principal role of this person will be to design and implement the training modules and make all the arrangements to establish a process for the selection of participants for training. In addition, this person will work with short-term community development specialists in identifying, planning, coordinating and carrying out specialized training programs at the municipal and community levels on socio-economic aspects relevant to the purpose of the Project, including training on civic awareness and democratic participation. The costs of carrying out actual training programs will be included in the CA.

**** Administrative/Financial management Assistant.** This person will work with the Director and Technical Director in all administrative and financial management aspects of the CA. He will be responsible for logistic arrangements and for providing the necessary support to the specialists which the CA Grantee will assign to provide technical assistance and carry out the training programs under the Project. Also, this person should have the capability to handle any Grantee's contracts for goods and services required to perform the scope of work.

**** Secretary**

**** Driver/Messenger**

Short-Term Personnel: The mix of short-term specialists which the Grantee will provide every year to carry out the technical assistance and training activities described above will be contained in a yearly work plan which the Grantee will prepare and update annually or more frequently, if appropriate. Tentatively, it is envisioned that the Grantee will provide up to 45 person-months of specialized assistance as follows (The number of person-months in each technical area will be contained in the annual work plan which the Grantee will prepare):

**** Technical Assistance to Municipalities.** The Grantee will provide specialized assistance

in several critical areas of importance to local governments, including: revenue generation mechanisms (such as real property taxation), development planning, project design, implementation, and evaluation, communications, administrative management, resource management, record-keeping, budgeting, and financial controls, approaches to civic awareness, democratic leadership, and central-local government relationships.

- ** **Community Development/Local Government.** The Grantee will provide short-term specialists who will work with local government officials and communities in fortifying linkages between local governments and local community level organizations. These organizations are expected to play a key role in promoting civic participation and in brokering the socio-economic interests of the communities and the concerned local governments.

One of the CD specialists will work with women groups to help them identify socio-economic development activities for which they will be the main beneficiaries.

- ** **Trainers.** The contractor will provide specialized individuals to carry out the training modules for the various types of participants described above.
- ** **Forestry Management/Environmental Specialists**
A short-term specialist will work with other CD specialists, municipalities and communities in developing feasible reforestation and environmental protection plans that can be carried out by community groups of farmers to help arrest the damaging effects of coca cultivation and other soil erosion practices. A specialist will refine the previously mentioned generic environmental guidelines on the basis of the specific community development projects identified during the implementation process. This person will train municipal, INADE and community personnel on the application of the guidelines.
- ** **Civic Education/Awareness Specialists.** The Grantee will provide short-term specialists to work with local governments and community

organizations in designing civic awareness/education programs for people in all target areas. This person(s) will work closely with the above specialists in the implementation of the civic awareness/education activities.

**** Decentralization Law.** The CA Grantee will provide specialized assistance in the area of local government/municipal administration on an intermittent basis to support municipal and national initiatives (such as non-partisan local government advocacy groups) that might expedite and facilitate the enactment and implementation of the decentralization law. This assistance may entail organizing fora, lectures seminars for local and national government officials and community leaders on the key provisions of law.

- **Other Training Costs.** The Project will provide funds to cover the costs of specialized courses and workshops. Such funds will be included in the CA, as indicated in the Financial Plan Tables and the Methods of Implementation and Financing. These courses and workshops will be planned and managed and/or conducted by the aforesaid local institution. The Grantee will be authorized to subcontract with other educational institutions, with specialized organizations and with individuals to carry these courses, if it is advisable in terms of cost and efficiency.
- **Commodities.** Grants funds will be used to purchase some vehicles for Project monitoring and implementation purposes, as listed in the Financial Plan. In addition, the budget includes an average of \$3,500 each for participating municipalities to help them modernize the operational systems, particularly in the area of budgeting, revenue collections, and information exchange within and between municipalities. The specific equipment to be purchased for each municipality will be determined as part of the analysis which the institutional CA Grantee will carry for each participating municipality. Based on this analysis, specialists from the CA Grantee will write specifications and purchase the recommended commodities to complement municipality's existing capability. It is likely, that some participating municipalities may not need any commodity assistance, while others may need more than the projected average funding included

in the budget. Adjustments will be made accordingly on a case-by-case basis. Funds for such commodities will also be included in the Cooperative Agreement. GOP funds will be used to finance commodities needed for the operation of the INADE Project Monitoring Unit.

- **Other Costs.** The Project will provide funds, through the Cooperative Agreement with the local institution to help finance civic education and awareness campaigns carried out by local governments and community organizations.

2. Participatory Community Development Projects

a. Overview

The purpose of this component is to complement local governments' and communities' resources to carry out small, basic services and job creation/revenue generation activities planned and designed mutually and in a participatory way by communities and local governments. To emphasize, the ultimate aim of this component is not the implementation of specific activities per se, but rather the development of adequate and effective community-local government participatory process in the planning and implementation of such activities. The reason for this is because the Project does not have enough resources available to finance a large number of activities during its five-year life to make a significant difference in the well-being of all the population living within the jurisdiction of the target municipalities.

The participatory processes established and the training provided to local government officials, community leaders and the strengthening of local organizations, however are expected to continue well after the PACD. Over time, they are expected to influence in a significant way the manner in which projects are planned, resources allocated and social well-being activities carried out and maintained. In addition, the "Participatory Local Government-Community" model developed as a result of the Project is expected to be used by local governments, the central GOP and other donors in funding socio-economic development programs in other parts of the country. Further, over time, the model is expected to promote the continued restoration of citizens' confidence in government, the rule of law and social stability. These effects are essential for sustained development.

Yet, despite these caveats, the limited number of community development and revenue-generation activities which the Project will finance on a pilot basis are expected to have a concrete and measurable effect by the PACD in the communities where these will be implemented. Such effects will be measured as indicated in

5

the Logical Framework and the Evaluation Plan.

Implementation of this component will draw on the experience and lessons learned from the pilot activities carried out under the final stages of the UHAD Project and related successful programs being carried out in other Latin America countries. One objective of this approach is to: (a) assure the identification of the socio-economic problems of the target communities by members of the communities in close cooperation with the agencies closest to the beneficiaries, (b) facilitate the implementation of relevant actions by tapping available human and financial resources at the local level, (c) strengthen democratic and participatory processes at the local level, and (d) develop a local capacity for sustaining social development activities after termination of the Project.

Consistent with the above approach, the Project will finance socio-economic community development activities which meet certain criteria, as detailed in a subsequent section. The type of assistance to be provided will consist of relatively small, quick impact activities which local organizations can implement and maintain effectively.

Briefly, such activities are expected to include revenue and job generation projects, social infrastructure activities in the areas of health, education, water and sanitation, community organization and training and environmental conservation and protection. The Project will also finance small projects resulting from community emergencies, such as bridge repair from flooding.

The key implementing organizations of the activities under this component will be the municipal and district offices with the closest access to the beneficiary community. This role will be established through a Letter of Understanding between INADE and each municipality.

Still, it is envisioned that at various Project implementation stages, there will be a need for further refinements to assure the best project selection process and inter-relationships between the community, the concerned municipality and INADE.

INADE and the municipality will also actively seek the participation of non-governmental organizations (NGOs) in activities to improve the socio-economic situation of target communities.

b. The Management of Community Development Activities

INADE will monitor the overall implementation of this component. To do this, INADE will establish zonal offices to

work with local governments and concerned communities. Specific projects to be implemented will be selected through a joint participatory process between the concerned local government officers and the community. Actual implementation will also be shared jointly by the community and the local government based on their negotiation of their specific roles.

Analysis conducted during project design determined that potential use of project activities for political gain by INADE would be unlikely. Based on prior DCD experiences in San Martin, INADE demonstrated that it could work effectively with all local governments in spite of their broad range of political philosophies, providing technical assistance and grants to all of the San Martin provinces without regard to political differences. During the 1993 local government election, the DCD activity was not a political issue. All candidates supported the concept, and in some municipalities incumbent mayors lost the election and the new mayors continued with the DCD activities once in office. Nevertheless, the USAID Project Officer will monitor constantly to ensure that such problems do not occur.

Funds (block grants) for community development activities will be disbursed by INADE to the concerned local government organization. Accountability of such funds, thus will rest with the concerned local government office. The basis for such disbursements will be a yearly work plan which each municipality will prepare and which will include a budget to carry out the plan.

The plan will also reflect the local government understanding with the concerned communities. Such understanding should have followed a participatory process to determine the activities to be financed, responsibilities of each party and plans for maintaining and sustaining the activity. INADE personnel and Project-financed technicians will serve as resources to the local government and the community in the preparation and implementation of the work plan.

The USAID/Peru Project Manager and Specialists will review each yearly work plan, mostly to determine its compliance with the framework and intent of the Project. However, USAID/Peru will not be expected to approve each individual community development activity.

Each community project proposal (which may contain one or more activities) will have an applicant, an executing agency or agencies and a supervisor. This arrangement will provide checks and balances to ensure that projects are executed as planned. The applicant in most of the cases will be a community group. The executing agency and supervisor may be the sponsoring municipality, a community group, or an NGO. For projects in health, education and productive activities, the supervising

agency will be the concerned GOP technical agency and the municipality.

In order to improve local project planning and implementation skills, promote local "ownership" of project outputs and forge a link within communities and between communities and the GOP, small-scale projects will be planned, designed and implemented with the maximum possible beneficiary participation. In other words, based on self-assessments, community members will establish their priorities before presenting them to respective municipal governments and INADE's zonal offices. INADE and Project-funded Community Development promoters will assist communities in the process, if required.

Once the community projects are selected following the above community participatory process, INADE will disburse funds (mostly from HCOLC) to the concerned municipality, which in turn will control the use of the funds for the selected projects based on the community implementation pace and compliance with the terms of the signed agreement. Project-funded specialists will provide training and help municipalities in establishing adequate financial controls and monitoring processes to assure proper accountability of any funds disbursed for community development projects.

The use of funds for specific projects will be targeted to communities which meet the previously mentioned criteria, namely:

- o **Community Organization.** An adequate level of community organization exists to promote broad community participation in the selection and implementation of activities.
 - o **Social Impact.** The social impact of the activity as measured by the number of persons gaining access to basic services or benefitting from improved productive capacity.
 - o **Commitment.** The community's commitment to provide resources for the activity (particularly labor) and to maintain the activity once completed.
 - o **Location.** The community is located in an area within the jurisdiction of a selected municipality and is in an accessible area where the risks to personnel involved in implementation are minimal.
- c. **Illustrative Community Development and Revenue Generation Activities.**

The following list provides illustrative examples of specific activities that the Project may finance. Each activity,

however, will be carefully assessed by the concerned municipality, NGO, or project specialists as appropriate.

o Productive Activities

- ** agro-industries;
- ** community commercial fish culture enterprises;
- ** communal irrigation systems;
- ** communal drying, storage, and processing facilities.

Productive activities projects would have a cost-recovery mechanism to be defined by the community and the executing agencies. Specialists to be provided through the Project will help communities and municipalities in carrying out quick feasibility studies on community level income producing (particularly agro-industry) projects. The USAID Project Coordinator will assure that any productive activities are closely coordinated with other related USAID-sponsored Projects, such as the PL 480 Title II Program and the Micro Enterprise and Small Producers Support Project.

Priority would be given to projects that focus on improving women's economic and productive skills and to projects that do not exceed 12 months of execution from initiation to completion. The maximum project duration would be 36 months.

o Water and sanitation

- ** installation of water and sewage systems in population centers of approximately 1,000 inhabitants, including water-committee training in administration, system operation and maintenance);
- ** rehabilitation and upgrading of rural water systems;
- ** installation of public taps in areas with dispersed populations;
- ** installation of sanitary latrines in schools, health posts, community centers and sports fields.

Water and sanitation projects will follow MOH norms, policies and planning priorities. Priority would be given to gravity-fed water systems, system installation in priority geographic areas and water systems for communities of approximately 1,000 inhabitants.

o Health Activities. Project assistance for these

activities will be limited to the construction, repair and rehabilitation of health posts equipment and supplies. USAID Project personnel will work closely with other concerned USAID project managers and the Ministry of Health to coordinate related activities that can be financed under Project 2000, such as:

**** community pharmacies, including donation of basic medicines for community pharmacies and training;**

Health projects will follow MOH norms, policies and planning priorities. Construction projects will require latrine installation, if latrines are not present. The municipality will arrange for the required maintenance, which in most cases will be done by the beneficiary community. Priority would be given to projects in communities where MOH health-care service and delivery is weak or lacking repair and rehabilitation -- as opposed to new construction -- and to projects that do not exceed 12 months of execution from initiation to completion. The USAID Project Coordinator will assure that any health activities are closely coordinated with other related USAID-sponsored Projects, including the PL-480 Title II Program and NGO activities being carried out under the PVO Support (PACT) Project.

o Education Activities

**** construction, repair, and rehabilitation of pre-primary and primary classrooms;**

**** pre-primary and primary educational materials, such as textbooks, pedagogical materials, and desks, tables and chairs; and**

Education projects will follow MOE norms, policies and planning priorities. Construction projects would require latrine installation if not present. The maintenance will be arranged by the municipality through the beneficiary community, the MOE or using its own resources. Pre-primary and primary school teacher training and accreditation would be limited to teachers from the school geographic area for which project financing is sought. Priority would be given to repair and rehabilitation, to teacher training (vs. accreditation) and to projects that do not exceed 12 months of execution from initiation to completion.

o Environmental Conservation and Protection Activities:

**** reforestation and watershed protection, and
** Environmental education and wildlife management.**

Most projects will not exceed 12 months of execution from initiation to completion. However, implementation of some

activities, such as reforestation, will require up to 36 months.

o **Community Emergencies.** The Project will help qualifying communities finance unforeseen community emergencies such as the repair of a bridge destroyed by subversive actions or the repair of a road destroyed by floods. A condition in these cases is that the community provide all the unskilled labor requirements.

b. Planned Assistance and Expected Results

The Project will provide \$5.19 million in PL 480, Title III generated Host Country-owned local currency (HCOLC) and GOP Public Treasury funds for community development activities. The funds will be allocated to selected municipalities as block grants for community level activities while they are improving their own financial base to fund such activities in the future. The \$5 million in HCOLC will be used only for NGO-provided technical assistance to the GOP in the area of decentralization/local government law preparation and for sub-projects that meet PL-480 Title III eligibility criteria, mostly related to agriculture and food security, which are developed by communities and local government.

Through the above financial assistance, the following **EOPS** will be achieved:

- o A model developed of a meaningful and effective participatory mechanism between communities and local governments in the socio-economic development process.
- o Improved physical and social infrastructure which will promote economic development within the Project area.
- o Improved quality of life of citizens in target areas, as measured by the percentage of target population with access to basic services provided by LGs.

The above efforts will produce **outputs** in terms of number of kilometers of roads maintained or rehabilitated, communal irrigation systems constructed, potable water systems, classrooms, health posts, communal crop processing facilities constructed, handicraft projects developed, basic services provided, etc. However, based on the design of the Project, such activities will be identified, planned and implemented following a participatory process between local governments and communities. Thus, the specific indicators for these outputs will be developed annually based on the work plans which participating municipalities will prepare.

3. Other Project Inputs

In addition to the above inputs under the two proposed components, the Project will provide funds (from the USAID contribution) to cover the costs of two Peruvian specialists and a secretary to be hired directly by USAID to monitor and coordinate its implementation with the other related USAID-sponsored programs in Peru.

From the GOP contribution, the Project will provide funds to cover certain administrative and operational costs of INADE personnel who will be working full-time in monitoring and coordinating Project implementation. These costs are detailed in Chapter VI (Financial Plan) of this Paper.

V. IMPLEMENTATION PLAN

A. Overall Implementation Arrangements

Funds under for the Project will be obligated through a Project Agreement with the GOP. The Agreement will obligate \$5 million from USAID resources and commit the GOP to complement this amount with a \$10 million contribution including: (a) \$5 million from Host Country-owned local currency (HCOLC) and (b) \$5 million from the GOP's central budget.

The Grant Project Agreement will be signed by USAID and the Ministry of the Presidency of Peru (MIPRE). The MIPRE will assign coordinating and monitoring responsibility to INADE, which will be the main GOP liaison office with USAID/Peru. In turn, INADE will sign Letters of Understanding (LOUs) with participating municipalities. The municipalities will be the implementing entities at the local level.

As described in Section IV, Project Description, a phased approach will be employed to develop, first, the institutional capacity of the municipalities to promote the legitimate role of government and people's confidence in it. After this groundwork is laid, and based on assessments by the CA Grantee, INADE, and the USAID project officer determining that the municipalities have received sufficient training in institutional capacity building, sub-project activities will commence.

With the assistance of the USAID/Peru Project Manager, the CA Grantee and Implementing Agencies will prepare draft work plans for the first year of the project within one month of signing the project agreement. These work plans will be reviewed and approved on an annual basis by the USAID Project Committee.

Such plans should reflect the understanding between the municipalities and the selected communities as to the types and scope of the community development activities to be undertaken. USAID and INADE will review the work plan and approve or disapprove them. If approved, INADE will disburse funds (from

HCOLC and GOP central budget contributions) to the municipality not on an activity by activity basis, but on the basis of package of activities. No further central level approvals will be required for the municipalities to disburse funds for the activities contained in the work plan.

Prior to the disbursement of funds to municipalities, however, INADE field offices, assisted by the technical assistance team, will work with each participating municipality in establishing a simple but effective process for the use and control of any funds disbursed for community development activities. Other than for the activities contained in the work plan, no other funds are expected to be disbursed to municipalities.

To coordinate Project implementation, INADE will use its field offices. If they do not exist, INADE will establish new ones in each of the Departments where the Project is located. Their main functions include: (a) to consolidate local annual implementation plans developed by communities and municipalities into departmental annual implementation plans, (b) monitor Project implementation and suggest adjustments as required, and (c) provide data for the management information systems (MIS). The annual plans will reflect community felt needs, as discussed in a closely participatory way with municipalities.

The Project Agreement will include a clause allowing USAID/Peru to: (a) sign a Cooperative Agreement with the previously mentioned Peruvian Technical Assistance Institution, and (b) contract the services under Personal Services Contracts (PSCs) arrangements with two Peruvian specialists (one of whom will be the Project Coordinator) and a secretary who will assist the USAID Project Manager in monitoring all aspects of the Project.

B. USAID/Peru Project Management Arrangements

USAID/Peru will assign a Project Manager who will assure that other USAID-sponsored activities in Peru and other donor activities complement and reinforce the Project. The Coordinator, who will have specialized experience in local government development and community development activities, will work under the direct supervision of the USAID/Peru Project Manager. This person will monitor the performance of the Grantee under the Cooperative Agreement arrangement and any other contracts financed under the Project. Given the extent of the Project monitoring duties with INADE, the CA Grantee and field personnel, the Project Assistant will help with monitoring matters and work on all aspects related to disbursements, financial reports, accounting controls, etc.

The two USAID FSNs will also collaborate closely with the INADE staff to ensure that Project implementation proceeds on schedule, and that GOP-funded activities conform to the goals of the Project. Among other things, they will be responsible for

monitoring Project's progress and for ensuring that evaluations are undertaken at the proper time and that evaluation results are incorporated into the continued implementation of the Project.

C. Procurement Plan

USAID/Peru will contract and manage the procurement of services financed with grant funds. For those goods and services purchased with GOP Treasury funds or HCOLC, INADE will do the contracting using GOP contracting regulations and procedures. The Special Unit of MEF which is responsible for managing HCOLC will review the contracting procedures used for these funds. Similar arrangements with INADE during the course of implementing the UHAD Project proved effective.

Procurement of goods and services using USAID-provided funds is planned to be as follows:

1. Technical Assistance and Training

Technical Assistance, training activities, and some commodities are expected to be provided through the Cooperative Agreement discussed in Part IV, Project Description. The Grantee will be selected competitively, with INADE representation in the proposal review and selection committee.

Regarding the selection of Cooperative Agreement Grantee, Peru has at least seven non-governmental institutions which could qualify to provide the technical assistance and training services described in the Project Description. The selection will be based on proposals to be requested by USAID/Peru from such institutions, and evaluated by a committee composed of USAID and INADE personnel. The scope of work to request proposals will flow from the description of the activities to be carried out under each Project component, as described in Chapter IV. In addition to a detailed analysis of the proposals to determine the responsiveness of the prospective Grantee to the scope of work, the selected institution will be expected to meet certain criteria. The institution should:

- o have the required personnel with the Spanish language capability and an intimate knowledge of the Peruvian situation and the institutional problems that need to be addressed in the target areas. In addition, the selected institution should have at least one long-term specialist, preferably the Project Director, with complete proficiency in English.
- o be an established institution with the technical staff and administrative capability to implement the Project.
- o not depend on outside resources to exist, so that after termination of the Project it will continue to be a resource to the GOP and local governments.

- o have capability to sub-contract, in case it may lack the technical competence in any specific area.

As indicated earlier, using the above criteria, there are at least seven local institutions which will be considered to submit proposals, including: ESAN, the University of the Pacifico, Piura University, IPAE, INAP Catholic University and the University of Lima. Under the substantial involvement provisions of the CA with the selected institution, USAID/Peru will:

- o concur with the hiring of key personnel and certain procurement actions, the value of which will be determined during the CA negotiation process. Salaries paid to Grantee personnel must be consistent with the compensation practices in Peru for the specific personnel to be hired. Guidance in this respect will be provided to the Grantee during the CA negotiating process.
- o approve the annual work plan which the CA Grantee will submit shortly after signing the CA and annually thereafter.

The technical assistance to be provided under the Project will be as detailed in the Project Description part of this document.

3. **Commodities.** Procurement of commodities under the Project will be minimal, as shown in the Project Description section of each Project component and Tables VI-4 and VI-5. The source and origin of such commodities will be either the U.S. or Peru and their purchase will be included in the aforesaid Cooperative Agreement.
4. **Project Monitoring (Local USAID PSCs).** As stated above, USAID/Peru will contract the services under Personal Services Contracts (PSCs) arrangements with two Peruvian specialists and a secretary who will assist the USAID Project Manager in monitoring all aspects of the Project.

D. Implementation Schedule

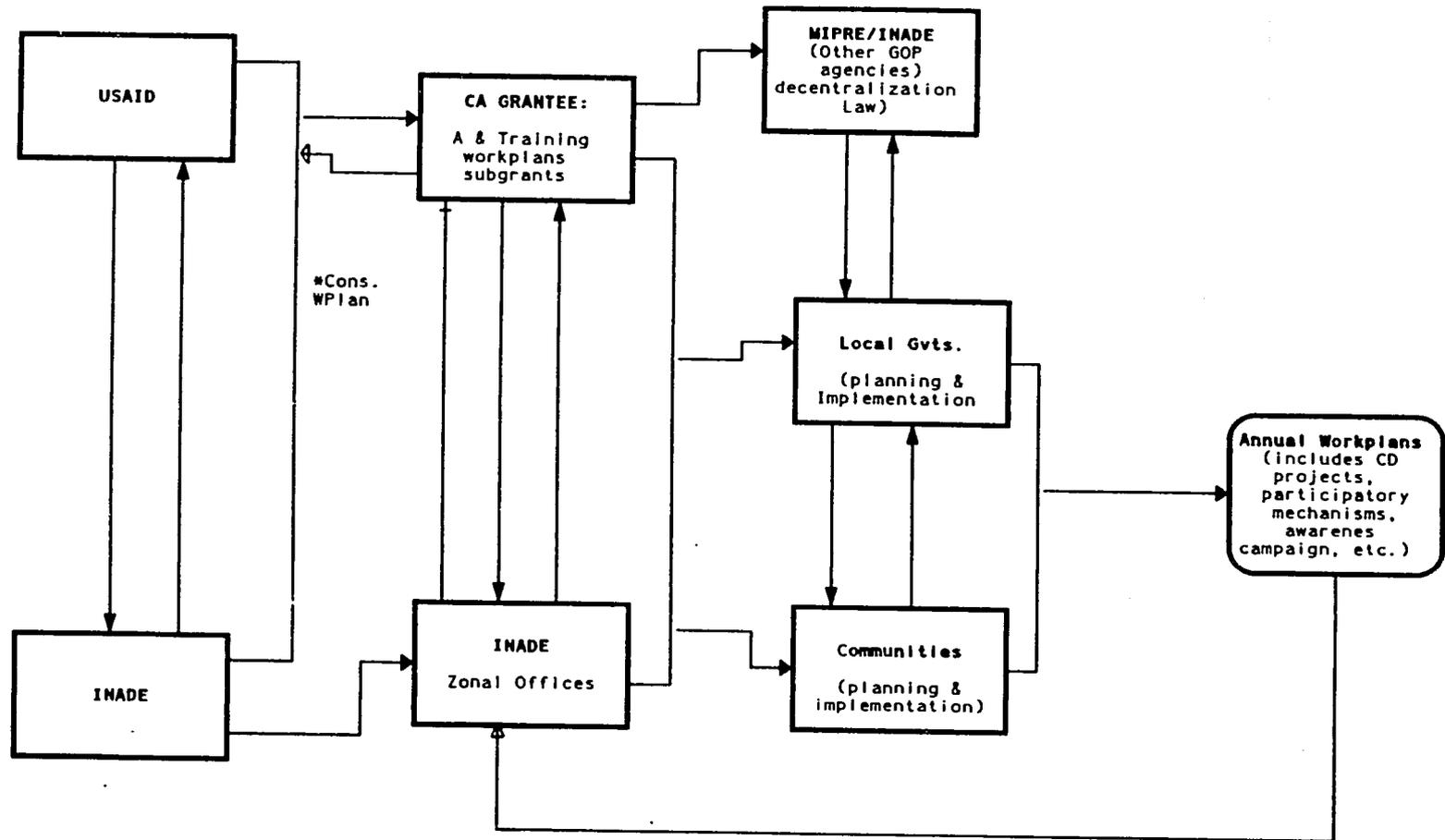
The flow chart presented in this section shows the monitoring and organizational relationships during Project implementation. Table V-1 shows the major actions that will be carried out to implement the Project. Precise timing and dates for the completion of these actions is not possible now because of uncertainties regarding the actual availability of funds and key procurement activities, such as the signing of the Cooperative Agreement and the GOP transfer of HCOLC and central budgetary contributions. Thus, the following modified Grant Chart lists the major actions and the elapsed time from the milestone point which starts once the Project Agreement is signed.

Table V-1: Implementation Schedule

Activity	Responsibility	Elapsed Time (months)
Start Date: Signing of Project Authorization	USAID	0
1. Sign Project Agreement with the GOP	USAID/MIPRE	1
2. Project Coordination Meeting-start up plan	USAID/MIPRE/INADE & MEF	1
3. GOP satisfies Conditions Precedent	MIPRE/INADE	1
4. prepare scope of work and request proposals from Peruvian non-governmental Institution which will provide technical assistance and training	USAID and INADE	2
5. Evaluate proposals and select institution	USAID and INADE	3
6. Sign CA with selected local institution	USAID/CA Grantee	3
7. Project Coordination Meeting-Implementation Plan, disbursements, work expected from CA Grantee, role of each party.	USAID, CA Grantee, INADE, MEF	3
8. Financial reviews of CA Grantee, INADE & MEF 9. CA Grantee mobilizes personnel and starts implementation of pilot activities	USAID CA Grantee	3 3
10. CA Grantee Submits first work plan	CA Grantee	4
11. CA Grantee begins diagnosis of municipalities and develops TA and training plan to upgrade their capability	CA Grantee	4
12. Review and approve Grantee's work plan	USAID and INADE	4
13. GOP Transfers Local Currency contributions to INADE	INADE/MEF	3
14. Municipalities prepare and submit first year operational work plan	Municipalities & communities	5
15. Approval of Municipalities work plan (staggered)	USAID and INADE	1 week
16. First evaluation conducted	USAID/INADE/CA Grantee/municip.	12
17. Audits	USAID/INADE/CA	Annually
18. Second Evaluation	USAID/INADE/CA Grantee/municip.	36
19. Project activities completed	INADE/Municip. & Communities	60
20. Final evaluation finished	USAID/INADE/CA Grantee/municip.	60
21. Complete Project Close-out actions	USAID/INADE/CA Grantee/municip.	60
22. Project Completion Report written	USAID	61

LOCAL GOVERNMENT DEVELOPMENT PROJECT

Implementation Arrangements



*Funds for community development projects will be disbursed directly to municipalities on the basis of the consolidated annual workplan.

E. Information, Evaluation, and Monitoring Plan

Per USAID Evaluation Handbook, Sections 1 and 3.2, an Information, Evaluation and Monitoring Plan is incorporated as an integral part of the Project Paper. This Plan is tied to the Logical Framework (Annex 1) and is included as Annex 1.A of this Project Paper. The process to implement the Information, Evaluation, and Monitoring Plan is summarized below.

1. Implementation Arrangements of the Monitoring and Evaluation Plan

A monitoring and evaluation team will be established to ensure that the implementation arrangements of the monitoring and evaluation plan are met. The team will consist of the USAID Project Manager, and key personnel from INADE, the CA Grantee and local governments. Implementation arrangements will include:

- o Establishment of a Monitoring Unit (MU) within INADE which will also include financial management capability. (Note that one of the persons included in the Central INADE Project Monitoring Office includes an information specialist who will collect and analyze data).
- o Establishment of baseline data sets and procedures for periodic data collection for the target areas. The MU will collect, tabulate, and evaluate indicator data against the appropriate baseline data set and the targets established in the implementation plan. The implementation plan will be updated every six months at which time targets will be refined as appropriate.
- o Contracting of a specialist within INADE to manage the project monitoring information system (LGD/MIS).
- o Including reporting requirements in the CA which should include reporting on the identified indicators mentioned below, at least on a quarterly basis, and their advances toward meeting the Project purpose.
- o Establishing an effective communication system between INADE's central and zonal offices to facilitate routine monitoring: The system will produce monthly, quarterly, and semi-annual reports prepared by the MU, which will compile information gathered by the CA Grantee, implementing agency zonal offices, and GOP entities directly involved in the implementation of the Project. The MU will also prepare annual reports to summarize progress and analyze problem areas. USAID will use the information provided in these reports for internal reviews and reports to AID/W on Project performance.

2. Evaluations

The Project design envisions adjustments as a result of the evaluation process. During the life of the Project, two formal, external evaluations are planned. The first evaluation will be carried out approximately 24 months from the date of the signing of the Cooperative Agreement for technical assistance and training. The second and final evaluation will be conducted just prior to the PACD.

The first evaluation will assess the progress made in meeting Project implementation targets and to assess the cumulative impact of the Project. Based on the findings of the evaluation, recommendations for changes in design and implementation procedures will be made, as appropriate, in order to increase the probability that Project investments will meet the stated purpose of the Project.

The evaluations will have five objectives, as follows:

- a. To assess the extent to which the Project is meeting its purpose and contributing to the goal. Based on an analysis of the policy indicators and assumptions underlying the Project design, the evaluation will recommend changes or modifications in Project outputs, End of Project indicators, and implementation strategies;
- b. To assess the extent to which the Project is consistent with AID/W and USAID/Peru objectives (i.e., building democracy, poverty alleviation, environment protection, reaching disadvantaged groups support, etc.);
- c. To assess the effectiveness and to recommend strategies for improving Project implementation through an analysis of obstacles and bottlenecks as well as achievements in Project management and administration;
- d. To determine the impact of the Project to the date of the evaluation on the performance of LGs, the lives of the target population, etc. ; and
- e. To determine the effectiveness of the technical assistance and training provided through the CA Grantee and implementing agencies, and make recommendations for modifications in implementation in the design of technical assistance delivery as necessary.

Funds are included in the budget to contract the services required to carry out the evaluations.

The final Project Assistance Completion Report (PACR) will be prepared approximately around the PACD. Its purpose will be to document the Project experience and the lessons learned during its implementation.

VI. COST ESTIMATES AND FINANCIAL PLAN

The overall cost of the Project is estimated at approximately \$15 million to cover implementation costs during a five-year period. Of this amount, USAID will contribute \$5 million and the GOP \$10 million. The GOP contribution will consist of \$5 million from HCOLC generated under PL 480 programs and \$5 million in local currency from its public treasury. These GOP contributions represent 67 percent of the Life of Project (LOP) cost. The use of HCOLC contribution will conform to the rules governing PL-480 Title III Program-generated local currency.

There are other contributions, mostly in-kind, to be provided by the participating local governments and communal organizations. However, these cannot be estimated and tracked reliably. As individual activities are prepared by municipalities and communities, estimates will be made of such contributions, and will be incorporated in the Project information and tracking system.

A. Financial Plan

The financial tables included at the end of this section relate directly to each of the Project Components discussed in the Detailed Project Description section of this paper. Regarding personnel costs under the Cooperative Agreement, the annual compensation costs are estimated on the basis of estimated compensation levels in Peru for each specific position, and 14 months per year. After the first year, salary estimates reflect a 2.5 percent annual increase. All personnel costs assume that only Peruvian specialists will be contracted.

It should be noted that the costing of Project inputs and the corresponding disbursements are illustrative and estimated. It is envisioned that a number of adjustments will be necessary based on Project implementation experience. The basis for such adjustments will be the negotiated Cooperative Agreement with the selected institution, contracts with local technicians, pro-forma invoices requested from potential suppliers of goods and services, recommendations made by the technical assistance experts once Project implementation is well underway, and the semi-annual work plans which the CA Grantee will prepare.

1. The USAID Contribution

Grant funds will be obligated through a bilateral Agreement with the Ministry of Foreign Affairs and the MIPRE. This Agreement will provide the basis for subgranting through a Cooperative Agreement with a Peruvian non-profit entity for the provision of technical assistance and training. The Cooperative Agreement will commit funds. PILs will be issued to approve

annual budgets and the provision of advances. About \$600,000 of Grant funds will be programmed and disbursed directly by the USAID for Project coordination costs. These costs will be funded through Personal Service Contracts with Peruvian nationals. The contracts will include travel costs as well as a provision for USAID support costs of space and office furnishings, etc.

The USAID contribution of \$5.0 million is scheduled to be obligated in FY 1994, but disbursements will take place during the Project's five-year life. USAID funds will finance the inputs summarized in Table VI-1 which flow from the detailed budget contained in Table VI-4. These inputs are mostly technical assistance and training provided through the Cooperative Agreement arrangement discussed in the Implementation Plan and the costs of USAID personnel engaged in monitoring activities. These funds will be disbursed for the various Project elements as projected in Table VI-2 (Methods of Implementation and Financing) and Table VI-3 (Projected Obligations and Expenditures).

2. The GOP Contribution

The Project Agreement will identify the implementing entity for the GOP and will commit the GOP to provide the equivalent of \$10 million in counterpart. HCOLC generated from PL 480 Title III commodity sales will amount to \$5 million and will be programmed for NGO technical assistance provided to the GOP and for the execution of small projects developed by local communities. The HCOLC will be made available through the MEF/USAID Special Unit following procedures jointly developed with USAID/Peru. The remaining \$5 million will be from the GOP treasury and will be primarily used to finance INADE's personnel and monitoring costs. About \$400 thousand will be used to support community projects. The use of HCOLC will be consistent with prevailing PL-480 Program guidelines.

In accordance with Ministry of Economy and Finance (MEF) budgeting and disbursement procedures, INADE will present its requirements to the MEF's Special Unit, for inclusion in the GOP monthly budget. The MEF Special Unit will disburse the GOP Project contributions in accordance with INADE's requests. INADE will report monthly to the Special Unit on the utilization of HCOLC funds, with a copy to USAID. The USAID Project Coordinator will keep track of such uses of HCOLC.

INADE will maintain identifiable accounting records on the assignment of its personnel to Project activities and well as on other Project costs financed with GOP contributions. This information will be used to determine the GOP disbursements to the Project from its central treasury.

3. Other Budget Considerations

a. Methods of Implementation and Financing

Table VI-2 shows the methods of implementation and financing by element and by source of supply and reflects the preferred methods of financing the various Component inputs. The amounts represent the best estimates available at the time of Project design. Budget revisions will be made as necessary during the life of the Project, based on actual implementation experience.

b. Disbursement Procedures

The disbursement procedures are linked to the methods of implementation and financing to be used as well as to the Procurement Plan described in Chapter V.C. of this paper. Briefly, USAID Peru will process advances and liquidations to the CA Grantee based on the periodic work plan which the Grantee will submit. USAID will also make direct payments to the three PSCs to be contracted to work on Project monitoring and coordination matters.

INADE will disburse funds for all costs to be covered by the GOP HCOLC and central budget contributions. INADE's Local Government Project Office will include financial management personnel who will assure accountability for advances and subsequent liquidations. Additionally, there will be expertise in budget development and control as well as internal audit capability. Disbursement of funds to municipalities will be based on a yearly work plan which each participating municipality will prepare. Once the Project Agreement is signed USAID will provide INADE, through Project Implementation Letters (PILs), detailed guidance on the disbursement procedures.

To assure a common understanding among all the parties (including INADE, the MEF and USAID) about disbursement procedures, the use of funds and other Project implementation matters, a meeting will be held shortly after Project Authorization to discuss the Project's start-up actions and establish the mechanisms to assure the timely provision of funds for the Project. Such meetings will be held periodically, and particularly during the process of reviewing and approving the work plans which the CA Grantee and the participating municipalities will submit.

c. Recurrent Costs

The Project is expected to have a positive impact on the recurrent cost situation of the participating municipalities. The LGD Project will provide technical assistance and training to strengthen the capacity of local governments. Once this is attained, local governments should have an improved ability to

use their personnel and financial resources more effectively. In addition, the Project seeks to improve their ability to better tap local resources at the community level for social-economic infrastructure activities. Further, through the technical assistance and training activities, local government personnel should be able to more effectively expand the revenue base under the provisions already included in the law.

Once the Project attains its purpose of strengthening local governments and the community participatory mechanisms in target areas, a model will have been developed which the GOP can use in other areas of the country. At that point, the GOP will be expected to make a decision as to the future role of INADE and its recurrent costs implications. Also, over time, as the cost effectiveness in the operations of local governments improve, they will be expected to be able to increase their revenue collections and to increase their outlays for community-proposed development activities.

d. Audits

USAID funds will provide assistance for: (a) Project implementation costs through a Cooperative Agreement (CA) with a Peruvian non-profit organization, and (b) coordination and tracking of project progress. The latter will involve Peruvian personal services contractors (FNPSC) providing project coordination, financial management assistance, and secretarial assistance. These three FNPSCs will be based at the USAID offices and will report to the Project Manager.

The CA Standard Provisions will require the Grantee to maintain auditable accounting records for a period of up to three years after the last disbursement. The USAID Controller's Office will verify prior to the signing of the CA that the Grantee has an acceptable accounting system for the management of U.S. Government funds.

The CA Standard Provisions will require that the Grantee contract for the performance of annual institutional and Grant audits that meet USAID standards. To assist the Grantee to meet these requirements they will be provided copies of the Inspector General's audit guidance for foreign non-profit organizations as well as a listing of qualified Peruvian audit firms affiliated with U.S. and International accounting and auditing firms.

The Grant Agreement with the GOP will also require verifiable accounting records for the host country counterpart contributions. This counterpart will also be subject to annual audits. The USAID will contract the audits directly using funds from the host country-owned local currency provided through commodity sales under PL 480 Title III. The scope of work will be that which is normal for RIG/A supervised non-federal audits

but will be managed by the Controller's Office of USAID/Peru.

The Controller's Office Financial Analysts will provide follow-up assistance to the Grantees as required.

e. Evaluations

Project evaluations will be carried out in accordance with the Information, Evaluation and Monitoring Plan summarized in Chapter V and detailed in Annex 1A. The costs of such evaluations will be covered by the GOP from Host Country-owned local currency programmed as counterpart.

f. Financial Reviews

The USAID/Peru Office of the Controller will verify financial management capability and adequacy of the accounting, financial procedures and internal controls used by INADE, the MEF Special Unit and the CA Grantee on the disbursement and expenditure of Project funds. Such reviews will be conducted at the outset of Project implementation process.

g. Reporting Requirements

The CA Grantee will prepare annual work plans for USAID approval. The plans will include the monthly requirements to support planned activities under the Project description contained in the Cooperative Agreement. The Grantee will submit quarterly progress reports that present execution compared to planned activities. This quarterly report will also relate the financial situation of executed and in-progress activities. Finally, the quarterly reporting will show accrued expenditures at the end of the reporting period. Reporting will be presented no later than five work days after the end of the quarter.

B. Conditions Precedent

Prior to the first disbursement under the Grant or to the issuance by USAID of documentation pursuant to which disbursement will be made, the Grantee shall, except as USAID may otherwise agree in writing, furnish to USAID, in form and substance satisfactory to USAID:

(1) a legal opinion of the Attorney General of Peru, or other counsel acceptable to USAID, stating that this Agreement has been duly authorized, or ratified by, and executed on behalf of the Grantee, and that it constitutes a valid and legally binding obligation of the Grantee in accordance with all of its terms; and

(2) a statement of the name(s) of the person(s) holding or acting in the office of the Grantee specified in Section 8.2

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of the Agreement and of any additional representatives, together with a specimen signature of each person specified in such statement.



**TABLE VI-1
SUMMARY BUDGET BY TYPE OF INPUT (US\$ 000's)**

Project Input	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Total	Percent
1. Technical Assistance & Training	999	931	952	848	802	4,531	30.2%
2. Participating Community Dev.	958	982	1,006	1,032	1,066	5,045	33.6%
3. INADE	1,085	836	856	878	900	4,555	30.4%
4. USAID Project coordination	118	120	123	125	128	614	4.1%
5. Evaluations		75			80	155	1.0%
6. Audits	20	20	20	20	20	100	0.7%
Grand Total	3,180	2,964	2,958	2,902	2,996	15,000	100.0%

**TABLE VI-2
METHODS OF IMPLEMENTATION AND FINANCING (US\$ 000's)**

Inputs	Method Of Implementation	Method Of Financing	Amount
1. Technical Assistance & Training	Cooperative Agreement executed by RCO	Advances/Liquidations	4,231
4. USAID Project coordination	PSC Contracts (PIO/T)	Direct Payment	614
5. Evaluations	PSC Contracts (PIO/T)	Direct Payment	155
Total USAID			5,000
Total HCOLC	Annual GOP Budget Allocation		5,000
Total GOP	Annual GOP Budget Allocation		5,000
Grand Total			15,000

**TABLE VI-3
PROJECTED OBLIGATIONS AND EXPENDITURES BY FISCAL YEAR (US\$ 000's)**

U.S. Fiscal Year (Project Year)	FY 1 1	FY 2 2	FY 3 3	FY 4 4	FY 5 5	Total
Obligations Carried Forward	--	3,996	2,981	1,982	1,009	
Obligations - USAID	5,000	--	--	--	--	5,000
Allocations - HCOLC	1,005	1,027	1,013	960	995	5,000
Allocations - GOP	1,170	923	946	969	992	5,000
Total Obligations	7,175	1,950	1,959	1,929	1,987	15,000
Expenditures - USAID	(1,005)	(1,014)	(999)	(973)	(1,010)	(5,000)
Expenditures - HCOLC	(1,005)	(1,027)	(1,013)	(960)	(995)	(5,000)
Expenditures - GOP	(1,170)	(923)	(946)	(969)	(992)	(5,000)
Total Expenditures	(3,180)	(2,964)	(2,958)	(2,902)	(2,996)	(15,000)
Obligations Carried Forward	3,996	2,981	1,982	1,009		

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TABLE VI-4
LOCAL GOVERNMENT DEVELOPMENT PROJECT
(US\$ 000's)

LGDP Activities and Inputs	Cost	Qty	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Grand Total	Source			
									USAID	HC/SOLC	GOP	
1. Technical Assistance & Training												
A. - Technical Assistance												
1. - Long - Term (60 Per/m)												
Project Director	3.0	1	42	43	44	45	46	221	221			
Technical Director	2.5	1	35	36	37	38	39	184	184			
Training Specialist	2.0	1	28	29	29	30	31	147	147			
Adm/Finan. Mngt/Assistant	2.0	1	28	29	29	30	31	147	147			
Secretary	1.0	1	14	14	15	15	15	74	74			
Driver/Messenger	0.5	1	7	7	7	8	8	37	37			
Fringe benefits(20% of salaries)			31	32	32	33	34	162	162			
Sub Total Long-Term			185	179	184	189	204	971	971			
2. - Short - Term (45 per/m)												
Technical Asses to Munic.	2.0	10	20	21	21	22	11	94	94			
Comm. Dev./Local Gov.	2.0	10	20	21	21	22	11	94	94			
Trainers	2.0	10	20	21	21	22	11	94	94			
Forestry Mg./Env. Spec.	2.0	10	20	21	21	22	11	94	94			
Chvc Educ./Answr. Spec.	2.0	10	20	21	21	22	11	94	94			
Decentral. Law	2.0	56	112	112	113	13	6	368	56	300		
Sub Total Short-Term			212	215	218	121	61	828	528	300		
3. - Overhead (25%)			99	101	103	80	66	449	449			
Sub Total Technical Asses.			498	505	515	400	331	2,247	1,947	300		
B. - Training												
Workshops	7.0	25	175	179	184	188	193	920	920			
Logistics	2.0	25	50	51	53	54	55	263	263			
Sub Total Training			225	231	238	242	248	1,183	1,183			
C. - Commodities												
Municipalities(Data Eq.,Miscel)	3.5	41	144	147	151	155	160	705	705			
Office Furniture			62					62	62			
Vehicle (Lima)	20	1	25					25	25			
Sub Total Commodities			231	147	151	155	160	852	852			
D. - Audits			15	15	16	16	17	79	79			
E. - Other Costs												
Travel, perdiem,tickets etc.	0.6	50	30	31	32	32	33	158	158			
Vehicle maint. gas,insur.	0.2	12	2	2	3	3	3	13	13			
Sub Total Other Costs			32	33	34	35	36	170	170			
Total Local Government Dev.			999	931	952	848	802	4,531	4,231	300		
2. Participating Community Dev.												
Small Dev. Activites 1	3.0	291	873	895	917	940	975	4,600		4,600		
Small Dev. Activites 2	5.0	17	85	87	89	92	92	445			445	
Total Part. Comm. Dev.			958	982	1,006	1,032	1,066	5,045		4,600	445	
3. INADE												
A. - Central Office												
Adm. Director	1.4	1	20	20	21	21	22	103			103	
Accountant	1.1	1	15	16	16	17	17	81			81	
Adm assistant	0.8	1	11	11	12	12	12	59			59	
Budget Specialist	1.1	1	15	16	16	17	17	81			81	
Specialists	1.3	2	36	37	38	39	40	181			181	
MIS Specialist	1.3	1	18	19	19	20	20	98			98	
Supervisor	1.2	1	17	17	18	18	19	88			88	
Secretary/Adm.	0.7	1	10	10	10	11	11	52			52	
Driver/messenger	0.5	1	7	7	7	8	8	37			37	
Fringe benefits(20% of salaries)			23	24	24	25	25	121			121	
Sub Total Central Office			173	177	182	188	191	909			909	
B. - Zonal Offices (5)												
Supervisor/coordinator	1.7	5	119	122	125	128	131	628			628	
Coordinator	1.3	5	91	93	96	98	100	478			478	
Supervisor	1.2	5	84	86	88	90	93	442			442	
Secretary/Adm.	0.7	5	49	50	51	53	54	258			258	
Driver/messenger	0.5	5	35	36	37	38	38	184			184	
Fringe benefits(20% of salaries)			76	77	79	81	83	387			387	
Sub Total Zonal Offices			454	465	477	488	501	2,384			2,384	
C. - Commodities												
Furnit.,equipm. etc.			120					120			120	
Services			30	31	32	32	33	158			158	
Vehicles	25	6	150					150			150	
Vehicle maint. gas,insur.	3.00	6	18	18	19	19	20	95			95	
Sub Total commodities			318	49	50	52	53	622			622	
D. - Other Costs												
Office rent	6.0	6	36	37	38	39	40	180			180	
Office supplies	4.8	6	29	30	30	31	32	151			151	
Office maint.gas,ins.	6.0	6	36	37	38	39	40	180			180	
Travel, perdiem,tickets	0.4	100	40	41	42	43	44	210			210	
Sub Total Other Costs			141	144	148	152	155	740			740	
Total INADE			1,085	836	858	878	900	4,655			4,555	
4. USAID Project coordination												
USAID Proj. Coordinator/PSC	3.0	1	42	43	44	45	46	221	221			
Financial Assistant/PSC	2.0	1	28	29	29	30	31	147	147			
Local Secretary/PSC	1.0	1	14	14	15	15	15	74	74			
Fringe benefits(20% of salaries)			17	17	18	18	19	88	88			
Other costs(Travel,per diem)	0.7	24	17	17	17	17	17	84	84			
Total Proj. coordination			118	120	123	125	128	614	614			
5. Evaluations				75			80	155	155			
6. Audits			20	20	20	20	20	100		100		
Grand Total			3,180	2,964	2,958	2,902	2,998	18,000	5,000	5,000	5,000	

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TABLE VI-5
COOPERATIVE AGREEMENT WITH LOCAL INSTITUTION
(US\$ 000's)

Category	Monthly Unit Cost	No.	Amount(*)
1. Technical Assistance & Training			
A. - Technical Assistance			
1. - Long - Term (60 Per/m)			
Project Director	3.0	1	221
Technical Director	2.5	1	184
Training Specialist	2.0	1	147
Adm/Finan. Mang/Assistant	2.0	1	147
Secretary	1.0	1	74
Driver/Messenger	0.5	1	37
Fringe benefits(20% of salaries)			162
Sub Total Long - Term			971
2. - Short - Term (45 per/m)			
Technical Assis to Munic.	2.0	10	94
Comm. Dev./Local Gov.	2.0	10	94
Trainers	2.0	10	94
Forestry Mg./Env. Spec.	2.0	10	94
Civic Educ./Awar. Spec.	2.0	10	94
Decentral. Law	2.0	56	356
Sub Total Short - Term			826
3. - Overhead (25%)			449
Sub Total Technical Assist.			2,247
B. - Training			
Workshops	7.0	25	920
Logistics	2.0	25	263
Sub Total Training			1,183
C. - Commodities			
Municipalities(Data Eq.,Miscell)	3.5	41	765
Office Furniture			62
Vehicle (Lima)	20.0	1	25
Sub Total Commodities			852
D. - Audits			79
E. - Other Costs			
Travel, perdiem,tickets etc.	0.6	50	158
Vehicle maint.,gas,insur.	0.2	12	13
Sub Total Other Costs			170
Total Local Government Dev.			4,531

(*) The total amount include 2.5% annual increase starting at the beginning of the second year.

B

VII. Summary Analyses

To complement the information collected during the implementation of the DCD Component under the UHAD Project, which served as the basis for the LGD Project, USAID contracted the services of three specialists to carry out a study, mostly using secondary information, on the institutional, social and economic aspects of the Project. The following sections summarize relevant findings of the study, as contained in Annex 5. Such findings have been considered during the design of the Project and they will be used during the Project implementation process.

A. Institutional Analysis

INADE has been chosen as the GOP project management entity. This selection was based upon their successful implementation of similar activities in the Upper Huallaga Development Project, which was concluded at the end of 1993. Major implementation problems were avoided by working through a separate management unit (PEAH) which compartmentalized technical direction and financial management. This same management concept will be developed prior to project implementation through a new coordination and financial management unit. This unit will be staffed with technical and administrative management expertise drawn from within existing INADE human resources. The unit will also directly manage the local currency funds designated as the GOP counterpart contribution. Financial and administrative management capabilities will be confirmed by USAID Project Management and Financial Analysts from the Controller's Office.

The institutional analysis also covered local governments in the departments of San Martín, Apurímac, Ayacucho, Junín, Ancash, Arequipa, Ucayali and Tumbes. There are 741 municipalities in these departments, of which 70 are provincial and 671 district. Their geographic jurisdictions cover over 10,000 communities, including *caseríos* and inhabited areas known as *Anexos*.

According to the 1993 Census, these municipalities are located in an area of 281,633.35 km² in the various geographic regions of Perú: the northern and the central coast; the northern central and the southern highlands; and the northern and the central jungle. A total of 4,764,111 people live in these areas, or approximately 21 percent of Peru's population.

The institutional analysis, classifies municipalities in three groups, according to their size and to certain operational and socio-economic factors, such as their administrative complexity and the extent of their bureaucratic processes in performing their functions, the size of the population served, the resource base and the social and property structure in the area. The groups are:

1. Small rural-based municipalities which employ no more than 10 persons. Each one of these serves a population of approximately 2,000.
2. Municipalities which employ from 10 to 50 persons. These are provincial level municipalities, serving areas with populations of approximately 6,000.
3. Municipalities which employ from 50 to 150 persons, serving areas with populations of approximately 22,000.

The analysis states that the level of institutional capacity varies from municipality to municipality but in general all of them need to be strengthened so that they can better perform the development role implied in the Constitution. In this respect, the analysis urges an initial assessment of participating municipalities in order to tailor the specific technical assistance and training needs to upgrade their capability.

The analysis indicates that the smaller municipalities need help to develop their capacity to improve revenue collections through improved lists of taxpayers and management mechanisms to promote teamwork. Second level municipalities need to reorganize their financial management systems, their resource management systems and rationalize their personnel and administrative processes. Third level municipalities need to further develop their capacity to provide basic services to reach the neediest population groups in *Pueblos Jovenes* and to strengthen the linkages between rural and urban areas. Invariably, all municipalities need to use effective mechanisms to increase citizens' participation in development and to better use the potential of local level non-governmental organizations.

In sum, the analysis reached the following conclusions:

- o The current Constitution and Municipal Law provides the legal framework for municipalities to play a pivotal role in fostering local socio-economic development. Therefore, municipalities should not restrict their operations to traditional tasks, such as registrations, ceremonial duties, public sanitation, and the administration of local markets. They should strive to play a more proactive and forceful role to promote the integrated development of both the urban and rural areas under their jurisdiction.
- o Although the above legal framework exists, Peruvian municipalities are still far from fulfilling the development and management roles which the Constitution assigns them. As a first step, municipalities should have a clear understanding of the functions allowed

under the Constitution, particularly regarding the types of decentralized activities they can undertake to promote rural development.

- o To help municipalities in performing a leadership role in development, assistance is needed to build-up their capacity to set goals, develop plans, and implement relevant development activities based on a realistic assessment of their resources.

B. Social Analysis

The population in the target areas is generally predisposed to be organized. However, their effectiveness and the degree of participation in local governments vary greatly from region to region. In Andean zones there are some peasant communities which participate in the decision-making process with local governments, such as the potable water committee. In coastal and jungle zones the most representative ones are urban organizations engaged in feeding programs (mother clubs, popular diners, glass-of-milk committees), and specialized work committees (road, electricity, water). In the jungle, producers' committees, such as rice, corn and coffee producers, predominate.

In nearly all towns and communities there are non-economic community organizations, such as the Defense Committees, the Development Committees, and the Mothers' Clubs. The power and effectiveness of these organizations vary a great deal from town to town, usually depending on the availability of external organizations to help them deal with their local socio-economic problems.

Within this framework of citizens' organizations, the key conclusions of the social analysis include:

- o despite its favorable disposition toward development projects, over the years the population has been the object of unfulfilled promises and is generally distrustful and wary of government authority. Thus, the analysis underscores the need to involve the people in project planning and implementation.
- o Political patronage and inter or intra-party conflicts hinder a rational allocation of resources and affects the ability of local governments to promote greater participation of local organizations.
- o There is a relatively young women population in the target area which is very active in organized efforts to attract the attention of national institutions to

deal with the socio-economic problems of their communities.

- o In the smaller communities women play an important role in activities to improve the quality of life through their participation in general health improvement and child nutrition activities. As family workers, women participate in all stages of agricultural production. As is in the rest of the rural areas of Peru, this participation is not widely valued in monetary terms, and it is considered as an extension of domestic duties. When the husband moves out temporarily, for example at harvest time, women are fully responsible for both housekeeping and agricultural activities. Inside the family nucleus, wherever violence is a threat, women act as intermediaries in conflictive interests, particularly if members of the family are involved in illegal or subversive actions.
- o As wage earners, some women work in the cultivation and harvesting of commercial crops, such as rice.
- o Although they participate in productive activities, women are not present in traditionally-led male organizations, such as *Comites de Productores* and *Cámaras de Comercio*.

C. Economic Analysis

The Local Government Development Project is essentially an institution building activity. As such, it is extremely difficult to produce a reliable analysis of quantitative economic benefits. The many assumptions that would need to be used in developing the analytical data would invalidate the related conclusions. For these reasons, the economic analysis reviews mostly the possible qualitative benefits that the Project will produce in the target areas and makes suggestions for the design of socio-economic development activities during the Project implementation process.

Briefly, some of the key conclusions and suggestions included in the economic analysis include:

- o There is still a centralist bias in the Central government concerning the management of financial resources. In recent years, of the total income received by the national government only 3.7 percent was collected by local governments while only 3 percent of the national budget was spent through local governments.
- o There are powerful reasons for channelling more

resources for development through local governments. They are closer to the communities, which can more precisely identify the activities which are responsive to their needs. In the process of developing such projects, local governments can determine the communities' ability to contribute to such projects in accordance with their capacity. Communities' contributions would promote sustainability.

On this point, the analysis warns that there are two key conditions for the sound use of additional resources for socio-economic activities through local governments: (a) the presence of a sound local level administrative, management and implementing capacity; and (b) a clear perception of citizens' needs, which local governments can gain through direct communication with communities, through popular assemblies, and through community organizations.

In addition, the study make specific recommendations for the planning and approval of socio-economic development activities at the community level. For instance:

- o Community development activities should lead to clear, concrete social or economic benefits to the community in the short-term. The perception of such benefits should promote increased and meaningful community participation.
- o The process of effective participation between municipalities and communities in community development activities, may be influenced by the agricultural calendar. For example, it would be difficult to induce people to participate during the planting and harvest seasons, as the livelihood of most people in rural areas depends on their agricultural jobs.

D. Financial Analysis

The Local Government Development Project, as a training and civic consciousness development intervention at the community level, does not permit a financial analysis in the traditional sense. The experience gained from similar activities in the Upper Huallaga Development Project reinforced the conclusion that there are no viable alternatives upon which to make a cost effective analysis. Host Country-owned local currency of the projected magnitude as well as GOP treasury funds can only be managed by a public entity. The provision of technical assistance in training interventions at the municipal level as well as the timely procurement of related commodities can be more cost effective provided by the private sector. The cast of the

Project must not be thought of in terms of economic returns per se but in the terms of the development cost of good governance.

Interventions have been "costed out" to the extent feasible at the Project Paper stage. The actual cost of each community activity will be defined in the annual work plans and approved by Project Implementation Letter. Total funding of the project will provide resources adequate to achieve the Project Purpose with the targeted areas.

E. Technical Analysis

A. Local Governments and Community Participation

The LGD project has the unique opportunity to strengthen the capacity of local governments to comply with Peru's Environment Code mandates (i.e., conducting EIAs for all municipal activities) while at the same time increasing public participation and environmental awareness. Although much interest clearly exists on the part of municipal officials on the environment, some apprehension is also evident. Some mayors perceive the new GOP Environment Code as a threat to the development of their communities. Others do not see the new environmental requirements from the central government as an opportunity to improve public participation and democracy or for addressing the long-term sustainability of their projects through it.

The LGD Programmatic Environmental Evaluation (PEE) reported a high level of commitment by mayors and other municipal officials for the protection of the environment (Annex 8). Most municipalities have active environment-related activities, such as urban reforestation projects and wastewater treatment and sanitation activities. This finding reflects the views expressed by many of the mayors on the direct connection between economic growth and the protection of their natural resources. Most importantly, it shows that there is the will within municipal authorities to protect their environment and their natural resource base.

However, municipalities do not currently have the procedures or expertise needed to design, implement, monitor or evaluate EIAs and are therefore not capable of ensuring the environmental soundness of their activities. None of the municipalities have standardized EIA procedures for their projects, even though they are required by law to have them. Fortunately, most municipalities have at least one engineer/architect within their planning or public work offices available for training in EIA procedures.

Mayors, vice-mayors, regidores and/or heads of municipal planning offices will need to be sensitized to the advantages of

sound environmental project design and public participation in that process. Therefore, one workshop will be designed for senior municipal officials (especially mayors and planning officers) to prepare them in the principles of environmentally sound community planning, public awareness campaigns, and introductory risk management methods.

The LGD also has the outstanding opportunity to strengthen public participation in municipal development through local government support of environmental activities developed by community groups and/or NGOs. The PEE recommends a series of 10-15 regional workshops which will invite local NGOs and community organizations to learn about strategies for increasing their participation in the municipal planning process. These workshops, which will be offered during the first two years of the project, will include sessions on the preparation of proposals for environmental activities, and on the development of effective techniques for improving communications with municipal officials, and with other NGOs at regional and national levels. Mayors, senior municipal officials, and prominent private sector participants will be encouraged to attend these workshops.

B. Coordinating Institution

As the GOP coordinating and monitoring institution, INADE will be charged with conducting environmental reviews of proposed sub-project activities as well as mitigating and monitoring the effects of those activities under the supervision of USAID/Peru. At present, INADE has very limited capability to conduct environmental evaluations and needs to establish Environmental Impact Assessment (EIA) procedures to evaluate the proposed sub-project activities to ensure their environmental soundness. However, INADE's staff of 35 engineers (plus support personnel) can easily handle competent involvement in environmental analysis once simple environmental review processes and guidelines are designed for them, and staff receive introductory training in EIA procedures and risk assessment/risk management techniques which directly address the type of sub-project activities envisioned by LGD.

Given the likelihood that many of the activities sponsored by LGD may have negative effects on the environment, USAID/Peru needs a mechanism to ensure LGD's compliance with USAID Environmental Procedures (Reg. 216). As a cost effective way of doing this, INADE will be charged with conducting and supervising a simple environmental evaluation system similar to the one in use by FONCODES (see LGD Programmatic Environmental Evaluation, Annex 8). Similar systems are in use by IFIs and other donors to ensure environmental soundness. To accomplish this some of INADE's 35 engineers/planners will be trained in EIA techniques. The LGD Programmatic Environmental Evaluation (PEE) identified five areas of deficiency in INADE's capability to ensure proper

EIA procedures and compliance with Reg. 216:

- Proper EIA Design
- Contracting for EIA (Development of terms of reference for contracting EIA outside of INADE as part of routine feasibility studies).
- EIA execution & supervision
- EIA evaluation of mitigation as proposed by contractor
- EIA monitoring & mitigation techniques

Training to cover these areas will involve instruction of INADE staff during the first few months of the project, and at two levels:

1) A general EIA procedures course which will cover the essentials of design, contracting, execution & supervision of EIAs; and,

2) A more specialized risk assessment/risk management course to train a modest core of INADE engineers/planners in the project's evaluation methods which identify and assist in managing environmental risks. To be effective, EIA training will be based on the Impact Identification & Documentation System (IIDS) for LGD and its use (discussed in Annex 8), or the use of a similar system based on tested criteria to be developed and refined jointly by USAID and INADE. TDY assistance will be provided as necessary.

Monitoring to ensure the implementation of recommended mitigation measures will also be the responsibility of INADE under the supervision of the USAID/Peru Project Officer and Environmental Officer. INADE should design a method to track all aspects of the environmental review of each project (see Annex 8) from "Initial Screening" to the implementation of environmental mitigations similar to the one developed by FONCODES. Thus, all environmental analysis and procedures performed as part of each municipal project will be included in a database, becoming part of the project's file.

Also, INADE will hire an Environmental Planning Specialist as part of its long term personnel. This specialist, with the assistance of other INADE and/or municipal staff, will be in charge of:

- 1) ensuring that every LGD activity is environmentally reviewed;
- 2) coordinating with INADE and municipal specialists all project redesign work directed at incorporating appropriate mitigation measures to LGD project proposals, and giving final approval to these;
- 3) coordinating with regional/field offices and municipal officials on the implementation of prescribed environmental

- mitigation actions;
- 4) tracking compliance with recommended actions by the municipality; and,
 - 5) reviewing, evaluating and refining the LGD environmental review process, in harmony with Reg. 216 and with the authorization and close coordination of USAID/Peru.

INADE will also be the GOP institution responsible for providing sub-project technical assistance and training. Although the sub-project activities are expected to have important social and economic impacts in the participating communities, the aim of the sub-projects is the development and use of adequate and effective community-local government participatory processes in the planning and implementation of those activities. The implementation of LGD sub-projects will be the responsibility of the local governments in conjunction with community groups. Technically sound, high quality sub-projects are a primary indicator of an increased institutional capacity of the local governments' planning process to induce community level development. Therefore, timely and appropriate technical assistance for each of the planned sub-project activities will be required of INADE to achieve the above.

LOGICAL FRAMEWORK

LOCAL GOVERNMENT DEVELOPMENT PROJECT (527-0371)

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Goal</p> <p>Strengthen democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituents.</p>	<ul style="list-style-type: none"> - Percent of the public opinion that believe that local governments are transparent and responsive to the needs of the people. - Percentage of registered voters willingly participating in municipal election processes. <ul style="list-style-type: none"> - % of people voting increased - % of spoiled ballots decreased - Number of local governments' decisions based on constituents' expressed needs. - Number of open budget hearings 	<p>Surveys Electoral records Evaluation reports Newspapers editorials Media reports Local Governments records</p>	<p>GOP will support strengthening of LGs</p>
<p>Purpose</p> <p>To strengthen the institutional capability of local governments and develop participatory mechanisms that promote sustainable democracy at the local and national level and improve quality of life of their citizenry.</p>	<p>Conditions that will indicate purpose has been achieved: EOPS</p> <ul style="list-style-type: none"> ■ Population in target areas will have an increased confidence that Local Governments (LGs) are responsive and accountable. ■ Increased community participation in LGs decision making <ul style="list-style-type: none"> - % of LGs using town meetings in the process of identifying problems, planning and implementing projects. - # of LGs sponsored town meetings and budget hearings opened to communities. - # and types of LGs sponsored decision-making activities in which communities participated in. - % of local organizations supporting communities participation activities. ■ % increase of LGs projects which are planned and implemented in response to community needs. <ul style="list-style-type: none"> - # of community-developed projects included in LG's annual operational and budget plan. 	<p>Surveys in target areas Elections records Project records Evaluation reports LGs administrative records LGs annual operational plan and budget Minutes of LGs sessions Community organizations records</p>	<p>Continued and sustained GOP commitment to the implementation of its decentralization policy.</p> <p>Political stability, and an atmosphere of receptivity in the target areas for the proposed assistance.</p> <p>That the US Congress makes available funds to USAID and USAID, in turn, provides such funds in a timely basis to USAID/Peru for the Project.</p>

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
<p>Purpose (cont.)</p>	<p>EOPS (cont.)</p> <ul style="list-style-type: none"> ▾ Improved management of at least 25 provincial LGs and 100 district LGs <ul style="list-style-type: none"> - % of increased tax collection. - # of basic services improved. - % of improved cost recovery for delivery of services. - % increase of LGs budget devoted to capital improvement projects. - % reduction in time and cost for acquiring administrative services provided by LGs (i.e. licenses, permits, etc.) - % increase of LGs budget financed by other donors or other financial institutions (i.e. FONCODES) ■ Improved quality of life of citizens in target areas <ul style="list-style-type: none"> - % of target population with access to basic services provided by LGs. ■ A model mechanism or mechanisms in place to assure an effective participatory working relationship between LGs and communities. 	<p>(cont.)</p> <p>Project records LGs financial records Evaluation reports LGs administrative records</p>	<p>(cont.)</p> <p>Economic conditions in Peru will continue to improve and will allow LGs to generate and receive more financial resources.</p> <p>That the re-establishment of security and government authority in target areas allows the assignment of long and short-term personnel who will work with municipalities and communities in implementing the Project.</p>
<p>Outputs</p>	<p>Magnitude of Outputs:</p>		
<p>1. Local government institutions and community organizations' capability to work with citizens in the target communities in promoting socio-economic development strengthened.</p>	<p>1. 25 provincial and 100 district governments strengthened.</p>		<p>Security permits training and TA to be provided as scheduled.</p>
<p>1.1 Managerial capabilities of LGs' staff and elected officials to promote economic and social development and provide basic services to the communities they serve, improved in target areas.</p>	<p>1.1 - # of LGs staff and elected officials (male/female) trained in municipal administration, services delivery, finance, project planning, implementation and monitoring, democratic participation, and accountability of public funds.</p> <ul style="list-style-type: none"> - 10 Standard training modules for LGs developed. 	<p>Project records Contractor reports Trainer reports Evaluation reports</p>	<p>LGs officials in target areas want to participate and are willing to share decision with people.</p> <p>Qualified experts are available during time frame of project.</p>
<p>1.2 Managerial capabilities of community organizations and leaders increased.</p>	<p>1.2 - # of community organizations trained in democratic decision making.</p> <ul style="list-style-type: none"> - # of community leaders (male/female) trained in community problem identification and solving, project design, implementation and monitoring. 	<p>Project records Contractor reports Trainer reports Evaluation reports</p>	

NARRATIVE SUMMARY	OBJECTIVELY VERIFIABLE INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
1.3 Citizen awareness on their rights and obligations in a democratic governance increased.	1.3 - A civic education module used in pilot secondary schools in participating communities. - # of students (male/female) receiving civic education. - 5 civic education and awareness campaigns on local governments and civic issues. - # of male/female citizens in target areas receiving information by type and media (print, TV or radio).	Project records Contractor reports Trainer reports Evaluation reports	
1.4 Increased knowledge of Central Government officials and congressmen on democratic governance and LGs.	1.4 - # of workshops/seminars on local government/municipal administration. - # of congressmen/central government officials participating in workshops/seminars. - # of community associations receiving TA in local governance, project design and implementation	Project records Evaluation reports Contractor reports	
2. Community development and revenue-generation activities implemented in a participatory way.	2. - # of projects in basic infrastructure developed and implemented successfully (by type of project) - # and % of community participants in project implementation (male/female)	Project reports LGs records Community records Evaluation reports Contractor reports	
Inputs (\$000s) Technical assistance and Training Financial resources for CD Projects INADE Coordination and Monitoring INADE Zonal Offices USAID Project Monitoring and Coordination Evaluations Audits Contingency Total	See Financial Tables in Chapter VI (Financial Plan) of Project Paper	Project administrative records. Contractor reports	USAID-sponsored programs in Peru which generate local currency are approved and the related funds are provided in a timely fashion.

(M:\POPD\0371\LDLDFRAME)

Local Government Development Project Information, Evaluation and Monitoring Plan

Per USAID Evaluation Handbook, Sections 1 and 3.2, a Monitoring and Evaluation Plan is incorporated as an integral part of the Project Paper. Given the institutional strengthening focus of the LGD Project, sound data collection, monitoring and evaluation practices will have a dual purpose: (a) as a management tool for the Project, and (b) as a practical example of a management tool for LGs and community organizations participating in the Project. An important aspect of this monitoring and evaluation plan will be participation of Project beneficiaries in collecting and tracking some key indicators.

1. Users of the Information

Information gathered through the LGD will be used by the Project staff, USAID/Peru, the CA Grantee, local governments, INADE and the MIPRE host country, and beneficiaries.

2. Implementation Arrangements of the Monitoring and Evaluation Plan.

A monitoring and evaluation team will be established to insure that the implementation arrangements of the monitoring and evaluation plan are met. The team will consist of the USAID Project Manager, and key personnel from INADE, the CA Grantee and local governments. Implementation arrangements will include:

- o Establishment of a Monitoring Unit (MU) within INADE.
- o Establishment of baseline data sets and procedures for periodic data collection for the target areas. The MU will collect, tabulate, and evaluate indicator data against the appropriate baseline data set and the targets established in the implementation plan. The implementation plan will be updated every six months at which time targets will be refined as appropriate.
- o Contracting of a specialist within INADE to manage the project monitoring information system (LGD/MIS).
- o Including reporting requirements in the CA which should include reporting on the identified indicators mentioned below, at least on a quarterly basis, and their advances toward meeting the Project purpose.
- o Establishing an effective communication system between INADE's central and zonal offices to facilitate routine monitoring: The system will produce monthly, quarterly, and semi-annual reports prepared by the MU, which will compile information gathered by the CA Grantee, implementing agency zonal offices, and GOP entities directly involved in the implementation of the

Project. The MU will also prepare annual reports to summarize progress and analyze problem areas. USAID will use the information provided in these reports for internal reviews and reports to AID/W on Project performance.

3. LGD objectives and indicators to be monitored

a. Project Goal: The Project Goal is to strengthen democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituents.

Indicators:

1. Percent of the public opinion that believe that local governments are transparent and responsive to the needs of the people.
2. Percentage of registered voters willingly participating in elections.
3. Percentage of valid votes in electoral processes.
4. Number of local governments decisions based on constituents' expressed needs.
5. Number of open town budget hearings.

For indicator 1, special surveys will be carried out. Surveys will be conducted in areas with Project interventions as well as "control" areas, without Project interventions. A baseline survey will be taken at the beginning of Project implementation, and then on a yearly basis.

Indicators 2 and 3 represent proxy measures of the confidence of the people in democratic institutions. The assumption is that the voting decision will be conscientious if they believe in the system. Indicators 4 and 5 represent proxy measures of the responsiveness and transparency of LGs.

b. Project Purpose: The Project Purpose is to strengthen the institutional capability of local governments and develop participatory mechanisms that promote sustainable democracy at the local and national level and improve quality of life of their citizenry.

Indicators:

The following indicators will be used to measure the overall institutional capability of assisted LGs in terms of efficiency in the democratic governance process:

1. Percentage of population in target areas that believes LGs are responsive and accountable.
2. Percentage increase of registered voters willingly participating in municipal election processes in target areas.
3. Percentage decrease of spoiled ballots in target areas.

The following indicators will be used to measure the degree of community participation in the local governance process:

4. Percentage of LGs using town meetings, *cabildos abiertos*, popular assemblies or other participatory mechanisms in the process of identifying problems, planning and implementing projects.
5. Number of LGs-sponsored town meetings, *cabildos abiertos*, popular assemblies or other participatory mechanisms and budget hearings opened to communities.
6. Number and types of LGs sponsored decision-making activities in which communities participated.
7. Percentage of LGs projects which are planned and implemented in response to community needs.
8. Number of community-developed projects included in LG's annual operational and budget plan.
9. Number of local organizations supporting communities participation activities.

The following indicators will be used to measure the improved management and operational capability of LGs:

10. Percentage of increased tax collection.
11. Number of basic services improved.
12. Percentage of improved cost recovery for delivery of services.
13. Percentage of LGs budget devoted to capital improvement projects.
14. Time and cost by type of administrative services provided.
15. Percentage of LGs' budget financed by other donors or financing institutions (i.e. FONCODES).
16. Percentage of target population with access to basic services provided by LGs.

The MU will establish data collection mechanisms to gather data for these indicators on a continuous basis. To the extent possible, performance will be reported in the Missions's Semi-annual Review (SAR) reports submitted to AID/W. It is anticipated that sample surveys will be conducted to obtain the baseline and progress data on indicator 1. Baseline data will be collected during the first year of the Project. Election records will be data source for indicators 2 and 3. Local governments records will be key data sources for indicators 4 to 16. As part of the institutional capability strengthening process, appropriate records will be designed for LGs use to gather information required for the above mentioned indicators. Evaluations will complement performance progress measurement processes.

c. **Outputs**

Output No. 1: Local government institutions and community organizations' capability to work with citizens in the target communities in promoting socio-economic development strengthened.

Monitoring of the achievement of this output will be measured by a mix of the indicators selected for the sub-outputs.

Output No.1.1: Managerial capabilities of LGs' staff and elected officials to promote economic and social development and provide basic services to the



communities they serve improved in target areas.

Indicators:

1. Number of LGs staff and elected officials, by gender, trained in municipal administration, services delivery, finance, project planning, implementation and monitoring, democratic participation, and accountability of public funds.
2. Number of training modules for LGs developed.
3. Number and type of training courses carried out for LGs officials and staff.

Output No. 1.2: Managerial capabilities of community organizations and leaders increased.

Indicators:

1. Number of people from community organizations trained in democratic decision making.
2. Number of community leaders trained in community problem identification and solving, project planning, implementation and monitoring.

The CA Grantee will be in charge of tracking the above mentioned indicators for Outputs 1.1 and 1.2, and report them to the MU on at least quarterly basis. As part of the design of the training modules, periodic evaluations and participant follow-ups will be made. Interviews to participants will be used to measure the quality of the training and if the training met the objectives proposed. In addition, performance of LGs management will be addressed with indicators such as: the existence, understanding and use of operational plans, defined decision-making process, existence of written service guidelines and procedures, staffing position descriptions, revenue generation mechanisms, open access to information, etc. Baseline for these indicators will be gathered prior to the implementation of the training activities.

Output No. 1.3: Citizen awareness about their rights and obligations in democratic governance increased.

Indicators:

1. A civic education module used in pilot secondary schools in participating communities.
2. Number of students (male/female) receiving civic education.
3. Number of civic education and awareness campaigns on local governments and civic issues.
4. Number of male/female citizens receiving information by type and media (print, TV or radio).

The Contractor will track the above indicators and report them on at least a quarterly basis. As part of the design of the civic education module, baseline survey will be performed within the first three months of the Project, and periodic evaluations will be made. Surveys will be used to evaluate the quality and effectiveness of the civic awareness campaigns.



Output No.1.4: Increased knowledge of Central Government officials and congressmen on democratic governance and LGs.

Indicators:

1. Number of workshops/seminars on local government/municipal administration.
2. Number of congressmen/central government officials (male/female) participating in workshops/seminars.
3. Number of community associations receiving TA in local governance, project design and implementation.

The CA grantee will gather information on the above indicators. Contractor quarterly reports will also include the type of specific TA provided and results of the TA.

Output No.2: Community development and revenue-generation activities implemented in a participatory way.

Indicators:

1. Number of projects in basic infrastructure developed and implemented successfully (by type of project)
2. Number and Percentage of community participants in project implementation (male/female)

Indicator 1 will be desegregated during the first year of the Project, depending upon community selection of activities. Expected detailed indicators will include:

- Community small agro-industries and micro-businesses
- Community fish ponds.
- Small irrigation systems rehabilitated
- Small animal husbandry and horticulture
- Water and sewage systems rehabilitated/constructed
- Rural water systems rehabilitated
- Latrines
- Health posts rehabilitated
- Classrooms rehabilitated
- Hectares reforested
- Rural roads and small bridges rehabilitated

The organization in charge of the implementation of these activities will establish a data collection mechanism to record data on the above mentioned indicators on a continuous basis, and report them to the MU at least on a quarterly basis. It is anticipated that administrative records of the local implementing agency will be used, as well as community and LGs records, which will be designed (if not existent) as part of the improvement of management capability process.

Even though the key purpose of this output is not economic growth per se but promoting democratic participation, socio-economic information of the community (community profile) will be gathered, as part of the institutional strengthening process, to be

used in their decision-making processes. Basic information describing each community and the data required for the execution of the community-based projects will be developed, analyzed, and maintained also by the community and LG. This community-based data will be used in conjunction with municipal area socio-economic baseline data sets to measure impact on the communities assisted.

Community profiles will include the following data sets:

- o Economic activity: amount and value of production of key economic sectors -- agri-business, forestry, livestock, marketing, other manufacturing, other industry, other services.
- o Infrastructure: transportation facilities, energy, storage, and marketing.
- o Socio-economic: population, migration trends, income levels, consumption levels, basic services, health, education, household facilities (energy, potable water, sewerage), community organization, and size of labor force.

As a part of the community-project approval process, the implementing agency will develop the following additional data for each community:

- o Level of security in the area of the community.
- o Institutional capacity of the community.
- o Rationale for community development activities.
- o Target population at which the activities will be directed.
- o Sectoral coordination with appropriate entities.
- o Willingness of beneficiaries to participate in the activities.
- o Need for environmental impact assessments.

4. Evaluation

During the life of the Project, two formal, external evaluations are planned. These will provide the basis for refinements in the design and implementation of the project. Funds are included in the budget for USAID/Peru to contract the services required to carry out the evaluations. The first evaluation will be carried out approximately 24 months from the date of the signing of the Cooperative Agreement for technical assistance and training. The second and final evaluation will be conducted just prior to the PACD.

The first evaluation will assess the progress made in meeting Project implementation targets and to assess the cumulative impact of the Project. Based on the findings of the evaluation, recommendations for changes in design and implementation procedures will be made, as appropriate, in order to increase the probability that Project investments will meet the stated purpose of the Project.

The evaluations will have five objectives, as follows:

- a. To assess the extent to which the Project is meeting its purpose and

contributing to the goal. Based on an analysis of the policy indicators and assumptions underlying the Project design, the evaluation will recommend changes or modifications in Project outputs, End of Project indicators, and implementation strategies;

- b. To assess the extent to which the Project is consistent with AID/W and USAID/Peru objectives (i.e., building democracy, poverty alleviation, environment protection, reaching disadvantaged groups support, etc.);
- c. To assess the effectiveness and to recommend strategies for improving Project implementation through an analysis of obstacles and bottlenecks as well as achievements in Project management and administration;
- d. To determine the impact of the Project to the date of the evaluation on the performance of LGs, the lives of the target population, etc. ; and
- e. To determine the effectiveness of the technical assistance and training provided through the CA Grantee and implementing agencies, and make recommendations for modifications in implementation in the design of technical assistance delivery as necessary.

The final Project Assistance Completion Report (PACR) will be prepared approximately around the PACD. Its purpose will be to document the Project experience and the lessons learned during its implementation.

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ANNEX 2
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ACTION: Kc :
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BT
UNCLAS SECTION 01 OF 02 STATE 151579

AIDAC FOR MISSION DIRECTOR

E.O. 12356: N/A
TAGS:

SUBJECT: REVIEW OF THE DEMOCRATIC DEVELOPMENT OF LOCAL GOVERNMENT (527-0371) AND PARTICIPATORY DEVELOPMENT AND GOOD GOVERNANCE (527-0356) PIDS

ACTION: DID (FII)
INFO: ODI
CONT
PDP
DD

1. THE USDOLS 5 MILLION DEMOCRATIC DEVELOPMENT OF LOCAL GOVERNMENT PROJECT AND USDOLS 3.5 MILLION PARTICIPATORY DEVELOPMENT AND GOOD GOVERNANCE PROJECT PIDS WERE REVIEWED ON MARCH 23, 1994. THE AA/LAC CHAIRED THE DAEC MEETING, WHICH WAS ATTENDED BY THE DAA/LAC AND REPRESENTATIVES FROM LAC/DR, LAC/DPP, LAC/DI, LAC/SAM, GC/LAC, M/B, PPC/PAR

STATE/ARA, STATE/INM, STATE/HA, USIA, DEA AND OMB. USAID/PERU WAS REPRESENTED BY THE DEPUTY DIRECTOR AND THE SPECI(A)AL PROJECTS AND DEMOCRATIC INITIATIVES OFFICERS.

2. THE DAEC AGREED THAT THE TWO PROPOSED DEMOCRACY PROJECTS PROMOTE U.S. FOREIGN POLICY INTERESTS AND SUPPORT (USAID DEMOCRACY-BUILDING OBJECTIVES IN PERU. THE DAEC ALSO FOUND THAT THE PROJECT CONCEPTS ARE CONSISTENT WITH PDD-14 COUNTERNARCOTICS OBJECTIVES, BY SERVING TO STRENGTHEN THE ABILITY OF LOCAL GOVERNMENTS AND COMMUNITIES TO RESIST NARCOTICS TRAFFICKING, THOUGH INM SAW LESS COUNTERNARCOTICS-RELATED VALUE IN THE GOOD GOVERNANCE PROJECT. THE LAC BUREAU APPROVES BOTH PIDS AND

DELEGATES AUTHORITY TO THE MISSION TO DESIGN AND AUTHORIZE BOTH PROJECTS, SUBJECT TO THE CONDITIONS AND RECOMMENDATIONS DISCUSSED BELOW.

3. THE FISCAL YEAR SOURCE OF FUNDING AND AMOUNTS AVAILABLE FOR INITIAL OBLIGATIONS HAVE NOT YET BEEN CONFIRMED FOR THESE TWO PROJECTS. ACCORDINGLY, THE PROJECTS CAN NOT BE AUTHORIZED UNTIL THE SOURCES AND AMOUNT OF FUNDING AVAILABLE ARE DETERMINED. DISCUSSIONS NOW ARE UNDERWAY WITH THE STATE DEPARTMENT AND WE EXPECT THESE FUNDING ISSUES TO BE RESOLVED IN THE NEAR FUTURE.

4. SINCE THE PARTICIPATORY DEMOCRACY AND LOCAL GOVERNMENT DEVELOPMENT PROJECTS WILL SUPPORT ACTIVITIES BOTH INSIDE AND OUTSIDE OF COCA GROWING AREAS, THE RELATIONSHIP BETWEEN PROJECT ACTIVITIES AND COUNTERNARCOTICS OBJECTIVES MUST BE CLEARLY ESTABLISHED IN PROJECT DOCUMENTS.

5. TO AVOID CONFUSION BETWEEN THE TWO PROJECTS WHICH HAVE SIMILAR DESCRIPTIVE TITLES, THE MISSION SHOULD SIMPLIFY THE PROJECT NAMES TO THE "PARTICIPATORY DEMOCRACY PROJECT" AND THE "LOCAL GOVERNMENT DEVELOPMENT PROJECT".

6. THE LAC BUREAU RECOMMENDS THAT THE FOLLOWING SPECIFIC POINTS BE CONSIDERED DURING THE DESIGN OF THE PARTICIPATORY DEMOCRACY PROJECT:

A. THE BUREAU QUESTIONS THE PRIORITY OF THE JOURNALISM COMPONENT. THE FAILURE TO PUBLISH ACCURATE AND UNBIASED INFORMATION IS OFTEN DUE TO MANAGEMENT DECISIONS OF NEWSPAPER OWNERS, RATHER THAN TO THE QUALITY OF REPORTING. THE BUREAU RECOMMENDS THAT THE MISSION REASSESS THE VALUE OF INCLUDING THIS ACTIVITY AS PART OF THE PROJECT.

B. THE BUREAU RECOMMENDS THAT THE MISSION PAY SPECIAL ATTENTION TO THE FORMULATION OF CLEAR AND CONCISE PROJECT INDICATORS. THE PROJECT SHOULD FOCUS ON MEASURING SUSTAINABLE RESULTS AND LONG-TERM IMPACT OF REFORMS OR NEW WAYS OF OPERATING WHICH FURTHER THE DEMOCRACY-BUILDING PROCESS IN PERU. THE PROJECT PAPER SHOULD ELABORATE WHAT DATA WILL BE COLLECTED TO MONITOR PROJECT PROGRESS.

C. THE NUMBER OF USPSC POSITIONS AT USAID/LIMA HAS BEEN REVIEWED AND AGREED UPON BY THE MANAGEMENT BUREAU, WHICH CONTROLS THE TOTAL NUMBER OF USAID PSCS WORLDWIDE. THE LAC BUREAU RECOGNIZES THAT USAID/LIMA USPSC TOTAL HAS BEEN CONSTRAINED BY CONDITIONS SPECIFIC TO PERU AND IS SYMPATHETIC TO GREATER USE OF USPSCS AS PROJECT MONITORS. HOWEVER, TO MAINTAIN CONTROL OVER BUREAU CEILINGS, SPECIFIC APPROVAL BY THE LAC BUREAU WILL BE NEEDED FOR ANY

ADDITIONAL USPSC EMPLOYMENT. PLEASE ADVISE ACTION DESIRED AS YOU COMPLETE THE PROJECT DESIGN.

D. THE LAC BUREAU UNDERSTANDS THE IMPORTANCE OF ASSURING ADEQUATE USG FINANCIAL SUPPORT FOR THE UPCOMING 1995 PRESIDENTIAL ELECTIONS. HOWEVER, THE LAC BUREAU CAUTIONS THAT THE FOCUS OF THIS PROJECT SHOULD BE ON ADDRESSING THE LONG-TERM STRUCTURAL REFORMS NEEDED TO STRENGTHEN THE ELECTORAL PROCESS IN PERU. WE RECOGNIZE USAID/LIMA'S LIMITED FUNDING OPTIONS AND ARE DISCUSSING POSSIBLE SOURCES FOR ADDITIONAL FUNDING WITH THE STATE DEPARTMENT.

6. REGARDING THE LOCAL GOVERNMENT DEVELOPMENT PROJECT, THE PID PROPOSES USING INADE -- AN EXECUTIVE BRANCH AGENCY

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AS THE IMPLEMENTING ORGANIZATION. THE LAC BURFAU IS
CONCERNED THAT THE DIRECT INVOLVEMENT OF A CENTRAL

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ANNEX 2

~~UNCLAS~~ SECTION 02 OF 02 STATE 151579

GOVERNMENT AGENCY COULD SLOW THE PROCESS OF DEVELOPING
POLITICALLY INDEPENDENT AND DECENTRALIZED MUNICIPAL
GOVERNMENTS BY POTENTIALLY POLITICIZING PROJECT
ACTIVITIES. ALTERNATIVE MANAGEMENT APPROACHES WHICH THE
MISSION MIGHT CONSIDER DURING PROJECT DESIGN INCLUDE:
RESTRICTING INADE'S PROJECT DECISION-MAKING ROLE BY
RELYING PRIMARILY ON LOCAL CITIZEN PARTICIPATION; GREATER
USE OF PERUVIAN NGOS AND PVOS; OR THE PROGRESSIVE TRANSFER
OF PROJECT COORDINATION FUNCTIONS FROM INADE TO PRIVATE OR
MUNICIPAL ORGANIZATIONS DURING THE LIFE OF THE PROJECT.

7. WE HAVE RECEIVED THE REVISED ECONOMIC STABILIZATION
AND RECOVERY PAAD AND WILL RESPOND SEPTEL.

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Ministerio de la Presidencia

Lima, 03 de agosto de 1994

Oficio No. 1090-94/PRES

Señor
 GEORGE A. WACHTENHEIM
 Director
 AGENCIA PARA EL DESARROLLO INTERNACIONAL
 Presente

De mi consideración:

Tengo el agrado de dirigirme a usted para agradecerle su atenta carta, donde nos confirma la aceptación del apoyo de la Agencia para el Desarrollo Internacional de los Estados Unidos (USAID) para llevar a cabo el Proyecto Desarrollo de Gobiernos Locales.

De acuerdo a lo conversado telefónicamente y por la sugerencia que nos hace llegar en su mencionada carta, le expresamos nuestra conformidad para que sea el Instituto Nacional de Desarrollo (INADE) el encargado de implementar y ejecutar dicho proyecto, en estrecha coordinación con los programas que viene llevando a cabo el Vice Ministerio de Desarrollo Regional del Ministerio de la Presidencia.

Reiterándole el interés del Gobierno Peruano de realizar este Proyecto, hago propicia la oportunidad para expresarle los sentimientos de mi mayor consideración.

Atentamente,



Raul Victor Alfaro
 RAUL VITTOR ALFARO
 Ministro de la Presidencia

gfe

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FOOD & LOCAL DEVELOPMENT
02 MAY 1994
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AIDAC LIMA FOR ALAN DAVIS, QUITO FOR HOWARD CLARK

E.O. 12356: N/A

TAGS:

SUBJECT: ENVIRONMENTAL THRESHOLD DECISION FOR DEMOCRATIC
DEVELOPMENT OF LOCAL GOVERNMENTS PROJECT (527-0371)

ACTION: PENR (FIELDS)
INFO: ORD
DD
FLDD

REF: PID

1. LAC ACTING CHIEF ENVIRONMENTAL OFFICER, JEFFREY BROKAW, HAS REVIEWED AND HEREBY APPROVES A CATEGORICAL EXCLUSION FOR TRAINING AND TECHNICAL STUDIES COMPONENTS AND A NEGATIVE DETERMINATION FOR SMALL-SCALE COMMUNITY LEVEL ACTIVITIES.

2. THE CATEGORICAL EXCLUSION IS ISSUED, AS STATED IN THE IEE, FOR TRAINING AND TECHNICAL STUDIES AS DESCRIBED IN 22 CFR 216.2 (C) (2) (I) AND 22 CFR 216.2 (C) (2) (III).

3. THE PROGRAM AGREEMENT WITH THE GOP SHALL INCLUDE A CONDITION THAT THERE WILL BE NO SUPPORT FOR NOR FUNDS USED FOR THE PROCUREMENT OR USE OF PESTICIDES.

4. AS DISCUSSED IN THE IEE, GUIDELINES SHALL BE DEVELOPED TO ENSURE SMALL-SCALE COMMUNITY DEVELOPMENT ACTIVITIES WILL HAVE MINIMAL ENVIRONMENTAL IMPACT. GUIDELINES SHALL BE DEVELOPED IN COORDINATION WITH MISSION ENVIRONMENTAL

OFFICER, AND APPROVED BY LAC BUREAU ENVIRONMENTAL OFFICER PRIOR TO IMPLEMENTATION OF ACTIVITIES.

5. FOR PROJECT FILES, LAC/DR/E REQUESTS COPIES OF THE POST-CONSTRUCTION PHASE REVIEWS OF THE EFFECTIVENESS OF ENVIRONMENTAL GUIDELINES AND MITIGATIONS.

6. IEE NUMBER IS LAC-94-14. COPY OF THE ENVIRONMENTAL THRESHOLD DECISION IS BEING SENT TO MISSION FOR INCLUSION

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IN PROJECT FILES.
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Escuela de Administración de Negocios para Graduados

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ISN 95987

**LOCAL GOVERNMENT DEVELOPMENT PROJECT
IN PERU**

Final Report

Contract No. 527-0000-0-00-4172-00

Prepared by:

*Consuelo García de Benavides
Julio Calderón Cockburnn
Mario Gallo Gallo*

June, 1994

Lima - Perú

as

INTRODUCTION

Part of the work entrusted to ESAN by USAID/Peru includes an analytical study of five key geographical areas for the Local Government Development Project: **Ancash, Apurimac, Ayacucho, Junin and San Martin.**

This analysis contains three significant complementary aspects for establishing the importance, viability and sustainability of the "Local Government Development" project (LGD) in Peru:

Institutional, social and economic aspects.

The reports included herein are divided as follows:

**INSTITUTIONAL ANALYSIS
SOCIAL-CULTURAL ANALYSIS
ECONOMIC ANALYSIS**

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INSTITUTIONAL ANALYSIS

1. INSTITUTIONAL ANALYSIS

1.1. LOCAL GOVERNMENT

Our study of Local Governments in Peru covers the jurisdiction of the following departments: San Martin, Ayacucho, Junin, Apurimac and Ancash.

There are 595 Municipalities in these departments, 55 of them provincial and 540 district municipalities. Their scope of action includes over 8,000 rural and urban settlements.

According to the recent 1993 census, these municipalities cover an area of 200,633.35 k2, including six different geographical regions in Peru: the north-central coast, the central, northern and southern highlands and the northern and central jungle.

The same census indicates that these areas have a total population of 4,758,272 people (2,387,000 men and 2,377,000 women), which is equivalent to 17.22% of the national population. The population density per k2 is 3 people per k2 in the most sparsely populated area and 30 people per k2 in the most densely populated area.

1.1.2 The local government model

Local governments fulfil both a political and an administrative role. Elected local government authorities fulfil a political role, exercising influence on government decisions, and an administrative role, focusing on the services rendered to the population.

2. THE MUNICIPAL INSTITUTION

The analysis of the situation of Local Governments will help to identify their main resources and most significant shortcomings, based on which their strengthening shall be planned. The first step is to improve the institution that represents the organized population - the Municipality - without neglecting the role of other local government participants.

2.1 CONCEPTUAL MODEL

Bearing in mind that the municipal activity has specific objectives to fulfil, this may be defined as: "A social body of people and intermediate associations grouped within their own specific territory, organized under a legal system that guarantees popular participation in the education and leadership of the local society, with sufficient autonomy to establish its own government; as an instrumental part of this society, it is responsible for governing and managing local public welfare, in keeping with national policies and activities aimed at general public welfare, with sufficient authority and autonomy to do so."¹

2.2 LEGAL BACKGROUND

The first law governing municipalities was issued on April 9, 1872, during the government of Manuel Pardo. Its first article established that "The Republic's local administration shall be divided into departmental, provincial and district municipalities".

On October 14, 1892 when the 1860 Constitution was in force, the Organic Law governing Municipalities was issued. Article 1 of this law read as follows: "The Republic's municipal administration shall be exercised by provincial and district councils in accordance with this Law". This law remained in force under the 1920 and 1933 constitutions, throughout which time it was the object of several amendments.

Article 203 of the 1933 constitution established the following: "Municipal councils shall be established in provincial and district capitals, in the towns determined by the respective departmental council"; its article 206 establishes that "Without prejudice to the provisions set forth in paragraphs 7 and 8 of article 193 (concerning departmental councils), provincial municipal councils shall exercise their duties with the administrative and economic autonomy established by law."

Article 252 of the 1979 political Constitution reads as follows: "Municipalities are local government agents with economic and administrative autonomy over all matters under their sphere of competence. The municipal administration is exercised by provincial and district municipalities which are established in accordance with the law."

"Town Hall and Municipality", an ISAM publication, 1988.

Under the terms of law No. 51 (issued on March 16, 1981) which annulled the 1892 organic Law, it was established in article two that "the Municipality is a community of people linked within the boundaries of a territory by neighbourhood relationships and capable of forming a local government". Article three of the same decree established that "Municipalities are local government agencies resulting from popular intent. As legal internal entities governed by public laws, they exercise economic and administrative autonomy over matters within their sphere of competence. In general terms and in accordance with the Constitution, it is evident that they should regulate the activities and operation of the National Public sector".

Law No. 23853, the Organic Law governing Municipalities, was issued on May 28, 1984, annulling the previous 1981 law. Although this law was amended by the 1993 Constitution, it remains in force to this day. Article two of this law established that "Municipalities are Local Government Agencies arising from popular intent. As legal internal entities governed by public laws, they exercise economic and administrative autonomy over matters within their sphere of competence. They are governed by the laws and provisions that, in general terms and in accordance with the Constitution, regulate the activities and operation of the National Public Sector² (this is practically a repetition of articles two and three of the annulled law). Article three of this law states that "Municipalities represent the neighbourhood and promote the adequate rendering of local public services, boosting neighbourhood wellbeing and the compatible, overall development of its constituents. It cannot exercise the political duties which the Constitution and the laws reserve for other State agencies, nor assume any other representation other than the administration of local activities."

Article 191 of the 1993 Constitution which entered into force on December 29, 1993, establishes that "provincial and district Municipalities and those delegated in accordance with the law, are local government agencies with political, economic and administrative autonomy over matters within their sphere of competence...."

Within the activities described in the municipal model and in the legal framework established by Law No.23853, different levels of participation were identified, expressed in different ways through various methods of organization.

² Hildebrando Castro-Pozo Diaz "Organic Law governing Municipalities", Law 23853, Agreed and Discussed, IPADEL, Local Democracy Institute, September 1993.

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For the purpose of the Local Government analysis, we shall establish four levels of participation, in keeping with the organization patterns of these components:

Level 1. The Mayor, the Municipal council, municipal councillors and commissions.

- Represent the population by popular vote.
- Conduct the development of their constituencies, making the Local Government play a fundamental role in increasing the standards of living of local dwellers and permanently inspiring the actions of all entities legally responsible for development work.
- Establish institutional action policies.
- Manage and negotiate equity capital and economic, financial, natural and local government resources.

Level 2. Public officials, administrative body, secretariat, Public Relations, Financial management, logistics, revenue, civil registers, projects, personnel, community activities and others.

- Fulfil the typical tasks entrusted to local civil servants.
- Fulfil the tasks resulting from the policies established by Municipal authorities.
- Fulfil their corresponding duties depending on their positions within their Municipality.
- Have the necessary aptitude for their post, taking advantage of their knowledge, experience, capabilities and the necessary criteria for taking action.

Level 3. Community Leaders

- Representatives of the population, arising as an expression of social groups formed by individuals with a specific goal in their community.

Level 4. Residents.

- The population living within the sphere of competence of the Municipality and therefore entitled to the benefit of Municipal actions.

2.3 THE ORGANIZATION OF THE MUNICIPAL INSTITUTION

First of all, Municipalities are organized according to the

guidelines established by Law No. 23853, anticipated in Resolution No. 204-92-JNE. Within the context of our study, the typical municipal authorities consist of the following:

- . One Mayor and 19 municipal councillors in the provinces of Abancay, San Martin, Huaraz, Jauja, Huancayo, Moyobamba, Huanta.
- . One Mayor and 14 municipal councillors in the provinces of Casma, Huari, Concepcion, Satipo, Lucanas, Huallaga, Lamas, Tocache.
- . One Mayor and 9 municipal councillors in the provinces of Aija, Antonio Raymondi, Bolognesi, Carhuaz, Huarmey, Huaylas, Mariscal Luzuriaga, Pamabamba, Recuay, Sihuas, Yungay, Junin, Huamanga, Parinacochas, Aymaraes, Cotabamba, Grau, Chincheros, Bellavista, Picota.
- . One Mayor and 5 municipal councillors in the remaining Municipal District Councils not mentioned in the previous paragraphs.

The Municipal institution is responsible for carrying out the following activities, in order to achieve its objectives:

- Provide services to the city for the benefit of all citizens without distinction, funded by general income without any immediate or direct contribution from those enjoying or receiving such services.

Urban Planning:

Urban development, urban renewal, public construction, design and architecture, parks and gardens, streets and roads, embellishment, maintenance.

- Direct services provided to citizens for which the direct contribution of those receiving such services is expected.

Transport:

Buses, subway, maritime, lacustrine and riverine transport, port development, storage and deposits, terminals, parking lots, air transport.

Supplies:

Water and sewage services, electricity, public lighting, gas, etc.

Food:

Markets, various manufactured products, restaurants and kitchens, bars, grocery stores, farming and livestock breeding, mills.

Hygiene:

Garbage collection, street sweeping, final garbage disposal, sewage and the treatment of sewage water, environmental sanitation, public toilets and washrooms, sanitary services, kennels, slaughterhouses, graveyards, fumigation and disinfection services.

Industry:

Industrialization of garbage and sewage water sediments, development of hotels and tourist centres, construction industry, housing, industrialization of by-products and surplus products, etc.

Security Services:

Police, fire brigades, other services, etc.

Miscellaneous:

Advertisements, printers, newspapers, radio stations, television, farming and non-industrial development.

- Services rendered to the community in general and to citizens in particular, promoting the economic, social, cultural and political development of the community.

Human and social development:

The promotion of culture, art, recreation and sport. Social assistance and welfare.

Bearing in mind the points brought up above, we might add that under this context, municipalities play two roles, one political and the other administrative, which they must fulfil in an integrated manner.

In Peru, municipalities vary in terms of both their size and their performance, and are initially classified as provincial municipalities, district municipalities or municipal agencies.

Provincial municipalities cover a wider territory, their territorial jurisdiction includes districts and settlements as well as most urban areas, therefore their institutional activities and services are more complex. They also have more civil servants including 19 municipal councillors, 15 public officials, and between 30 and 50 employees, depending on the number of neighbours within their scope of influence.

District municipalities cover a smaller territory and their management activities are less complex. Their civil servants therefore consist of 6 or 9 municipal councillors, 4 to 7 public officials and 10 to 15 employees, depending on the number of services and neighbours to be catered to. The rural component is larger than the urban area and they depend on the provincial government, with whom they must

coordinate actions.

Municipal agencies, covering small settlements within the district territory, have an elementary and less complex management, therefore the administrative activities are conducted by only three or four people. They are delegated local governments dependent upon the district government.

In order to absorb the institutional analysis, we have classified municipalities in accordance with their size and their operations, depending on their degree of development and institutional complexity, expressed in the level of their activities, type of duties and degree of efficiency or bureaucracy. The institutional operation shall also be analyzed in terms of external variables: population, natural region, productive structure, type of social structure and property, in order to identify municipal circumstances on which to base the objectives of a decentralization and municipal strengthening plan.

The legal framework (Constitution and Municipal Law) makes municipalities responsible for local development and the promotion of self-development and self-government; consequently, their role should not be limited to civil registers, embellishment, public cleansing and administration of markets traditionally under their responsibility; instead, they must strive to achieve the overall development of their constituencies, both in rural and urban terms.

Nevertheless, it is evident that municipalities in this country have a long way to go before they achieve the development and administration of local services recently established in the Constitution. It is therefore necessary, first of all, to establish their roles and spheres of competence, particularly as far as certain key areas are concerned: decentralized rural assistance, primary health care, water and sewage services, basic infrastructure, among others.

As a result of municipal strengthening, goals, plans and terms will be established, depending on the type of municipality and the origin of the funds required to finance these activities; as well as a technical assistance and training programme to support this plan, in accordance with the needs of each field of action and with the participation of the population of each jurisdiction.

The municipalities covered by our analysis are typically provincial and district municipalities, depending on their size and institutional development; in other words, in terms of their internal complexity and the existence of administrative and technical instruments, these municipalities may be classified as follows:

- Small, rural grass roots municipalities, with about 2,000 inhabitants. They have a stagnant urban growth and are basically rural. They have the lowest relative level of municipal activity and their revenues are insignificant.
- Municipalities with 10, 20 or 50 employees. These correspond to the provincial level, with a population of approximately 6,000 people. They also have a limited urban growth. Together with the previous group, they spend the highest proportion of public investment.
- Municipalities with 50 to 150 employees. These correspond to cities with an average population of 22,000 people. They have a greater urban growth, more municipal activities, they are more efficient and generate their own income.

The most important trait for identifying this classification, is that smaller cities, with an insignificant urban growth and a limited dynamism of their farming production structure, tend to have fewer municipal activities and less municipal revenue per family. In more distant and backward rural provinces or districts, the municipality fulfils an insignificant role with few activities.

Bearing in mind these characteristics, it is safe to say that a detailed, in-depth study of the current municipal circumstances should be considered a priority. To this end, due consideration should be given to the type of municipalities, in order to identify their processes and based on these, establish goals and specific training and technical assistance programmes.

Technical assistance and training must begin by heightening the awareness of political authorities first of all and subsequently of municipal servants, regarding the municipal role, so that they can assume a leadership attitude and learn how to coordinate with the central government, representative community organizations and the community in general.

In this sense, technical assistance and training in certain areas must be preceded by research work or workshops, in order to design methodologies, formulas and procedures to suit the types and sizes of existing municipalities. This must not only be applied to plans, but also to the use of certain administrative instruments. Smaller municipalities do not need organization charts, complex regulations for their organization and duties nor staff assignment charts. What they do need, more than other municipalities, is to draw up registers of municipal tax payers and establish team work.

Second level municipalities need to reorganize their financial and administrative management of resources, improving their revenues and collections. They require plans to recover income and a significant administrative reorganization. Likewise, as far as services and municipal works are concerned, appropriate and intermediate technologies must be designed for smaller municipalities, particularly for urban infrastructure, water supply services and local roads.

Finally, larger municipalities need to establish working methods to improve the efficiency of urban development services and shanty towns, increase the potential of weekly fairs and improve rural-urban trading and markets, obtaining experience in participation and community organization.

Technical assistance and training must also be aimed at planning aspects, which must not be limited to drafting a document but to developing a planning attitude, establishing and periodically evaluating coordination, participation and municipal objectives and goals. A more modern and democratic form of leadership must be sought in smaller municipalities and a more technical leadership in larger ones. Each municipality must be aware of its level of organization, revenues and implementation capacity, bridging the gap between their activities and their goals.

Citizens must regard their local government as an understanding and intelligent collaborator willing to inform them precisely what services they are entitled to and the obligations these entail.

2.4 LOCAL GOVERNMENT PROTAGONISTS

Different protagonists were identified in local governments, who are the driving force behind the participatory process which is required to meet the project's main objective, i.e. the Democratic Development of Communities.

- Local Government protagonists
- Coordinating agency protagonists
- Community protagonists

Our analysis is based on these three types of protagonists. Below is a description of the typical staff involved, so that the "ideal" profile of each group may be available on which to base a training programme designed to overcome weaknesses and take advantage of strengths. This is essential for achieving the following goals:

- a. Create an awareness of civic responsibilities, so that citizens' rights and obligations may be fulfilled.

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- b. Obtain a commitment with the "social cause" - the fundamental objective of municipal institutions -and the development of all involved, so that they may participate in their own destiny.
- c. Create an awareness of participation as the driving force behind the community.
- d. Carry out local activities professionally.
- e. Ensure that the different protagonists are willing to serve their community.
- f. Integrate administrative management activities with the political role, i.e. the representative role played by elected leaders within a democratic process.
- g. Technical advice to be provided by the coordinating agent, as the driving force behind the activities elected by the community and as a solution to the needs perceived by the majority.

Taking all these aspects into consideration, we can describe the typical characteristics of each protagonist identified as part of the three levels or segments that participate jointly in Local Government Development activities.

2.5 TYPICAL PROTAGONISTS

- a. Local Government Level:
 - Municipal Councillors and Mayors
 - Municipal employees and officials
- b. Programme Coordinator Level:
 - Professionals responsible for the Municipality's projects.
 - Social workers and technicians involved in Local Government activities.
- c. Community Level:
 - Community leaders representing organized Community groups.
 - Target population enjoying Local Government benefits.

2.5.1 Local Government Level

Local Governments, also referred to as Municipalities, include the Mayor - the highest ranking authority

democratically elected by the population as their legitimate representative within their territory - who has a double role to fulfil: on the one hand, the political leadership of the constituency, with coordinating and decision-making powers; on the other hand, the administrative role as manager of the local resources and municipal activities that must be placed at the service of the local community. A fair balance between these two roles is essential, as the Mayor and the municipal councillors are considered the pillars of democracy.

It should be pointed out that the Mayor could also be distinguished as a provincial or district mayor or municipal agent.

- The **Provincial Mayor** is responsible for the management of part of the territory of the respective department (the political division of the Peruvian state). His main activities are focused on the capital city of the province, where the Municipality is physically located. His scope of action also includes various districts located within the province.

His political and management activities are complex and diversified, depending on the type of Municipality under his responsibility.

- The **District Mayor** is responsible for the territory within a province, including settlements and small towns surrounding the district municipality which is characterized by incorporating more rural areas within its scope of action. At this level, the Mayor's role and activities are less complex and are mainly aimed at providing basic infrastructure to the population surrounding the Municipality, whose activities are somewhat varied.

- The **Municipal Agent** represents the population of a Settlement, endorsed by the Provincial Mayor. His political and management roles are even less complex.

In the area covered by our study, Provincial Mayors, District Mayors and Municipal Agents were identified.

On the whole, Mayors are characterized as representatives of a political party, whose government plans in most cases are based on the guidelines established by the party they represent. Their "long-term" outlook is limited to the three year term of their government (in force until 1993), which has an influence on the local role to be played.

They have no clear concept regarding the participation of the population in the actions directly affecting them; on the contrary, they generally assume total responsibility for their government activities, with the cooperation of their municipal councillors.

As far as Municipal Agents are concerned, their activities are mostly operational and their participation is basically aimed at meeting the immediate needs of their community.

Municipal Councillors at a local Government level were also identified, as well as members of provincial or district councils. The number of members establishes the difference. They play a supporting role, providing advice and submitting proposals in accordance with the needs identified or expressed by the population.

These are legitimate representatives elected by popular vote and are also spokesmen for the political party to which they belong.

Taking into consideration the above characteristics, the following shortcomings were identified in this group:

- a. Their lack of vision regarding their role as Municipal Council members and the predominance of their political role.
- b. Their level of understanding as a working team is minimal. The Mayor generally works directly with those who are members of his own political party rather than with those who are considered to be the opposition. This affects the expected results, as full advantage is not taken of human resources.
- c. A lack of knowledge on the part of the majority of members regarding Municipal management, particularly at an administration level.

Municipal employees and officials bridge the gap between local authorities and the community they represent, responding for the quality or deficiency of the Municipality. Their role is to fulfil administrative duties and provide services and guidance to community members. Efficient services depend on the good organization of the Municipal institution, which means that duties must be clearly defined and staff must be qualified for the job, honest and capable of assuming a public service commitment and a knowledge of the professional tasks to be fulfilled. A good system of internal and external communication is also required, as well as initiative, a good working capacity and the ability to communicate easily with others.

Under these circumstances, the existing shortcomings are just as diversified as the characteristics of the three different groups. Nevertheless, there were some exceptions: some officials, employees and technicians were indeed qualified for the job, although they were unaware of the social role they play as public servants. It would be difficult to establish their potential in terms of the capabilities required for this role, however it is safe to

say that in the Municipalities we visited, most jobs were obtained by bureaucratic means.

It should be emphasized that as far as the Municipalities covered by our study are concerned, some of them have adequate facilities but lack organization and the modern methods, technology and techniques required to make them efficient, flexible and capable of adapting to the needs of their communities. Obsolete machinery and equipment, deteriorated furnishings and overcrowded working environments were common factors.

In order to begin improving the working environment and organization of Municipalities and changing the staff, an in-depth study of the real circumstances of each Municipality and labour-saving measures are required initially. This should be followed by a changing attitude towards the community, who should be encouraged to participate at all local Government levels. Furthermore, resources, environments, equipment, furnishings and methods should be reorganized, otherwise the problem will only be partially solved.

In this context, the following staff-related actions should be taken:

- a. Specify the Municipal organization, streamline activities and prepare job descriptions for each member of the Municipal staff, making sure that the latter are duly qualified to fulfil the duties assigned to them.
- b. Design a staff training programme to improve the knowhow required to fulfil such duties. In addition to this technical training, staff involvement in the participatory philosophy is required, based on the democratic nature of the Local Government. This implies a change of attitude, creating an awareness of the social role played by civil servants in the community within the Municipality's sphere of influence, and the role corresponding to grass roots organizations and the local population in order to achieve development.
- c. Provide technical advice for a certain period of time, thus strengthening the staff training programme, gradually improving methods, techniques and innovative activities.
- d. Improve the different systems and the technology required for an efficient management of the Municipality's activities, so that the organization may improve in due course.
- e. Create the necessary conditions within the Municipality to encourage the involvement of

officials, employees and technicians in the participatory process and in pursuing the sustained development of their institution.

Taking into consideration that services to the Community are rendered through Municipal officials, employees and technicians, it is of utmost importance to strengthen this target segment, on whom the continuity and effectiveness of any goal or objective depends.

The population's participation was analyzed in terms of the Peruvian Government's objectives and regional development policies.

The Peruvian Government has established three main objectives: a) the pacification of the country; b) reinsertion into the international financial system and c) the revitalization of the economy.

The first objective can be achieved with the help of activities aimed at strengthening the development of Local Governments which involve the participation of the population in planning, implementing and evaluating the projects promoted by local governments. This is evident from the results obtained with the pilot project in Alto Huallaga:

- The reappearance of community organizations, through the population's participation in identifying their needs, implementing works and evaluating projects, giving rise to closer relationships between the population and their community leaders and authorities, i.e. mayors and councillors.
- The acknowledgement of local authorities, after proving that basic service problems - education, health and road infrastructure - were not solved by armed terrorist groups but by the Municipal Aid programme.
- The renewed State presence in emergency areas dominated by subversion, such as the communities in the Ponasa and Upaquihua river valleys.

These achievements are by no means consolidated and could be reverted unless the Local Government development programme continues to support Municipalities.

As far as regional objectives and policies are concerned, these have not been specified by either the Central Government of the present Regional Government in terms of the actions to be implemented to consolidate democracy based on the strengthening of Local Governments. The San Martin Regional Government's Medium Term Plan places priority on the education and health sectors, proposing the construction of schools and health posts. In this respect,

the policies coincide with the LGDP's activities, given the priority placed by the programme on projects for these sectors. In fact, the LGDP enhances the Regional Government proposal, as the projects are identified, implemented and evaluated with the participation of the target population.

This coinciding objective could lead to a coordinated action with the regional government, creating their receptiveness to acknowledging and supporting local governments.

The general objective of the Local Government Development project is to "Strengthen the democratic participation of community organizations in local governments and strengthen the capabilities of local government institutions to promote development and provide essential services to the communities they represent."

The pilot project implemented in Alto Huallaga has revealed some promising results with respect to the future participation of the community and its leaders, including the following:

- Thanks to the application of DCD operational procedures, community leaders mastered the use of different instruments such as the minute book, the community participation register, the works log book and the materials register. Presidents of works committees and community leaders thus gained full knowledge of the projects and were able to participate in the assemblies called by the Mayor or by PEAH officials to evaluate their progress.
- Operational mechanisms such as the assembly minute book, works log books, the letter of understanding between the community and the municipality, material receipt/delivery vouchers and physical progress forms, enabled the DCD to stimulate the population's participation in assemblies and projects. So far, the population's participation is a requirement for obtaining funds, but they are still unaware of the need to commit themselves to participating in the management of their Local Government. This lack of awareness may be attributed to the limited dissemination of the concepts of the democratic process and of the need to participate in the local government.
- The application of the instruments mentioned above have helped to promote community organization, through works committees for example, and to strengthen existing organizations such as mothers' clubs and parents' associations. This gives rise to new leaders and a grass roots democracy.

- In view of the short implementation period of the DCD's pilot stage, it has not been possible to consolidate the democratic process at a community level.
- General problems encountered in these municipalities revolve around the planning, implementation, monitoring and evaluation of joint activities, which involve grass roots communities, district and provincial councils, the Peruvian Government representative (INADE) and the source of international cooperation (AID).

Planning and programming: there is a need for the joint management of the "terms of reference" of any community action; the task selection criteria must be shared between the chain of authorities (project directors, municipal mayors and community leaders) and the chain of promoters (works committees, technical and social consultants). In order to achieve continuity, requested and implemented works must be established within an overall development framework.

Implementation: Everyone involved has expressed a concern for reconciling purchasing decisions, the organization of work and the physical and financial progress, including the monetary appreciation of voluntary community manpower. The joint contribution of different sources (communities, municipalities, national and international cooperation) is emphasized on sign posts.

Organization conditions and work objectives must be transparent to each and every participant (from the community assembly to local government authorities, including the annual operations plan).

Monitoring: Although every entity has a monitoring division, each one has its own monitoring method. It would be advisable for the president of the works committee, the Municipal promoter and the project technician to make the necessary arrangements to share the monitoring work so that they may follow-up the performance of the resources assigned to the action.

In some places, inter-district coordination mechanisms monitor the progress and analyze and overcome problems, thus mutually learning from the experience. This initiative could be repeated in other provinces and also at an inter-province level, in order to take advantage and increase the potential of positive experiences and discard negative ones.

Evaluation: It would be worth establishing a systematic balance of each action and of each participant at the time the works are handed over: commitments (acquired and

fulfilled; otherwise, why?), valued contributions, reasons for delays or headway, if relevant.

Agreements for new joint actions require a review of previous evaluations in order to fulfil every part of future actions.

There are a number of variations in each of these stages, depending on the works and the work sites, however they do provide the opportunity to draw up guidelines for a better shared management which will also be useful for learning what democratic participation is all about.

3. STAFF INVOLVED IN THE LOCAL GOVERNMENT DEVELOPMENT PROJECT

Three types of participants may be identified in the participation process required to achieve the main project objective, i.e. the Development and strengthening of Local Governments.

- a. Members of the Municipal Government
- b. Members of local organizations
- c. members of the Communities involved

Basing our analysis on these three types of participants, we shall describe the typical characteristics of the staff involved, in order to provide an "ideal" profile of each type as a basis for designing a training programme to overcome weaknesses and take advantage of strong points, and a technical assistance programme to meet the following goals:

- a. Create an awareness of civic responsibilities, which is understood to mean the fulfilment of citizens' rights and duties.
- b. Strive to obtain the commitment of participants to the participatory philosophy as a fundamental element of the democratic process, making them participate in their own destiny.
- c. Create an awareness of the importance of participation as the driving force behind the development of their community.
- d. Ensure that local government activities are performed professionally and technically.
- e. Reinforce the different participants' willingness to serve the community.
- f. Integrate the administrative and political roles played by elected leaders within a democratic process.
- g. Organize technical assistance by coordinating agents, in order to set in motion the activities selected by

the community to solve the needs expressed by the majority.

3.1 NEEDS IDENTIFIED AT A LOCAL GOVERNMENT LEVEL

Local governments - Municipalities - consist of the Mayor and councillors who are the fundamental links with democracy.

3.1.1 Mayors

The Mayor is the highest ranking authority, democratically elected by the population as its legitimate representative on a national scale. The mayor fulfils a double role: as a political leader of his community, with the corresponding decision-making powers; and as an administrator of the community's resources and manager of municipal activities. There should be a fair balance between these roles, both of which are aimed at serving the local community.

Mayors are either Provincial Mayors or District Mayors.

- Provincial Mayors are responsible for the management of a province which in turn forms part of a department, according to the political division of the Peruvian State. His activities and objectives are generally focused on the province capital, where the town hall is usually located. Likewise, his actions are, or should be, aimed at the various districts that comprise the province.

The political and administrative roles of a Provincial Mayor are both complex and diversified.

- The District Mayor is responsible for the territory covered by the district, which includes the different towns, villages and settlements comprising the district. Although at this level the Mayor's roles and activities are less complex, they tend to be controlled by the population.
- Municipal agents are appointed by the Provincial Mayor among the candidates proposed by the population of a settlement or village. His role is fundamentally representative, as a liaison between the Mayor and the population of the respective community.
- In the area covered by the study, we identified Provincial Mayors, District Mayors and Municipal Agents.
- In general, Mayors are members of a political party and elected as part of lists of party members. In most cases, their government plans correspond to their party guidelines. The "long term" vision of their plans is limited to the three-year municipal

government (established in the 1979 Political Constitution which remained in force until 1993). This short-term outlook has an influence on the role played by the Municipality within its sphere of influence.

- The population has no clear concept of their participation in the local government decisions that affect them directly. Furthermore, Mayors usually feel they should assume the entire responsibility for the municipal government, with the help of their councillors, particularly those that belong to their own political party.
- Provincial Mayors are generally concerned about their political role, as the Mayor's office is considered a stepping stone in their political career. They tend to know little about the administrative aspects of the municipal performance and generally delegate management to a managing director or secretary general, hence the inadequacies that arise due to the lack of attention to the following aspects:
 - . The structural and operational organization of the Municipality, to respond to the variety of services that should be provided to the population.
 - . Generating and raising funds based on rates, duties and contributions, in order to meet the needs of the community.
 - . Drawing up and maintaining a real estate register containing information on the urban and rural areas under the Municipality's jurisdiction, in order to improve municipal revenues.
 - . The participation of community members in decision-making and in local works and activities.
 - . Coordination with District Mayors and an active participation in overall development actions.
 - . A knowledge of the legal framework governing and affecting local governments, and of the scope and limitations of the relationship with the Central Government.
 - . An open, permanent and transparent communication with councillors and officials responsible for making the decisions materialize, and finally, with his constituents.

3.1.2 Councillors

Councillors form part of Local Governments, either in Provincial or District Municipalities. In each case, their number is determined by the Electoral Law, based on the size of the population. Their role is to represent the population, submit proposals to cater to the latter's needs, assist and advise the Mayor, participate in the agreements assigned to the Council by law, and join committees.

Councillors are elected by the community by popular vote, as their legitimate representatives. They also tend to be spokesmen for their political parties, as occurred in the Huallaga area, where the contrasting opinions of different groups had a negative impact within an institution that should safeguard the interests of the entire community. Nevertheless, in areas where activities involved the participation of the population, the process had an evident effect on municipal councillors, mayors and technical staff, who cast aside their political identities to show a preference for community interests.

Bearing in mind these characteristics, the following were the shortcomings observed in this group:

- A lack of understanding of their role as Municipal Council members and a predominance of their political party interests.
- A lack of coordination between councillors and the Mayor, who generally works directly with the councillors who belong to his own political party for personal reasons, thus not taking full advantage of the human potential of Council members.
- A lack of knowledge of municipal management, particularly administration aspects, on the part of most councillors.

The link between municipal council members and the community is a negotiating element at council meetings. When proper advantage is taken of this aspect, excellent results are obtained. For example, Mrs. Sabina Gonzales, Councillor of Tocache, is a leader of the Central Committee of Mothers' Clubs, which groups a hundred mothers' clubs involving some 4,800 mothers who play a very active and positive role in generating funds for the Tocache community.

3.1.3 Municipal Officials and Employees

Municipal officials and employees bridge the gap between local authorities and their constituents and reflect the quality or inadequacies of municipal activities. They fulfil administrative duties and provide services and

guidance to the community. An efficient service depends on a good organic structure, proper job allocations, qualifications, a knowledge of the job and a public service vocation.

In the municipalities covered by our study, we came across officials, technicians and employees with varied characteristics, such as:

- Staff who were familiar with their job because of their length of service, but lacking sufficient knowhow to do their job properly.
- Staff with academic training but with little understanding of public service objectives.
- Staff who have only secondary school education and no technical knowhow, previous experience or a willingness to serve the community, who obtained their jobs through their political contacts.
- Staff with no knowledge or experience of public posts, but very willing to work.

Municipal staff interviewed in the department of San Martin were only questioned about their relationship with and participation in the project, without going into an appraisal of their potential. Staff who were qualified for their jobs but unaware of their social role as civil servants were identified. Bureaucracy was a common characteristic in all the municipalities visited.

In general, the municipalities visited had adequate facilities available, but in some cases they lacked a clearly defined organic structure and adequate methods and techniques to make them efficient, flexible entities capable of adapting to the needs of their communities. Equipment and furnishings were obsolete and work environments overcrowded.

In this context, the following staff-related actions are required:

- Design a training programme to help improve the knowhow required for each job. Prior to this, the municipality's organic structure needs to be improved, activities streamlined, duties and expected results specified and job descriptions drawn up.
- In addition to this technical training, staff attitudes need to be changed to create an awareness of their social role as civil servants in their constituency and thus integrate the LGDP philosophy.
- Provide technical assistance to strengthen training, improving and modernizing methods and techniques.

- Improve the different administration and operational systems used in municipal activities in order to increase their efficiency and effectiveness.
- Provide adequate resources, premises, equipment and furnishings. Otherwise, existing problems will only be partially solved.

Bearing in mind that community services are provided through municipal staff, the strengthening of this target segment is of utmost importance to ensure the continuity and effectiveness of any objective pursued.

4. ORGANIZATIONS SUPPORTING LOCAL DEVELOPMENT

There are several organizations responsible for promoting community development, through a variety of different programmes.

Government organizations on the one hand, non-government organization (NGOs) on the other. Their common objectives are to strengthen the basic development structures of their communities. They both establish the needs and priorities of their communities from their own points of view, based on their technical knowledge, generally disregarding the opinions of the population who is usually treated as the object rather than the subject of the process.

These organizations provide facilities that encourage the population to select their infrastructure, sanitation, education, recreation and road development projects.

First of all, they create the right conditions and guidelines for the community to meet in assemblies to discuss these alternatives and decide on the projects to be implemented.

Secondly, they expedite the implementation of such works and provide technical advice, although they rely on the community itself to control the progress.

Thirdly, they use the projects as a link between the population and their legitimate representatives, i.e. the Local Government, thus strengthening the mechanisms of the democratic process.

In the fourth place, they obtain the active participation of the population, encouraging community members to assume the responsibility for the projects in which they voluntarily participated, so that they tend to regard them as their own. These aspects truly vitalize the democratic process.

5. SOCIAL WORKERS AND TECHNICIANS

Social workers and technicians should form part of the team

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providing the necessary support to ensure the progress of the Local Government Development project. They are directly responsible for the results, as they have direct contact with and receive training and technical advice from the technical consultants. The target population also participate in the process and are directly affected by the results obtained. It is therefore important to rely on a staff with sufficient experience and potential to complement the efforts made by the professional team to achieve the Institutional Development objectives.

It is evident that in order to improve their roles, social and technical staff require training, specifically to improve their ability to communicate with their communities and become aware of the Local Government's philosophy, scope and objectives, so that they can influence the projects implemented by the community and the Municipality.

6. COMMUNITY ORGANIZATIONS AND THE POPULATION

Urban communities are characterized by their relatively well-developed road infrastructure, sanitation, health, education and recreation sectors, more so in provincial capitals than in district capitals. The population is distinguished by their level of education, health and wellbeing and a more advanced standard of living than the population of rural communities. Urban dwellers are generally unaware of their citizens' responsibilities, particularly as regards their active participation in community decisions. They prefer to "delegate" these decisions to the Local Government, or ignore them altogether. Undoubtedly a long-term civic education process must be designed and implemented with the population, through the media and correspondence courses, in order to achieve a long-lasting change in the population's behaviour.

The above situation is more prominent in provincial capitals than in district capitals, and practically non-existent in small settlements. The latter generally consist of communities with ethnic and cultural links, where ancestral community actions are practised. This is why the success of the Local Government Development programme in such areas is expected.

In the area covered by this study, a great many rural communities were actively implementing projects, suggesting that this population is more interested in programmes that involve activities requiring popular participation.

At a community level, two aspects are discussed below: community leaders and the target population.

6.1 COMMUNITY LEADERS

Community leaders were identified in the study area, who are genuine representatives of the population. They fulfil

their duties democratically, are elected at popular assemblies and assume their role in full awareness of their responsibility to their community. It is remarkable how individuals with such a restricted formal education and limited economic resources can cast aside their personal and family activities to devote themselves entirely to community actions. They have proved their dedication, their leadership qualities, and their coordination, control and communication skills. Nevertheless, their limited management of resources and of different instruments such as minute books, works log books and accounts was evident, due to insufficient training.

The above aspects, the management of basic administration, planning, organization and control mechanisms and sources of finance, must be strengthened by training programmes, as they are instrumental for ensuring the continuity of the process initiated by the DCD in the Huallaga area. The sustained development of the current participatory process depends on these community leaders.

6.2 TARGET POPULATION

The target population comprises all the urban and rural communities to be catered to by the Local Government Development Project in order to achieve its initial objective, i.e. to strengthen the municipal institution as a basis for the sustained development required by local Governments, given the fact that representatives move on whilst institutions remain.

The population's response was described above under previous points.

We believe the Project should initially implement its actions in areas in which rural settlements and communities are widely dispersed, and then cater to the urban population, preferably urban fringe settlements.

A programme should be implemented to disseminate the Local Government Development philosophy, so that the entire population may understand the role of the three protagonists - the Community, the Local Government and the organization responsible for Coordination - and commit themselves to gradually solving their needs.

7. TECHNICAL ADVICE

7.1 ANNUAL PLAN OF OPERATIONS

The Annual Plan of Operations is the main instrument for the implementation of any project's activities. As far as the Local Government Development component is concerned, the working guidelines for Municipal officials are very

limited. A study of existing operational plans reveals the following failings of this instrument:

- They fail to portray local government problems: urban tendencies, the lack of resources resulting from limited revenues, the limited services rendered, low levels of implementation of plans and projects, and the control and monitoring systems used.
- General and specific objectives refer to the population's problems. No specific objectives are aimed at consolidating democracy through popular participation, nor at strengthening and consolidating local governments.
- The Annual Plan of Operations must contain the operational procedures for its implementation. In the documents reviewed, a brief reference was found in the chapter on Strategy and a few guidelines in the chapter of Description of activities, but these are considered insufficient. This aspect is important for monitoring the activities and making them compatible with the Local Government Development objectives.
- Because it is an instrument for implementing activities, the Annual Plan of Operations must be a acknowledged and applied by mayors, councillors, officials and outreach workers. It was evident during our visits that these had no knowledge of operational plans.

7.2 TECHNICAL FILES

The technical file contains guidelines for those responsible for implementing a project or activity. This document includes information on all the project aspects required for implementation purposes, arranged systematically.

Technical files on local Government projects contain the minimum information required for works implementation purposes: project brief, technical specifications, measurements, budgets, list of materials, unit cost analysis, plans and requirements, the minutes of the community assembly, activity description, letter of understanding, materials required, works implementation schedule, physical progress form, material receipt/delivery vouchers and a brief project evaluation.

Taking into consideration that these are instruments for training community leaders, the information contained in technical files should enable leaders to become familiar with the problems affecting their community. For example:

- A project brief should include: background, objectives, goals, a description of components or

activities, the organization of the target population and their participation in the project implementation.

- Problems should be specified, indicating their causes and consequences, physical aspects, natural resources available for the project; technological, economic, social-cultural and institutional aspects.
- Project justification and benefits: relationship with the municipal development plan; improved standard of living, employment levels, the environment, infrastructure and services. The appraisal of direct and indirect benefits resulting from the project's implementation. Proof that the operations will be sustained once the construction is completed and delivered to the community.
- Programming and organization should include a table showing personnel requirements, a staff contracting schedule, a chart showing community participation, a machinery and equipment utilization schedule and physical progress and disbursement plans.

At this level there are deficiencies that reflect the limited knowledge of the person in charge of the Municipality's projects department regarding operational guidelines for works implementation.

Grass roots organizations should have access to copies of technical files so that leaders may be aware of works implementation details.

8. GENERAL GUIDELINES FOR THE IMPLEMENTATION OF THE LOCAL GOVERNMENT DEVELOPMENT PROGRAMME

This is the most important of all instruments, because it contains the concept of the programme, the political, economic and social justification, objectives, policy guidelines, strategy, operational framework, target population, results and indicators, and supervision and monitoring aspects.

This document must be clear enough to be understood by all the staff involved in the Programme. However, the language used is often too technical for community leaders. District mayors and councillors must be aware of the procedures for implementing projects with the anticipated programme.

Policy guidelines should specify priorities more accurately in terms of eligible communities and the activities to be carried out. For example, the meaning of communities located in rural areas, according to the characteristics established by the National Institute of Statistics and Informatics, INEI; how to place priority on two or three communities with the same or similar characteristics; how to judge the magnitude of unattended basic needs; how to specify and compare the

productive capacity of communities in the same river basin.

The lack of economic, social and technical information broken down by areas smaller than districts which are required for the programme's operations, creates the need for complete studies of each municipality and their constituencies.

It should be noted that because of their costly nature, sanitation works were the most affected by budget cuts. The construction of sanitary posts and the training of sanitary experts and health workers alone will not reduce infant mortality and morbidity rates, as this also depends on other factors such as food, hygiene and actions to prevent endemic diseases. Finally, the standards of living to be achieved by the programme need to be specified.

9. PROGRAMME COORDINATION LEVEL

There are several organizations responsible for promoting community development through various methods and programmes - government organizations on the one hand, and non-government organizations (NGOs) on the other. Their common objectives are to strengthen basic development structures in their communities. Each establishes the needs and priorities of their community from their own point of view based on their technical knowhow, without taking into consideration the participation and opinions of the target population.

These organizations are distinguished by the different facilities they provide for the population's participation in selecting infrastructure, sanitation, education, recreation and road development projects. First of all, they create the right conditions and guidelines for the community to meet in assemblies and discuss these alternatives before taking a decision; secondly, they expedite the works implementation, providing technical advice and encouraging community members to control the progress; thirdly, they use the project as a link between the population and their genuine representatives, i.e. their Local Government, thus strengthening the democratic process; fourthly, by encouraging the population to contribute voluntary manpower, the latter tend to regard the project as "their own". These aspects vitalize the democratic process.

10. TRAINING PROGRAMMES

For the purpose of the institutional analysis we have classified municipalities in accordance with their size and operation indicators, such as their degree of development and institutional complexity, expressed in the level of activities, type of operations and degree of efficiency or bureaucracy. The institutional operation shall also be analyzed in terms of external variables: population, natural region, productive structure and the type of social structure

and property, in order to produce municipal circumstances on which to base the objectives for a decentralization and municipal strengthening plan.

The legal framework (Constitution and Municipal Law) grant municipalities the responsibility for local development and the promotion of self-development and self-government skills. Consequently, their duties should not be limited to civil registers, embellishment, public cleaning and market administration, but they should achieve the overall development of the rural and urban areas within their constituencies.

It is evident, however, that municipalities have a long way to go to fulfil the new role assigned to them in the Constitution, i.e. the development and management of local services. It is therefore necessary to take steps to establish their sphere of competence, particularly as far as certain key areas are concerned: decentralized rural assistance activities, primary health care, water and sewage services, basic infrastructure, among others.

Through Municipal strengthening it will be possible to set goals, plans and terms depending on the type of municipality and the source of the funds required to finance these activities; and to design a technical assistance and training programme to support this plan, in accordance with the needs expressed within each scope of action, with the participation of the population within each constituency.

The municipalities covered by our study may be classified as provincial and district municipalities, in keeping with the political division of the Peruvian State. However, from the point of view of their size and institutional development, i.e. depending on their internal complexity and the existence of administrative and technical instruments, municipalities may be classified as follows:

- Small, rural grass roots municipalities, with about 2,000 inhabitants. They have an urban growth and a stunted rural growth. They have a low level of municipal activity and minimum revenues.
- Municipalities with 10, 20 or 50 employees. These are provincial municipalities with a population of approximately 6,000 people. Their urban growth is limited. Together with the previous group, they spend the highest proportion of public investments.
- Municipalities with between 50 and 150 employees. These correspond to cities with an average population of 22,000 people. They have a more dynamic urban growth, more municipal activities, are more efficient and generate their own income.

The most important characteristic for identifying this classification is that smaller cities with a slower urban growth and a less dynamic farming production structure, tend to have fewer municipal activities and lower revenues per family. Municipalities tend to acquire relative importance and implement fewer activities in the more rural and backward provinces or districts.

Taking these characteristics into consideration, priority should be placed on a detailed, in-depth study of the current municipal circumstances, bearing in mind the types of municipalities involved in order to identify their processes and based on these, establish specific training and technical assistance methods and programmes.

Technical assistance and training should begin by encouraging political authorities first of all and then municipal workers to become fully aware of their new municipal role, assuming a leadership attitude and a knowledge of the opportunities available to coordinate their new role with the central government, representative community organizations and the community itself.

In this sense, technical assistance and training in certain areas must be preceded by research work or workshops, in order to design methodologies, formulas and procedures and adapt them to the different types and sizes of municipalities. This not only implies plans, but also the use of certain administration instruments. Smaller municipalities do not need organization charts or complex regulations to govern their organization and duties, nor staff assignment tables. However, they do need to draw up registers of tax payers and establish team work.

Second level municipalities need to reorganize their financial management and administration of resources, improving revenues and collections. Plans are required to boost income and to reorganize the administration. The same applies to services and municipal works, for which intermediate technologies need to be adapted to smaller municipalities, particularly as far as urban infrastructure, water supply and local roads are concerned.

Finally, as regards larger municipalities, working methods must be established to improve the efficiency of services, urban development and shanty towns. Ways to increase the potential of weekly fairs and improve rural-urban trading and markets must be designed. Participatory experiences and community organization must be acquired.

Technical assistance and training should also be aimed at planning aspects, although this must not be limited to the drafting of a document but to the development of a planning attitude whereby objectives and goals, coordination, participation, leadership and municipal management are periodically established and evaluated. A more modern and

democratic leadership should be sought in smaller municipalities and a more technical leadership in larger ones. Each municipality must be aware of their organization, revenue levels and implementation capacity, and calculate how far they are from meeting their objectives.

Citizens must look upon their local government as an understanding, intelligent collaborator capable of providing accurate information regarding the services they are entitled to and the obligations expected of them.

10.1 SUBJECT CONTENT

Module 1. The community and the local government in the country. What is the community? Community performance. The community in Peruvian history. The importance of peasant and native communities. Popular organizations. The city and its evolution to date. The local government in Peru. The Municipality: organization and purpose. Municipal revenues and local development. Neighbours' rights and duties.

Module 2. The national community. The nation and the fatherland. The formation of a nation: our mother country. Patriotism. Peruvian values. The Peruvian State and Government. State and Government. Political and democratic systems. The formation of the State, territory, institutional system and social structure.

Module 3. State powers. Legal standards and the State Constitution. Constitution and laws. Regulation and sanctions. Composition and role of legislative, executive, judicial and electoral powers.

Module 4. Contractual relations. Contracts and public registers. Importance and types of contracts. Registry of assets and individuals. Succession, taxation. Types and categories of testaments. Needs and types of taxes.

Module 5. The community of nations. Peru in the community of nations, sub-regional and international organizations. Third world and supra-national community, Andean Group and continental (Latin American) unity.

Module 6. The right to live in peace. The peace-making role of families and schools. The role of society and the media in citizen protection and security. The role of the community and the local government in citizen defense.

Expected results:

A better understanding of the roles played by the Mayor, Councillors, municipal officials and employees as well as by leaders and neighbours of the community as local government citizens.

- A more definite attainment of participants' expectations and a better performance of local government members and the community.

10.2 CRITERIA FOR EVALUATING RESULTS

Training results shall be evaluated in terms of the achievement of established objectives. The following evaluation criteria are proposed:

Objective 1: Improve the management skills of community leaders and local governments.

Evaluation criteria:

- Prompt design of good quality municipal development plans and the annual budget.
- Improvement of the quality and promptness of municipal and community services.
- Accounting books correctly kept and up to date.
- Correctly drawn up financial statements and their prompt submission to the council.
- Increase of municipal revenues.
- Prompt, good quality municipal and community projects.

Objective 2: Improve the leadership qualities of leaders.

Evaluation criteria:

- Extent of the population's acceptance of their leaders (attendance at open discussions and community assemblies, votes obtained, popular opinion regarding the quality of a leader's performance, etc.)
- Quality of leaders' communicating skills (opinion polls on the comprehension of messages, appreciation by experts).

Objective 3: Lay the foundation for strengthening the democratic values of future generations.

Evaluation criteria:

- Performance of school municipal councils.
- Inclusion of topics concerning the democratic process and community participation in Civics courses.
- Degree of student awareness of the concepts and principles of a participatory democracy.

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Objective 4: Improve participation attitudes.

Evaluation criteria:

- Presence and performance of grass roots organizations.
- Level and extent of the population's participation in community and local government activities.
- Level of the population's participation in elections.
- The ability of local governments to respond to community needs.

10.3 IMPLEMENTATION STRATEGIES

10.3.1 Order of priority of activities

In order to achieve the overall objective, priority must be placed on certain keynote areas and target groups.

During the first two implementation years, emphasis will be placed on the following keynote areas: municipal administration, planning and budget, accounting and finance, administration of municipal services. The remaining areas will be included during the following years, to complement the skills developed within the local government.

Given their political and management responsibilities, the target group will consist of the Mayor, municipal councillors, the municipal director and officials. Employees, community leaders and the target population shall subsequently join the training programme.

Likewise, the achievement of the overall objective shall depend on the application by the different members of each target group of the modern management knowhow, methods and techniques disclosed during the programme. To this end, it is essential that an informatics module should be available in each provincial council, both for modernizing municipal services and for monitoring the implementation of investment projects.

10.4 INSTITUTIONAL FRAMEWORK

The Democratic Community Development training plan relies on the participation of the following institutions:

National Development Institute (INADE). A Ministry of the Presidency agency, responsible for implementing the project within the national policy framework. The experience gained during the DCD's pilot stage should ensure its success in other parts of the country.

Ministry of Education.- Responsible for establishing and applying education policies in the country. As far as the project is concerned, it is responsible for adapting the Civics curriculum to the country's different regions, and to provide guidelines for the practices of school municipal councils.

Agency for International Development, USAID/ PERU.- Responsible for financing, monitoring and evaluating the project within the framework of the agreements reached with the Peruvian Government. Experience gained during the pilot stage of the DCD and in various Latin American countries.

International Technical Cooperation.- International, bilateral or multilateral technical cooperation experienced in local government and community matters could help implement the training programme. To this effect, mechanisms must be established to make such cooperation possible and to coordinate actions.

Non Government Organizations, NGOs.- There are several NGOs involved in municipal management and local development problems, that are capable of contributing to the training programme, providing instructors, teaching material and communication facilities. Mechanisms must be established to make such cooperation possible and to coordinate actions.

10.5 IMPLEMENTING UNIT

In order to identify and establish the implementing unit, consideration must be given to political factors that are beyond the scope of the consulting team.

An independent entity reporting directly to the entity (or entities) financing the programme would be advisable, within the framework of the implementation policies established. In this sense, the implementing unit could be a school or an NGO that enjoys prestige and is acknowledged by members of the target groups and institutions participating in the programme. It must also have the necessary experience and qualifications to fulfil the programme's purpose and objectives.

Once the implementing institution has been identified, the latter must create a coordinating unit, comprised of a coordinator, an assistant and a secretary.

Furthermore, the establishment of an advisory council is recommended, comprising a political representative, a scholar and a management technician who would be jointly responsible for obtaining feedback - based on their knowledge and experiences - in order to increase the potential of the entire training programme.

This unit must be capable of coordinating with top ranking central, regional and local government authorities, as well as with public, private and non-government entities involved in the programme's topical and geographical areas.

10.6 METHODOLOGICAL GUIDELINES: TODAY'S SCHOOLING FOR TOMORROW'S CITIZENS

The proposed design is based on the information obtained, the evaluation of the pilot project and the observations made in Honduras and El Salvador. The intention is to apply it in new fields within the region and throughout the country.

Members of the target groups for the proposed training programme are adults, therefore the methodology required should be of an active and participatory nature so that participants may exchange experiences ("learning by doing") and apply their new skills to their daily assignments.

A resemblance between teachers and students, trainers and trainees may be established, in the sense that the final objective of the training programme is to uplift the person undergoing training. The community and municipal training plan should achieve the following:

- a. **From teaching-learning to permanent education.** Each target group must be structured in such a way that, based on the first generation of trained adults, a local core of trained adults is available in each local government, willing to further their training and to meet the requirements of the community members interested in participation and democratic management.
- b. **From adult education to the formation of staff categories.** General training for the community and specific training for target groups must pursue an overall objective to form a core of responsible people who, from their different community and municipal roles, may perform their daily jobs, or the management of the local government as the case may be, more efficiently and effectively.
- c. **From schooling to public management.** Regular activities of the school municipal council and an adequate study of democratic citizen participation mechanisms through community and municipal management provide children and youths the opportunity to identify problems, negotiate solutions and discover the strengths and weaknesses of exercising power, even at an experimental level. This will be useful when they become adults and, in due course, responsible for the community and the local government.
- d. **From local government to self-government.** The experiences gained by current leaders, the community

and their children throughout the programme, will also help to change the daily behaviour of each individual. The acknowledgement of pluralism and tolerance, negotiating practices and the search for consensus, create respect and an awareness of the advantages of differences, without any discrimination because of race, gender, ideology or creed. Only then can the quality of each citizen be applied to self-government.

10.7 THE TRAINING PROGRAMME'S GENDER POLICIES

The purpose behind the training of different target groups is to seek a change in the population's attitude regarding the role played by women.

During the study on the training needs, factors that limit women's access to management roles and factors that condition male attitudes towards the participation of women in management jobs shall be identified. Based on the results of the study, activities, topics and contents will be proposed, aimed at improving women's access to management positions in local and community governments, and to the benefits of training and other activities related to local government projects.

As regards training for community leaders, women must be given the same opportunities as men in each of the activities anticipated, in order to achieve a more balanced use of resources and training benefits.

As regards the education of children and youths, the programme will strive to achieve a fair distribution of roles and responsibilities between the boys and girls in municipal school councils. This will change the attitudes of new generations regarding the roles and responsibilities assumed by men and women.

As regards the communication topic for local government and community leaders (transaction analysis module), matters concerning gender and development will be considered, analyzing the roles and responsibilities assumed by men and women at home and at work. Through group exercises, an analysis by groups will be made of such roles and on the access to resources, benefits and services provided by local governments, in order to encourage a change of attitude in different target groups.

10.8 SCHEDULE OF ACTIVITIES

The proposed training programme would be implemented within a period of five years.

10.8.1 Budget requirements

The budget was estimated taking two large items into consideration: the expenses to be incurred by the training

programme's coordination unit and the expenses to be incurred in the implementation of each training activity proposed.

10.8.2 Coordination unit's requirements

The total amount estimated for the coordination unit is 575,630 dollars, which includes: staff remunerations, costs of goods and materials for the operation of the programme, service expenses and consultancy expenses.

Remunerations. Three people were taken into consideration for implementing the programme: a coordinator, an assistant and a secretary. The budget was estimated on the basis of 14 salaries a year, bonuses and social benefits. The total amount is equivalent to 338,100 dollars.

Costs of goods and materials. This item includes: office furniture (desk, armchair, filing cabinets and chairs); office equipment (two "notebook" computers with a portable printer for drafting field evaluation minutes and supervision reports); and field equipment (rucksack, sleeping bags and a camp bed; computer material, office materials and cleaning utensils). Estimates include a quarterly unit cost of 125 dollars for computer material and 50 dollars a month for office and cleaning material. The total estimated cost for this item is 16,900 dollars.

Service expenses. Service expenses include fares, per diem and public service rates, considering that on average, the coordinator and the assistant make one monthly visit throughout the year (11 months). The air fare was estimated at 150 dollars (return) and the overland fare at 60 dollars (both include transport to the airport or agency). Per diem expenses were established at 60 dollars, based on the cost of living in San Martin.

Consultancy expenses. Consultancy services are required for:

- Designing the programme's information and monitoring system (surveys to identify training requirements, to monitor our representative and to register activities). The amount required for this study was estimated at 10,000 dollars.
- Preparing teaching material (including posters, folders, bulletins and special guides). The cost of the materials module for each topic was estimated at 4,500 dollars, which amounts to a total of 40,500 dollars for this activity.
- Intermediate evaluation. The amount required for this service was estimated at 12,500 dollars.
- Final evaluation. This study will be carried out by

a group of foreign experts; the cost was estimated at 15,000 dollars.

Below is a summary of the budget for the coordination unit:

Items	Amount US
Remunerations	338,100
Goods	15,000
Services	90,300
Consultancy	78,000
Administration expenses	52,100
General Total	573,500

10.8.3 Requirements for training activities

The following activities are contemplated in the training programme: workshops, correspondence courses, dissemination and forums. Budget requirements for each of these are as follows:

Workshops. A module of 40 participants was considered for this activity, in order to have four working groups of 10 people each. The total estimated cost of each workshop is 7,850 dollars. The higher costs are for accommodation, as participants will have to be concentrated in a hotel or large premises suitable for classes and working sessions. Printed material (work sheets and offprints) have a significant but justified cost, as they help participants to grasp information.

Correspondence courses. Due to their nature, these courses require the participation of local monitoring teams. The cost of each course was estimated on the basis of courses that include the delivery of printed reading material and supervision by the coordinating unit (responsible for examinations and assessments). The estimated cost of each course is 3,150 dollars, which does not include the cost of the offprint which shall be assumed by the participant. Reading material will include documents produced by other institutions, duly authenticated in different municipalities.

Dissemination. The module for this activity comprises the mass dissemination campaign of certain topics through the press, radio and television. The highest cost corresponds to posters, three-part documents or comic-strip type leaflets containing a couple of pages. The total estimated cost for this activity is 24,250 dollars per campaign.

Forum. The module for this activity is the topic of a public debate. Due to the nature of the programme, the

forum requires six people: a moderator, a rapporteur, a lecturer and three panellists. In this type of meeting, the highest cost involves the printed matter to be distributed to the public.

11. RECOMMENDATIONS

- In order to implement the LGD Programme in Peru, it would be advisable to identify a modern, decentralized State agency to coordinate the training and technical advice provided to the Municipalities that form part of the five departments elected for the implementation of the anticipated activities.
- The participatory process generated by the infrastructure, services or productive activities, must be considered an unconventional method for creating public awareness, to support and consolidate the population's democratic process.
- The democratic process unites the global municipal development vision with the needs and priorities of the entities in which the organized population participate.
- Specify the role and responsibilities of public and private protagonists, in order to coordinate training, technical assistance, research and specific advice on municipal finance and credit and overall management.
- It is necessary to review the role played by trade union organizations, associations, decentralized agencies, controlling or central government institutions that are in some way related to municipalities, such as IMFOM, INAP, FONCODES, INADE, PRONAA, the Ministry of Economy and the Ministry of the Presidency. The intention is to seek mechanisms to establish close, active relationships.
- Advantage must be taken of the resources and knowhow of local institutions that provide training and are involved in local Governments, learning from their experience. On the other hand, local advice on services rendered by the municipality, such as urban and rural real estate registers. Only if local experts are not available should we resort to international experts.
- Technical assistance must cater directly to the specific demands of each local government and adapt to the professional or technical level and rural or urban characteristics of the population served by the Municipality.

APPENDIX

TABLE No. 1

UNITY BUDGET FOR TRAINING

ACTIVITY: Workshop

Module: 40 participants

Items	Measuring Unit	Quantity	Unit Price	Total
A. Remunerations				
- Facilitator	week/man	2	250	500
- Local coordinator	week/man	1	200	200
- Secretary	week/man	1	120	120
Subtotal A				820
B. Goods				
- Stationery	module	1	100	100
- Printed material	separata	120	10	1,200
- Teaching material	module	1	100	100
Subtotal B				1,400
C. Services				
- Fares:				
. road	unit	2	40	80
. air	unit	2	150	300
- Lodging	days/man	200	20	4,000
- Food	days/man	200	5	1,000
- Audiovisual equipment rental	days	5	50	250
Subtotal C				5,630
General total (A+B+C)				7,850

TABLE No. 2

UNIT BUDGET FOR TRAINING

ACTIVITY: Remote Course (Course at distance)

Items	Measuring Unit	Quantity	Unit Price	Total
A. Remunerations				
- Supervisor	week/man	1	250	250
- Regional coordinator	week/man	2	200	400
- Local monitoring team*	day/tem	40	25	1,000
Subtotal A				1,650
B. Goods				
- Stationery	module	1	100	100
- Printed material (per participant)	separata	5	25	125
- Teaching material	module	1	200	200
Subtotal B				425
C. Services				
- Fares:				
. Road	unit	2	40	80
. Air	unit	2	150	300
- Per diem, supervisor	day	10	50	500
Subtotal C				880
General Total (A+B+C)				2,955

* Local government contribution, one equipment per province.

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TABLE No. 3

UNIT BUDGET FOR TRAINING

ACTIVITY: Diffusion

MODULO: Campana

Items	Measuring Unit	Quantity	Unit Price	Total
A. Remunerations				
- Communicator	week/man	1	250	250
- Illustrator	week/man	2	200	400
Subtotal A				650
B. Goods				
- Stationery	module	1	100	100
- Printed material	poster	2	10,000	20,000
- Audiovisual material	module	1	1,000	1,000
Subtotal B				21,100
C. Services				
- Fares:				
. land	unit	10	40	400
- Per diem	day	30	20	600
- Freight: two bundles per province	bundle	20	25	500
- Audiovisual equipment rental	day	20	50	1,000
Subtotal C				2,500
General Total (A+B+C)				24,250

CUADRO No. 4

UNIT BUDGET FOR TRAINING

ACTIVITY: Forum

MODULE: Subject

Items	Measuring unit	Quantity	Unit Price	Total
A. Remunerations				
- Moderator	session	1	250	250
- Lecturer	session	2	200	400
- Panelists	individual			
- Reporter	session			
Subtotal A				650
B. Goods				
- Stationery	module	1	100	100
- Printed material	separata	2	10,000	20,000
- Teaching material	module	1	1,000	1,000
Subtotal B				21,100
C. Services				
- Fares:				
. road	unit	10	40	400
. air	day	30	20	600
- Per diem	day			
- Rental of premises	day	20	25	500
- Audiovisual equipment rental	day	20	50	1,000
Subtotal C				2,500
General Total (A+B+C)				24,250

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TABLE No. 5
BUDGET FOR THE COORDINATING UNIT OF THE
TRAINING PROGRAM

Items	Unit *	Amount	Cost	Total
1. Remunerations				
- Chief (project)	m/m	70 month	3,000	210,000
- Asistant	m/m	70 month	1,200	84,000
- 5 Coordinators	m/m	70 month	2,300	175,000
- Secretary	m/m	70 month	600	42,000
- Auxiliary	m/m	70 month	300	21,000
Remunerations subtotal				532,000
2. Goods				
Office module central and departamental				101,000
Goods subtotal				101,000
3. Services				
- Air fares				
. chief (proyect)				41,250
. asisstant				41,250
. coordinators				7,500
- Terrestrial				
. chief (proyect)				16,500
. asistant				33,000
. coordinators				
- Per diem				
. chief (proyect)				54,100
. assistant				54,000
. coordinators				25,000
- Public services tariffs				
. telephone				54,000
. light and water				15,000
- Consultancies				
. system for monitoring the program				50,000
. intermediate evaluation (12,500 x 5)				62,500
. elaboration of teaching material				49,000
. final evaluation				75,000
Services subtotal				578,500
Total General Expenses				1,211,500
Administratives Expenses 10%				121,150
Total				1,332,650

* m/m = month/man

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SOCIAL-CULTURAL ANALYSIS

1. SOCIAL-CULTURAL ANALYSIS

The selected areas cover a broad spectrum of the country's social, cultural and geographical heterogeneity: the Andean highlands and the jungle. A common element, however, is the fundamentally rural nature of these areas. Farming is traditional in the highlands, with the use of community or family manpower producing for self-consumption purposes and small local markets (potatoes, wheat, corn, barley). There are 1,979,625 hectares of farmland in the highlands, i.e. 49% of the national territory, where 52.2% of the country's farmers may be found. The district capitals comprise the urban population (IPADEL, S.F.). In the jungle region covered by the project there are small and medium scale land owners who resort to hired labourers, growing typical jungle crops, including coca.

1.1 BACKGROUND

This brief review begins with rural municipalities, particularly as regards the relationship between community lifestyles and local powers, and how these correlate with political powers on a national level. The objective of this historical review is to provide basic information to help understand current social relations.

1.1.1 Municipality and Community (XIX Century)

Municipalities were institutions brought from Spain, the main purpose of which was to manage the urban system introduced during colonial times, which was designed to suit outside interests, based on the development of natural resources, particularly mining products. Consequently, municipalities played a fundamentally urban role, mainly concentrating on local embellishment and administration.

With the advent of the republic and the independence from Spain, budding liberal proposals (1824 and 1825) liberated the land belonging to peasant communities which had coexisted during the colony, giving rise to a process in which land was concentrated under large landowners. Thus began a long period in which communities were unprotected and controlled by landowners, when municipalities became one of the pieces of the domineering system.

Landowners exercised power over the native population both within and outside their estates, in the districts and provinces. Their supremacy was centred in the provincial city and the districts were power intermediaries. Landowners took decisions that affected the area without considering the opinions or interests of the natives, nor of the legal nature of the institutions established (Mejía,

1990).

This form of power prompted paternalism and bureaucracy. Landowners physically lived in the capital cities of provinces, where they also played the role of judges or State officials with the authority to appoint lower ranking authorities. Using their influence in Parliament (based in Lima) they appointed teachers, post office workers, judges, prefects and mayors. Besides, because of their physical presence in province capitals, municipalities concentrated on urban embellishment, to the detriment of rural areas.

The system of power was similar in jungle cities, although in these cases the land was colonized by religious missions who converted native communities to catholicism. During Republican times, the jungle economy revolved around the demand from abroad, creating economic booms (such as the rubber boom) which increased the migration from Andean areas and developed commercial activities. In these areas, groups with economic power also created relationship patterns in which mayors and municipalities had a limited local government management role and a limited participation of the population.

This was a centralist, pre-modern political system, in which public functions were privatized. Municipal management was totally lacking in institutional aspects. Mayors and councillors and other authorities were not directly elected but rather appointed in Lima to complement the landowner's dominion. It is difficult to imagine that this system and the role thus played by municipalities or local authorities could generate the loyalty of the native population. The little value placed on municipalities contrasts considerably with the way municipalities were structured in North America, where local governments were implemented for historical reasons, so that colonists or pioneers could defend themselves from possible interference from the central government (Maquet & Nuñez, 1994).

The Organic Law issued on October 14th 1892 was an attempt to salvage the precarious legal and institutional nature of the municipality, establishing the need for authorities to be elected by popular vote. Nevertheless, the population only had a couple of opportunities (1897, 1900) to exercise this right.

1.1.2 Municipalities in the XX Century

During the XX century, municipalities have catered to rural areas and cities, their influence in rural areas being limited. In rural areas where the native population was controlled by large estates, native communities recreated their own organizations - peasant communities -inherited from the 'ayllus' of Inca days and reinstated during the colony, enabling them to reclaim their community land

during the XX century: first of all during the twenties when they received a certain amount of support and acknowledgement from Leguia's government, and subsequently with the land recovery process immediately preceding the agrarian reform that began in 1969, doing away with the land ownership system.

As accurately stated by Althaus (1986), the system of subordination was not replaced as a result of the banishment of the land ownership system, as no positive coordination or leadership has emerged since then. There is a lack of local elite groups capable of rebuilding a new relationship, and this should obviously be taken into account for an up to date study.

Municipalities were weak in terms of the resources allocated by the central government. Between 1955 and 1975, their expenses represented 0.7% of the government's current expenditure. Meanwhile under the development policies of the sixties, central government institutions were strengthened, such as the Development Corporations that assumed the duties reserved for local development, in which centralism predominated and duties overlapped.

Under these circumstances, communities began assuming local development roles, participating in 83.6% of the construction of educational infrastructure, 57.1% of community works, 50.7% of recreational activities (sports complexes), 45.7% of roads and 34.7% of bridges. Municipalities also participated in projects to support construction, such as the construction of dams (45.7% of the national average), ditches (20.8%) sowing land for community projects (27.2%) and purchasing tools and machinery (37.3%). (Mejia, 1990: 65).

In this way, the community began assuming local development projects, restricting the provision of urban services in cities and towns to municipalities and local governments: construction, public cleansing and road maintenance, trade control and registration activities. Peasant communities assumed local development duties, although their relative power was

not extended to municipal governments which were taken up by local dignitaries.

This unleashed a double process that affected municipalities: on the one hand, their role was taken over by the central government's eagerness to sponsor development, and on the other hand, communities began assuming local development tasks in view of the lack of action by municipalities.

The limited power of municipalities in terms of resources and authority also affected their representative nature, with a few exceptions (1963, 1966), because authorities

were not elected by popular vote, but appointed by the central government.

The military government (1968-1980) strengthened this centralist approach, suspending the election of municipal authorities by popular vote. Municipalities and their mayors ended up as local government representatives with limited objectives in rural areas, without political autonomy and financially dependent on the central government. Their economic management was governed by the Ministry of Economy.

In broad terms, this is the background of the relationship between municipalities, the central government and community organizations until 1980, when municipal elections were called throughout the country after the return to a democratic form of government. This practice remains to this day (1994).

1.1.3 Current Tendencies (1980 - 1994)

During the short period between 1980 and 1994, the decentralization of the State administration has been contemplated, placing a new value on municipalities and fostering the formation of regional governments. Within this framework, efforts have been made to involve citizens' participation in the municipality, to which end pressure has been placed on the central government to transfer roles and resources (public service companies such as water and electricity supplies, urban development, etc.), giving rise to overlapping and confrontations with central government institutions (development corporations, popular cooperation, social aid programmes, etc.), which are anxious to keep these entities under their control, for political reasons.

As a result, there is currently a total lack of coordination as far as public policies are concerned. Because of the centralization of resources in the central government (Ministry of the Presidency) and the priority placed on emergency projects (in which planning is neglected), the municipalities are not taken into consideration in the allocation of resources, despite the fact that the latter should have a direct control of expenditure, given their close relationship with the population. The political influence on the allocation of resources has thus generated permanent conflicts between the central government and municipalities.

As far as the rural context is concerned, the distribution of responsibilities between the local government and communities is changing as a result of the new value placed on municipalities, increasing the latter's responsibilities to include the following:

- A greater participation in the management of

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resources.

- The implementation of projects in both rural and urban areas.
- Representatives of the population and the community in the national institutional context.
- The promotion and support of social work such as education, nutrition and health.
- Generating local laws.

On the other hand, rural and peasant communities have reduced their roles, assuming the following:

- The administration of community resources, such as the control of land, water, pastures and manpower.
- Defending the territorial integrity of their communities, a declining task as boundaries are being established.
- The physical protection of community members in emergency areas (self-defense peasant rounds).

We are now facing an expansion/reduction process (expansion for municipalities, reduction for communities), providing a new outlook which will undoubtedly have an effect on the population's mentality. This process involves special responsibilities that could lead to more coordination and complementarity. It is a fact, however, that peasant communities cannot be expected to sponsor local development projects on their own, as they did before, and this is becoming evident in the native population's new generations (Marcos, 1993).

1.2. PARTICIPATION OF THE COMMUNITY

1.2.1 Operational Definition

Participation has been accepted in various ways. By participation we mean the process in which communities accept decision-making levels that establish the control and management of local economic, political and cultural resources.

There are various ways in which communities participate.

In political terms, the first and basic way to participate is by exercising the right to vote for authorities, an unusual practice according to our historical review, evidenced by the results of the last municipal elections in which popular participation in some communities was minimal.

In specific experiences, particularly in the rural environment, authorities and the community have exercised joint management practices, sharing areas and responsibilities, each institution assuming a number of roles that complement each other (e.g. development by the municipality and the organization of tasks by the community).

In economic terms, the community participates both in terms of production and construction of facilities, as follows: savings/money, unpaid community labour for implementing projects. Even today, it is common to look upon voluntary labour as the prime method of participation. However, this is a very restricted view of participation, typical of the methods used during the sixties. Participation also means access to information, decision-making powers and the power to control and supervise authorities.

1.2.2 Participation in rural areas

For the analysis of the community's participation in rural areas, a distinction must be made between provincial and district municipalities.

Provincial Municipalities

In general, the community's participation in local development matters, under the sponsorship of provincial municipalities, depends on the political goodwill of the respective mayors. In other words, we lack the institutional mechanisms required to encourage permanent participation. On the other hand, provincial governments tend to approach urban aspects, leaving specifically rural aspects to district municipalities.

A comparative study of the participation policies (1980-1989) of provincial municipalities in Juliaca (Puno) and Ilo (Moquegua) reveals authoritarianism in the former and traditional populism in the latter. Participation policies are non-existent and authorities have an authoritarian, anti-democratic concept of power (repeating behaviour patterns of the past), resorting to parallelism and patronage organizations at the service of the Mayor's political party. When reference is made to "participation" mechanisms, this is understood to be "community manpower".

In the case of Ilo, an urban environment, the provincial municipality applied an "open door" policy, admitting social organizations, organizing open discussions to disseminate and discuss municipal plans, providing joint management opportunities and transferring responsibilities and resources to popular neighbourhood federations (Chirinos, Neyra and Ramos, 1989).

This analysis, which confirms the predominance of political conviction over institutional mechanisms, was also revealed

in a study of the provincial municipality of Huaylas (highlands of Ancash), where popular participation is occasional and spontaneous and municipal authorities neither sponsor it nor create specific channels. Citizens therefore continue to expect the authorities to respond to their demands.

When the municipality fails to respond to their demands, the population address the Development Corporation, a central government agency, to obtain some sort of response (Olivera, Piazza and Vergara, 1991). Consequently, the lack of participatory policies encourages the population to made demands and expect solutions, without assuming a practical role in solving their daily problems.

District Municipalities

Rural development activities, as shown by the various studies and the people interviewed, are the responsibility of district municipalities. Provincial municipalities tend to invest in urban areas, not only because there are more needs but because this is where the voters who could ensure the reelection of present authorities are located.

Most of the activities carried out by rural district municipalities involve the participation of the community, as a result of a number of factors.

- In terms of the institutional system (resources, staff, facilities) they are small municipalities with an average staff of 4 workers and a small council of 4 members, with no municipal companies, no machinery and a limited budget, dependent on transfers from the provincial municipality.
- In terms of the municipal authority/community relationship, because of the small population it is possible to establish "face to face" relationships, whereby everyone knows the Mayor (his background and family), therefore the "best educated" member of the community is generally elected. Interviews revealed district municipalities in which the community appoints the assistant mayor or assistant governor at a popular assembly, reporting this to the authorities of the National Election Board, thus waiving the electoral process. These are undoubtedly exceptional cases which are assumed in order to avoid the competition of political parties which often affect the legitimacy of the municipal performance. In the Andean area there are also municipalities that correspond to a single peasant community, in which the mayor or the chairman of the community administration council are appointed at general assemblies.

- The community labour culture, Andean reciprocity ('minka', 'ayni') and mutual cooperation encourages community members to participate in local projects, including services which are assumed directly by neighbours (such as sweeping streets).
- Coordination between municipal authorities and the community strengthen such areas as open discussion, in which projects are decided. As shown by the studies on the highland areas of Ancash and Huancavelica, when such events are not organized by the district mayor, either due to authoritarianism or on the pretext of efficiency (doing things more rapidly), the population feel they are not participating and refuse to accept the distribution of community work by the mayor (Marcos, 1993, Olivera, 1991). A similar situation occurs in jungle areas, where the population express themselves at general assemblies.

All the above factors indicate that there is no other way to operate municipalities in rural areas than with community participation. Consequently, in this context, community participation must be regulated rather than sponsored, in order to guarantee efficiency.

Participation in district municipalities is frequent, increasing the potential of projects related to community development. The lack of resources leads to implicit mutual cooperation agreements. This is why district municipalities take on rural development projects such as the construction of production facilities, irrigation facilities, dams, highways, etc.

1.3 RELATIONSHIP WITH OTHER GROUPS

There is a complex network of relationships in the selected local governments. As shown in the above chapter, it would not be advantageous to consider the analysis of provincial and district municipalities as a single block.

An outline of existing relationships in this context is required:

Relationships between the provincial municipality and:

- district municipalities within the jurisdiction.
- social organizations within the provincial city and communities located in rural districts.
- Central government organizations with often overlapping relationships: Churches, political parties, international cooperation and development agencies, non-government development organizations, etc. The participation of Non-Government organizations in rural areas must be emphasized.

Their image as technical organizations encourage closer relationships between various protagonists who often clash for political reasons.

- With subversive groups, bands of drug-traffickers.

Relationships between district municipalities and:

- the provincial municipality.
- social organizations within the jurisdiction: defense fronts, development committees, peasant communities, peasant rounds, producer organizations, mothers' clubs, irrigation committees, pro-construction committees, etc.
- Central government organizations: regional corporations, social compensation fund (FONCODES), INADE, popular cooperation, micro-regions. regional government office, etc.
- The entire group of civilian institutions: Churches, political parties, international cooperation and development agencies, non government development organizations. In the case of NGOs, concrete advice was given on district development plans, as revealed in the study on Shapaja in the department of San Martin (ITDG, 1993).

Conflicts and competition are problems generated between different institutions, the analysis of which should be taken into consideration for the proper management of the project (see chapter 4).

2. ANALYSIS OF DIRECT AND INDIRECT BENEFICIARIES

The direct beneficiaries of a participatory project are provincial and district municipalities and community organizations. Indirect beneficiaries are those who participate in these projects, generally in economic activities.

In terms of development works, various communities could be direct beneficiaries. The building of a highway or the opening of a road have a collective effect. The installation of a water supply system or a small-scale power station, on the other hand, benefits a population of a specific area.

In order to focus on the project's beneficiaries, we include below some general information on the selected area and its organizations.

2.1 GENERAL INFORMATION

The selected area covers five departments with a total population of 3,374,306 people, governed by 57 provincial municipalities and 527 district municipalities. About 362 of the latter have a predominantly rural population (62.8%) whereas the remaining 213 cover urban areas (37%). The information below pertains to this area, although on certain occasions, for comparative purposes, information on the departments of Arequipa, Ucayali and Tumbes is provided, which initially could have been considered in the project.

2.1.1 Demographic indicators

The project comprises five of Peru's departments: Ayacucho, Apurimac, Ancash, Junin and San Martin, with a total population of 3,374,306 people, i.e. 15.2% of the total population in the country - 22,128,466 people - according to the 1993 census.

The population is distributed as follows: 1,921,845 (57%) in urban centres and 1,452,461 (43%) in rural areas.

The distribution in the departments covered by the project is as follows:

Department	Urban Population	Rural Population
Ancash	57.4	42.6
Apurimac	35.1	64.9
Ayacucho	49.6	50.4
Junin	65.6	34.4
San Martín	61.5	38.5

Source: 1993 Population Census

This information confirms the demographic tendencies in this country, with a significant rural population in southern Andean areas (Ayacucho, Apurimac) and a predominantly urban population in jungle towns (San Martin).

Nevertheless, a comparison between the information on the rural and urban populations is required in order to consider departmental and provincial levels, because:

Departmental and provincial information states the average spatial distribution in large jurisdictions. It is evident that in some departments the proportion of urban population is higher as a result of the extensive population in department capitals (such as Arequipa or Huamanga) or in

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important provincial capitals (such as Santa in Ancash). Thus, large urban centres coexist with geographically dispersed rural municipalities.

Another criterion to be taken into account is that the economic occupation is not always revealed by the spatial distribution in terms of residence. Whereas in the highlands jobs may be widely dispersed in rural areas, in jungle towns people tend to live in the towns and commute daily to their country jobs.

2.1.2 Political-administrative indicators

On the whole the selected area comprises 5 departments, 57 provincial municipalities and 575 district municipalities, distributed as follows:

Department	Provincial	District.	D/P
Ancash	20	175	8.7
Apurímac	5	51	10.2
Ayacucho	13	132	10.1
Junín	9	140	15.5
San Martín	10	77	7.7
Total	57	575	

Source: 1993 Population Census

A comparison between predominantly urban or rural district municipalities reveals the following:

Department	District Municipalities		
	Total	Urban	Rural
Ancash	175	46 (26%)	129 (74%)
Apurímac	51	18 (35%)	33 (65%)
Ayacucho	132	37 (27%)	96 (73%)
Junín	140	69 (49%)	70 (50%) *
San Martín	77	43 (59%)	34 (41%)
Total	575	213 (47%)	362 (63%) *

* Districts in which the urban and rural populations are similar, amounting to 1% of the total.

Source: 1993 Population Census

It should be emphasized that although most of the population is considered urban (57%), most municipalities

cover rural areas (63%). This is because of the concentration in provincial or district capitals mentioned above.

2.1.3 Gender indicators

The population in all five departments consists of 1,682,325 men (49.8%) and 1,691,981 women (50.2%).

Department	Men	Women
Ancash	48.1	58.9
Apurímac	50.0	50.0
Ayacucho	48.1	58.9
Junín	49.8	50.2
San Martín	53.4	46.6

Source: 1993 Population Census

2.1.4 Standard of living (provincial information)

The poverty map drawn up by Peru's Central Reserve Bank, based on 1981 information, established the poorest provinces.

The poorest sectors in the area selected by the project, referred to as Group I, can be found in the following provinces:

Apurimac: Abancay (the poorest departmental capital), Andahuaylas, Antabamba, Aymaraes, Grau and Cotabamba.

Ayacucho: Cangallo, Huanta, La Mar, Lucanas, Parinachochas and Victor Fajardo.

Ancash: Carhuaz, Huari, Yungay, Mariscal Luzuriaga, Sihuas and Antonio Raymondi.

As shown below, the majority of the population in the poorest provinces live in rural settlements in the highland areas of Apurimac, Ayacucho, Ancash and Arequipa.

The poverty sector referred to as Group II can be found in:

Ayacucho: Huamanga

Ancash: Aija, Bolognesi, Corongo, Huaylas, Pomabamba and Recuay.

Junin: Concepcion, Chanchamayo, Junin, Satipo and Tarma.

Recent information obtained from FONCODES provides overall estimates of the standard of living in the selected areas.

The departments of Ayacucho and Apurimac are considered within the very poor category, with the lowest life expectancy (57 and 56 respectively), the highest illiteracy rates (34.4 and 36.6), the lowest proportion of physicians for every 1,000 people (0.1 and 0.0) and the highest percentage of dwellings with no electricity (80.6 and 89.0), no drinking water (85.1 and 83.1) and no sewage services (91.9 and 94.3).

The departments within the poor category are San Martin, Ancash and Junin, with a life expectancy of 62.0, 63.0 and 63.0 respectively and illiteracy rates equivalent to 9.5, 19.0 and 12.0. The percentage of dwellings with no electricity are 66.7, 65.5 and 56.0 respectively, no drinking water 75.5, 62.6 and 68.0, and no sewage services 92.7, 63.5 and 77.0.

The other departments initially considered are considered within the average poverty category: Ucayali, Arequipa and Tumbes, with a life expectancy equivalent to 62.0, 70.0 and 67.0 respectively and illiteracy rates equivalent to 6.4, 5.2 and 2.6. As regards domestic services, 73.5, 32.4 and 13.6 percent of the homes have no electricity, 88.5, 43.6 and 89.1 percent have no drinking water and 93.8, 54.0 and 92.2 percent have no sewage.

This confirms the general opinion that there is more poverty in rural areas and in departments with a greater rural population. As far as the selected area is concerned, Ayacucho and Apurimac are the most destitute.

2.2 DIRECT BENEFICIARIES

Undoubtedly the direct beneficiaries of a development project involving citizens' participation and local governments, are the families who live in the area whose standards of living will improve as a result of the projects.

In order to estimate the number of direct beneficiaries, information on the rural population is required and then on the social organizations operating in such areas.

2.2.1 Rural Population

As the project is aimed at the rural population and those settled in small towns, below is some useful departmental information:

- Most of the population in the departments of Ayacucho and Apurimac live in rural areas.

In Ayacucho, 59.6 percent of the population is rural and 40.4 percent urban. The population is predominantly rural in ten provinces: Chincheros (84.3%), Cangallo (74.5%), Vilcashuaman (71.7%), Andahuaylas (70.7%), La Mar (68.0%), Huanta (61.0%), Lucanas (56.6%), Huanca Sancos (55.8%), Parinacochas (55.5%), Sucre (55.5%). The following areas have fewer rural dwellers: Paucar del Sara Sara (48.0%), Victor Fajardo (42.3%) and Huamanga (30.3%). Huamanga is the capital of the department in which most of the people displaced by terrorism in recent years have settled. Although the population is mostly urban, it is concentrated in urban districts, whereas in the remaining districts (such as Vinchos, Acosvinchos, Quinoa, etc.) widespread rural towns predominate.

The population in the Department of Apurimac is 58.3% rural and 41.7% urban. The rural population predominates in Cotabambas (81.4%), Grau (68.6%) and Aymaraes (59.6%). The urban population is predominant in Antabamba (61.7%) and in Abancay (56.4%).

- In another group of departments, the majority of the population is urban and the rural population is equivalent to 44%.

In Anchas, the urban population is equivalent to 55.7% and the rural 44.3%. There are certain provinces with a predominantly rural population: Carlos Fitzcarraldo, Mariscal Luzuriaga, Asuncion and Yungay, with 91.3, 88.4, 84.0 and 83.0 percent. The population in some provinces with a rural population equivalent to between 70 and 79%: Aija (70.7%), Raymondi (77.2%), Carhuaz (72.7%), Huari (70.9%), Pomabamba (77.9%) and Sihuas (77.2%). Lastly, Ocros (53.4% and Pallasca (53.6%).

In the department of Junin, 55.9% of the population are urban and 44.1% rural. Provinces with a mostly rural population are Tayacaja (80.3%), Satipo (71.1%), Concepcion (57.1%) and Chanchamayo (51.2%).

- In jungle departments, the rural population comprises between 30 and 38% of the total.

In San Martin, 61.5% of the population are urban and 38.5% rural. The rural population predominates in the provinces of El Dorado (57.0%), Lamas (55.6%), Picota (51.5%) and Bellavista (50.8%).

General Evidence

A comparison of the information on standards of living and urban or rural settlements, clearly reveals a direct relationship between poverty and habitat in rural areas.

2.2.2 Social Organizations

A participatory project must be based on the grass roots organizations operating in the area. This is much more advisable than sponsoring the creation of new organizations, which evidently causes resentment among the population.

The population affected by poverty tend to depend on their families, which involves a number of strategies including seasonal transfers to other areas in search of employment, and to different grass roots organizations, in their effort to improve their social situation.

A project aimed at sponsoring popular participation in the local development projects implemented by municipalities, should take into consideration the existing social organizations, which in terms of involvement should become the direct beneficiaries of the strategy to be implemented. These include the following:

Men's organizations in the Highlands:

- Peasant communities involved in rural development, the care of land and pastures and the organization of the community work required to implement tasks.
- Civil Defense committees, also known as peasant rounds, who have assumed the defense of the civilian population and in peaceful times, cooperate in development works.
- Pro-construction Committees for basic services, roads and highways. Also referred to as development committees.
- Small and Medium-Scale Industry Associations, which group small-scale entrepreneurs interested in developing a productive or trading line.

Men's organization in the jungle:

- Parents' Associations who cooperate with authorities to improve schooling facilities.
- Farming and Livestock-breeding Committees (coffee farmers, corn farmers, etc.) interested in promoting farming development. They also have second tier organizations such as the Farming Federation of Selva Maestra (FASMA), formed in 1974 to group farming leagues.

- Native communities, also affiliated to FASMA.
- Peasant rounds, also known as Development and Discipline or Pacification Committees. They are groups formed for self-defense purposes, particularly to combat common crime.
- Popular Interest Defense Front (FEDIPs), arising within the context of the decentralizing social movements of the eighties. An example is the FEDIP in San Martin (FEDIPSAM), which appeared between 1986 and 1987.
- Teachers' Union (SUTEP).

Women's Organizations in Highland and Jungle Areas:

- Mothers' clubs, popular soup kitchens and glass-of-milk committees. These involve both popular-urban and peasant women interested in providing nourishment and promoting courses and training workshops. They are linked to such institutions as Caritas, ONAA, Popular Cooperation, municipalities).
- Women who produce food products for the local market.

2.3 INDIRECT BENEFICIARIES

There could be many indirect beneficiaries, given the specific infrastructure works and economic activities:

- A first group comprises all economic agents (companies, manpower) contributing to the implementation: inputs, building materials, contractors, labour force. Similarly, sectors involved in commercial activities.

Often these sectors do not necessarily benefit from infrastructure works or social policies. Such is the case of the school breakfast programmes supported by FONCODES, as proved in Huamanga-Ayacucho or Bambamarca-Cajamarca, which activities do not increase the potential of the local economy because inputs (bread, milk, etc.) are acquired in other provinces.

- A second group of indirect beneficiaries consists of communities who do not live in the area directly catered to but who benefit from the works. Such cases occur in rural districts of Ayacucho, such as Quinoa, where, in the long run, the water supply services supported by FONCODES were also used by sectors initially not considered.
- In general, benefits include projects that boost the local economy and provide employment to different people.

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3. THE ROLE OF WOMEN - PARTICIPATION IN DECISIONS AND AREAS OF INVOLVEMENT

3.1 WOMEN'S SOCIAL ROLE

We shall basically refer to the role played by women within the framework of poor rural sectors.

3.1.1 Social Status

The majority of women in Andean highlands only speak 'Quechua' and have no knowledge of Spanish, which clearly limits their ability to assume a negotiating role as local authorities, etc. According to 1985 estimates based on the 1981 census, 61.5% of the women in Apurimac, 54.5% in Ayacucho, 46% in Cuzco, 46.8% in Huancavelica and 45% in Puno only spoke Quechua. (Zuñiga, 1988).

Unfortunately, this is not taken into account in formal primary and secondary education programmes. Furthermore, because of the poverty situation in rural areas, families are inclined to place priority on schooling for boys, leaving girls to assume domestic chores. The percentage of illiterate women over 15 years of age in the selected areas, according to the 1981 census, is as follows:

Ancash	60.0%
Apurímac	74.7%
Ayacucho	70.6%
Junín	15.0%
San Martín	33.9%

Source: Zuñiga, 1988 : 25)..

This information, particularly that of highland areas, requires no further comments.

Quechua is not spoken in jungle areas, therefore the population has a better command of Spanish. The percentage of illiterate women is much lower in jungle areas than in the highlands.

3.1.2 Social Roles

In Andean highlands and in jungle areas, women currently play an important role in production and reproduction work. The economic crisis, droughts or the poor quality of the soil, also prompt men to migrate to other areas to find work. Under these circumstances, family reproduction revolves around women, who tend to remain in their settlement.

This is why women so often have to face the consequences of a deteriorated habitat, as they are the most affected by the lack of health and water services or badly built housing.

Below is a review of the roles played by women.

a. In the productive process

The participation of women in the peasant economy is governed by the principle of complementarity between male and female tasks, which is not the same as equality.

Peasant women sow seeds, harvest, select, classify and store seeds and commodities. To a lesser extent they do weeding, prepare the land, fertilize or irrigate it, depending on the physical effort involved. However in recent times due to the economic crisis resulting in the temporary migration of the male population, women have assumed more responsibilities.

They are almost entirely responsible for breeding livestock and domestic animals, either for sale or for their own consumption.

They manage the family economy and save their income.

In jungle towns, women assume small-scale food processing activities (corned beef, cassava flour, peanuts, banana chips, marmalades) which they trade in the local market.

They carry water (from rivers and springs), feed animals, gather firewood, etc.

They participate in collective work ('ayni', 'minka' and farm chores) (cleaning ditches, roads, building premises, preparing food for workers).

b. Reproductive role

They form collective organizations such as mothers' clubs, committees, popular soup kitchens, glass-of-milk committees, etc., catering to the nutritional requirements of their families.

c. Social-cultural Role

They are their families' basic agent in the socialization process, taking close care of their children until they reach five years of age, educating them, caring for their health, etc. Five year old boys are then taken over by their fathers, whilst girls remain under the care of their mothers.

In brief, the standards of living of poor families in Peru's rural areas are harsh and undoubtedly women bear the

brunt of this situation. Despite their important role, their work is often "invisible" and not valued by men. Women are considered inferior and limited, which is typical of an essentially "macho" dominated culture.

3.2 PARTICIPATION IN DECISION-MAKING

The participation of women in decision-making processes in social and political institutions is restricted. It should be remembered that women's voting rights only went into effect in Peru in 1956.

As far as social institutions are concerned, rural women have little participation in peasant communities. With a few exceptions such as widows or single mothers, private plots of farmland are not allocated to women because it is assumed they are accompanied by men. In addition, they have no participation in the appointment of community authorities. A similar situation occurs in popular urban districts in which only male heads of families are elected as neighbourhood authorities.

On the other hand, women do participate, control and direct social organizations involved in social reproduction: mothers' clubs, popular soup kitchens, glass-of-milk committees, etc., generally in small urban centres rather than in higher highland areas. Such organizations also exist in jungle areas.

As far as political institutions are concerned, such as the election of municipal or parliamentary authorities, women acquired voting rights in 1956. Nevertheless, their social lifestyles governed by such factors as language difficulties, illiteracy and the "macho" culture, affect the appointment of women as authorities. Very few women are elected by popular vote to carry out political roles.

3.3 POSSIBLE AREAS OF INVOLVEMENT

Due to the extensive roles played by women, it is possible to involve them in various different areas within the local development of municipalities.

Before specifying such areas, the following should be taken into consideration:

- Women's involvement must be based on the social organizations they represent, strengthening those striving to achieve survival, particularly as regards nutrition and health, and sponsoring their participation in productive or trading organizations. If such organizations do not exist, efforts must be made to promote them.
- Women's involvement in specific areas must encourage a constant conviction of their important role and

topics of general interest such as the family, community and neighbourhoods, as well as their civilian and political obligations. Women's self-confidence must be promoted.

There are two types of Areas of Involvement:

- Economic projects related to their talents and skills, catering to their immediate needs. Economic companies to be strengthened must be allowed to raise collective and individual funds.

Specifically, these could be productive processing companies (experienced in the jungle), small animal farms, sewing workshops, handcrafts, horticulture and beekeeping.

Furthermore, studies in this respect carried out in Andean areas show that men tend support women's involvement in productive activities, as they contribute to the family income (Harvey, 1989).

- Projects to improve infrastructure, the lack of which primarily affects women who have expressed their willingness to participate: health posts, the installation of water and sewage networks, and the much needed day-care centres for children.
- Projects to improve standards of living: literacy, training and recreation programmes.

4. OBSTACLES RESTRICTING THE PROJECT

The development project with community participation could face a number of obstacles restricting its implementation, resulting from the historical tendencies analyzed in chapter 1.

We shall divide these into institutional and political obstacles.

4.1 INSTITUTIONAL OBSTACLES

By experience, difficulties are encountered in the coordination of various State administration agencies, specifically between central government institutions and local governments, although not exclusively.

- Central government / local governments

Municipalities in general and central government institutions often overlap and interfere with each

other. The problem is not a juridical-legal one, as the organic law governing municipalities clearly makes these responsible for local development, urban development, the management of basic local services, etc. As in other fields, the law is rarely applied here because the central government is unwilling to transfer attributions and resources to municipalities.

The problem is fundamentally political. In order to assume certain tasks and provide specific services, the possession of resources is required, the distribution of which generally involves political interests, particularly when such resources are scarce. This explains the long centralist tradition. The central government projects, plans, directs and controls a number of municipal obligations. In many cases, coordination with local governments is disregarded entirely.

In view of the Project's coverage, the involvement of different central government institutions is required. This factor must be considered when coordinating with municipalities, making every effort to reach an understanding, taking into consideration the fact that over the past fifteen years provincial municipalities have been claiming decentralization.

Provincial and District Municipalities

Historical experience also shows conflicts between provincial and district municipalities. The coordinating bodies envisaged by legislation, such as the assembly of mayors of a constituency, have rarely been effective.

In general, provincial municipalities obtaining the benefit of more funds and transfers and different resources, cater to the urban needs of province capitals or outskirts, and are disinclined to sponsor rural development projects with district municipalities. Specific studies are required to explain the theory that provincial mayors place priority on urban areas because of the greater needs concentrated therein, whilst indirectly obtaining a broader voting power at the same time.

District municipalities, specifically those covering rural areas, after constantly claiming more attention from provincial municipalities with no response, have resorted directly to central government agencies. The recent publication of D.L. 776 which changes the system of distribution of municipal resources, placing priority on districts, is undoubtedly changing this outlook. Now provincial municipalities are staking their claims whilst district municipalities keep

silent.

A project aimed at obtaining a coordinated relationship between district municipalities and their corresponding provincial municipalities, must take this situation into consideration and revitalize or promote some institutional coordination and complementarity mechanism.

Municipalities and Social Organizations

Social organizations within the project area, some of them ancestral, such as peasant and native communities, others modern like the Defense Fronts, nutritional organizations and works committees, have gone through long periods of confrontation with State institutions. The political democracy restored in 1980, the consequent decentralization process and the new value placed on municipalities, have caused certain clashes between the State and the population. In other cases, however, participation was not considered part of the municipal policies, causing friction.

The resentment between social institutions and the State could be an obstacle for participatory projects, therefore it is worth pointing out some regular features of this relationship:

* Municipal authorities have showed little interest in citizens' participation on the understanding that things get done sooner and better that way. The search for efficiency under the concept of a managing municipality, has cast participation aside. This is typical of provincial municipalities, but not in district municipalities in which participation is a basic condition for any project. Furthermore, in rural/district municipalities the Mayor is not regarded as part of the "State" but as just another member of the community with a representative role to play.

* In other cases, municipalities have sponsored participation mechanisms, but giving privilege to the authority's political options. This has given rise to political patronage, parallel organization and the creation of "new organizations", etc., against which community institutions have reacted by defending their autonomy.

* From the point of view of social organizations, a certain reluctance to participate was sometimes evident, as some citizens assume that once they have cast their votes, it is up to the municipality to solve their problems. On the other hand, some extremely vindictive attitudes were also evident,

demanding works or accounts that tend to disrupt coordination actions.

Nevertheless, despite the above, the population is gradually becoming aware that participation is a necessary condition for achieving efficiency. There are a good number of successful experiences and many participatory projects in progress (such as the one implemented in the provincial municipality of Sicuani).

The project must take into consideration the fact that studies on and dissemination of these participatory experiences are limited, therefore authorities making efforts in this respect do so without much knowhow, often repeating mistakes and weak points. Due to the lack of reports on previous experiences, a training strategy should be considered.

4.2 POLITICIANS

Many of the obstacles can be fundamentally explained by the behaviour of people belonging to a political party who are fulfilling political or social roles.

The search for soft jobs in exchange for political loyalties, or works in exchange for political support is not a new phenomenon in this country. This has gone on throughout the country's history and the political elite have kept up this tendency. Nevertheless, this has lowered the image of political parties in the eyes of the population, as expressed in the last elections which were won by independent candidates.

This should in fact lead to a review of authorities' practices, in order to cut down on this behaviour. To this end, an institutionalization of government agencies such as municipalities should be promoted. It is quite common to say that any project or participatory strategy depends on the political will of the authority. Mechanisms should therefore be established to ensure that such options no longer depend on political goodwill but on an understanding relationship between the representative and his constituents.

5. RECEPTIVENESS OF AND ROLE PLAYED BY BENEFICIARIES

We shall consider provincial and district municipalities and social organizations as the project's beneficiaries.

5.1 RECEPTIVENESS OF BENEFICIARIES

Provincial Municipalities

As maintained in chapter 1, provincial municipalities are only relatively willing to implement community participation plans and actions, unless promoted by political interests, although rural districts were not taken into consideration in the study. In this sense, the assemblies of provincial mayors considered in the law governing municipalities as coordination mechanisms, have not been put into practice.

In some cases, political interests have generally been accompanied by participatory democracy discussions, seeking to obtain the joint participation of social organizations in decision-making circles. In the few cases in which a limited willingness to participate was expressed, power was concentrated in an authoritarian manner. In general, provincial municipalities have not established relationships with rural areas, which they do not consider within their sphere of competence, despite the fact that theoretically, resources are allocated for the entire province.

The proposed project may be well accepted by provincial municipalities, as it would mean more income and more works. Nevertheless, it is necessary to provide training and to reach a consensus so that rural development is taken into account.

District Municipalities

The citizens' participation mechanisms in district municipalities is quite different, as the community are more than willing to participate in projects. As mentioned above, participation in rural areas is an essential condition for any local development project.

In this respect, consideration must be given to the open discussions at general assemblies, which are permitted by law in small villages, when the mayor reports on his performance, submits an economic statement and projects to be implemented are discussed collectively. The receptiveness and participation of district municipalities in the project is practically certain.

Social Organizations

Social organizations in district/rural areas have proved willing to participate with local governments in development tasks.

In Andean communities, participation forms part of their historical identity. Even when municipalities only cater to urban needs, communities assume the respective tasks. With the institutional strengthening of municipalities during the eighties, responsibilities were specified, giving rise to complementary actions. The community expects the municipality to implement overall development

plans and shows its willingness to participate. Participation includes organized manpower for community operations, discussions regarding the nature of and need for projects (open discussions, general assemblies), joint decisions, control, etc.

The same occurs in pro-construction committees in the jungle, who organize the construction of water, sewage and electricity services and roads; similarly, producer committees (coffee farmers, corn farmers, etc.) demand a number of works (related to energy, trading, etc.) to improve their activities.

As regards women's survival organizations (ladies' committees, mothers' clubs, popular soup kitchens, glass-of-milk committees, etc.), their work is closely related to the municipality. The central government distributes nutritional resources through municipalities, so this involves joint management.

5.2 ROLES PLAYED BY BENEFICIARIES

In local development projects involving community participation, roles must be specified in order to guarantee complementarity and prevent overlapping.

Provincial Municipality

Provincial municipalities must assume a number of roles, in keeping with their scope of involvement, including the following:

- Direct the local development of the respective district municipalities, coordinating actions in larger areas and establishing a rational location for certain works that should not overlap.
- Provide technical advice and training, using flexible teams. It is a well known fact that local development is an important stage as far as overall studies and on site advice is concerned, therefore professional teams should be reduced to a minimum. These must be guaranteed by the provincial municipality as it is hard to imagine a team in each district, which in any case would not be advisable, particularly as the intention is to reduce rather than increase bureaucracy.
- Foster cooperation, coordination and complementarity with district municipalities. This requires the creation of intermediate coordinating bodies, or the reorganization of the so far ineffective mayors' assemblies.
- Manage the project's economic resources and distribute

them to district municipalities depending on the magnitude of the works to be implemented.

District Municipalities

- Together with the population, draw up overall development plans including the necessary works to improve the standard of living, establishing priorities and short, medium and long term tasks. Mechanisms such as open discussions or ad hoc assemblies may be resorted to.
- Manage the resources provided by the project to implement the works, as well as their own funds (self-generated or transferred).
- Coordinate the implementation of physical works with the community.
- Ensure that physical works are followed up and maintained, in coordination with the population. This task has already been assumed with several infrastructure and basic services projects generated with FONCODES funds.

Social Organizations

- Participate actively in the different stages of the works to be implemented: diagnosis, ranking, decision-making and implementation. Become involved in drawing up overall district development plans together with authorities. There are joint experiences between municipalities, NGOs and the population which prove the feasibility of such processes. Such is the case of the Shapaja district Plan in the department of San Martin. (ITDG, 1993).
- Contribute resources such as manpower for community operations, management through committees, surveillance of material and resources, etc.
- Through their representatives, control the expenses incurred by district and provincial municipalities in implementing works.
- Ensure the continuity and maintenance of the implemented works.
- Experiences gained in projects with FONCODES prove the community's interest in participating in this way.

6. LOGICAL FRAMEWORK OF THE PROJECT

Continuing with the definition of roles and receptiveness of beneficiaries and considering social aspects, it is possible

to structure the project's logical framework.

A first step is to define priorities and estimate the demand.

Continuing with the existing tradition in district municipalities, beneficiary organizations must be consulted in terms of priorities. This can be done with temporary consultants and technical assistance directed from the provincial municipality. A combination between technical knowhow and popular skills should be tried, seeking consensus in a democratic manner.

In this respect, a preliminary selection should be made in order to avoid arousing the enthusiasm of a wider universe of potential beneficiaries who may later feel let down. Criteria such as the proximity and accessibility of provincial and district municipalities should be considered. Those located in remote areas should be given a certain degree of autonomy and resources.

A second step is to select the projects that deserve consideration.

This task should be assumed by a single entity, yet to be defined, to coordinate between INADE, provincial and district municipalities (e.g. the mayors' assembly). In view of the above analysis, it would not be advisable for this task to be assumed by the provincial municipality as this would rekindle resentments and distrust. Besides, as mentioned above, provincial municipalities are not used to dealing with such tasks and it would be difficult for them to change overnight. A coordinating entity would reduce the emergency of these elements.

The following criteria should be considered for the selection: adequate community organization, social impact (where there is more potential), commitment and location.

It would be worth adding the following to this criteria:

Planning Prospects. The possibility of coordinating the project in areas in which overall development plans have already been drawn up. This criteria would not only provide a firmer basis, but because of its pilot nature it would help to disseminate the need for the plans. This must take the form of a suggestion rather than an order, as some areas have no experience. In any case, it would be worth supporting both situations (with and without plans) in order to evaluate the impact.

Environmental Conservation. This must also be considered, particularly in areas in which serious feasibility studies on environmental protection exist, such as the management of river basins for example, to prevent the potential

destruction of renewable resources.

Maintenance. Whether social organizations and/or municipalities are capable of ensuring project maintenance must also be emphasized.

Recovery potential. In terms of impact, it is worth concentrating on the cost-benefit ratio of highly populated towns. Mechanisms should be envisaged to guarantee the recovery of investments. Efforts must be made to do away with the prevailing impression in both higher and lower social sectors, that the State must provide everything in exchange for nothing. This could also occur in rural areas. At the present time, municipalities in many areas provide electricity and water supply services free of charge, or charge rates that fail to cover costs or assure future investments.

Support women (see chapter 3).

A third step is to implement the works.

Works must be implemented with the coordination of different agents: a team of technical consultants, the district municipality, the organized population and NGOs.

As far as community participation is concerned, existing social organizations should be respected, without creating new ones. However, past experiences in this sense reveal that these organizations must appoint someone to lead this type of work in order to ensure its completion, as their leaders may not be able to cope with this task in addition to their other duties. Peasant communities and women's organizations, for example, have several roles to play and a very small organization structure (4 or 5 leaders). Nevertheless, close links must be ensured so as not to affect the social organization structure.

Specialized NGOs whose work is well known, may coordinate the implementation of certain works, providing overall development plans in order to reduce the possibility of implementing specific works without the necessary planning.

NGOs can play a basic role, given their technical image and their flexibility which prevents them from becoming involved in political disputes that may arise. Besides, their presence prevents the increase of municipal bureaucracy.³

³ In Ayacucho, CEDAP and CIDRA, a network of 8 NGOs devoted to rural promotion, and the Local Democracy Institute (IPADEL). In San Martin, the Women's Promotion and Development Association (PRODEMU), CEDISA and Intermediate Technology (ITDG).

7. POSSIBLE IMPACT ON BENEFICIARIES

Infrastructure works and economic activities will probably have a different impact, but this will depend on coordination. In more highly populated areas, potential resources must be increased.

Infrastructure Works

The tremendous shortage of sanitary infrastructure in selected areas was mentioned above. The demand for such works is evident from the type of support currently provided by the Social Compensation Fund.

As far as the population and their grass roots organizations are concerned, these works would improve their general standards of living. Such works have a much greater impact on women, who are mainly responsible for carrying water from rivers and springs. Public taps, reservoirs and irrigation projects are very well accepted.

District and provincial municipalities could coordinate these actions with their current tendency to decentralize water supply services. Since 1992, as a result of the rescaling and privatization of public entities, sanitation matters in the country's interior were transferred to municipalities, which are currently in the process of creating service companies. In this way the broad demands made by municipalities are covered and better local development conditions are created. However, this process is constantly interrupted as many municipalities were unable to control local resources and had to depend on a centralist scheme managed from Lima.

Economic Activities

As regards the support of economic activities, infrastructure works also contribute to the potential production of energy, coordinated with a local development strategy. The demand for energy projects has been expressed in several development proposals. The remote municipality of Atalaya, for example, has expressed the need for electricity.

Producer organizations, particularly in the jungle, have demanded electricity facilities, which could be coordinated with the water channelling works in this area.

Furthermore, assistance with the incorporation of small and medium-scale companies could increase the potential economic participation of women's organizations, providing they have the necessary technical assistance and training, including marketing aspects.

Citizens' Awareness

Works to be implemented must be accompanied by permanent

training, in order to heighten the population's awareness and establish institutional relationships to overcome the traditional subjection to the political conviction of authorities.

As mentioned above, many participation obstacles stem from an age-old political culture in which centralism, authoritarianism and political patronage predominate. It is illogical to think that the implementation of these works would suddenly change these behaviour patterns or attitudes. The project must therefore strengthen training aspects and create an awareness.

Projects must also be structured in such a way that they can face up to situations where political interference is evident. Obstacles can only be overcome in a practical way.

For example, if there are obvious impediments between the central government and municipalities or between provincial and district municipalities, part of the pilot experience is to try out methods of coordination, training the officials involved and carrying out transparent actions in this respect with the grass roots population.

Likewise, if it is evident that municipal authorities tend to work with people with whom they are politically related, attempts must be made to implement works in areas where such situations are not evident, in order to introduce a new way of understanding the relationship between agents.

ECONOMIC ANALYSIS

The purpose of this analysis is to lay the foundation for the development of the two Local Government Development Project components: 1. Institutional Strengthening of Local Level Organizations and 2. Participatory Community Development Activities.

This study contains an evaluation and analysis of the economic impact of the activities to be implemented by the LGD project on the welfare of the Peruvian population in general, and specifically on the residents of selected municipalities or communities. Due to the nature of the Project's activities, part of the benefits will be imperceptible whereas others will generate direct or indirect benefits which are easier to assess. This report will be centred on the impact obtained by the latter activities.

The following aspects were taken into consideration in order to achieve the above mentioned objective: a) the structure or economic foundation of the selected government's sphere of influence; b) the fiscal dimension of the Local Government-Central Government relationship; and c) the entire group of activities to be implemented by the project within the geographical area. This first point establishes the economic circumstances of the area in which the activities will be implemented; the second point establishes the Central Government's involvement in Local Governments and the last point considers the type of activities and their economic impact, bearing in mind the Project's purposes and the conditions of points a) and b).

1. ECONOMIC ACTIVITY

1.1 ECONOMIC INDICATORS

Detailed below are a number of indicators that help to present an entire profile of the economic situation in the area selected by the Project. As mentioned above, rather than specifying the particular situation of each area, these indicators provide information on the whole area covered by this study.

1.1.1 Population

In 1993, 17% of the national population was concentrated in the area selected by the Project, covering 16% of the national territory. This population is distributed in five departments (Ancash, Apurimac, Ayacucho, Junin and San Martin), 55 provinces, 540 districts and over 10,000 urban centres (settlements, villages, peasant communities and others). About 40% of the population live in the rural area, mainly in the highlands.

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The population density (people/k2) is relatively low compared to the national average. In the Project area, the population density ranges from 13.3 to 10.6; the national average is 17.22 people/k2.

A considerable proportion of the population is concentrated in towns with populations that vary between 500 and less than 10,000 people, in accordance with the following structure:

Range of Population	No. Districts	%
Up to 500 people	18	3.33
501 to 2,000 people	165	30.56
2,001 to 5,000 people	198	36.67
5,001 to 10,000 people	88	16.30
10,001 to 20,000 people	46	8.52
20,001 to 100,000 people	23	4.26
100,001 to 200,000 people	1	0.18
200,001 or more people	1	0.18
Total	540	100.00

Source: 1993 Population Census. Drawn up by the author.

1.1.2 Productive Structure

Table No. 1 shows the Gross Domestic Product (GDP) for each department considered, according to their economic activity. The Project area accounts for 10.3% of the GNP and the contribution to this total differs depending on the department. One extreme is Junin, with a 48.4% contribution to the area total and the other extreme is Ayacucho with a mere 7.5%. The figures in the previous table show the importance of each economic sector within their productive structure. For example, the departments of Apurimac (47.3%) and San Martin (36.1%) base their productive activity on farming. Junin is an exception, where the industrial transformation of minerals is predominant. In general, however, farming and services are the most important productive activities, which together account for over 60% of the GDP for this area, on average.

TABLE No. 1

GNP BY ECONOMICS SECTORS IN THE LGP PROJECT AREA

(%)

Sectors	Ancash	Apurímac	Ayacucho	Junín	San Martín
Agriculture and forestry	23.2	47.3	28.2	16.0	36.1
Fishing	17.5	0.0	0.0	0.1	0.0
Mining	2.4	0.0	7.5	6.9	0.0
Manufacturing industry	7.3	10.2	9.8	38.0	10.7
Construction	5.6	4.3	4.6	4.7	4.7
Trade, hotel and restaurant	11.3	7.2	6.3	9.7	22.5
Housing rent	4.6	2.5	8.3	2.3	4.9
Government services	9.7	16.4	21.0	5.2	7.8
Otros servicios	18.4	12.1	14.3	17.1	13.3
Total	100.0	100.0	100.0	100.0	100.0

Source: Regionals Statistics, 1992-1993

Below are the characteristics of the most important sectors of the entire productive structure of the departments covered by this study:

a. Farming

- 55% of the Economically Active Population (6 years of age and over) rely on this activity as their main source of employment.
- Farms are mainly small properties devoted to the production of annual crops. Livestock breeding activities are associated to average and large farms, particularly on community land.
- Farming production comprises traditional crops, the majority of which are consumed by the families conducting the farm and the rest are traded. The most common crops are rice, corn, coffee, cocoa, wheat, potatoes, bananas, barley, beans, cassava, meat, milk, fur and wool.

The yields of some farming units are higher than the national average, but in the majority of cases they are much lower.

- Part of the marketed production supplies urban markets on the coast. Certain products such as coffee and cocoa are exported. It is worth mentioning the production of flowers in Ancash, a non-traditional export product that is a typical example of the opportunities available providing a consistent good quality is obtained to suit the requirements of foreign buyers.

Some products (rice, corn, wheat, barley, meat, etc.) are traditionally faced with the competition of imported (subsidized) products, which has a negative impact on the income of farmers and cattle-breeders.

- Production factors: The provision of machinery and equipment is insignificant, as is the use of fertilizers, given the magnitude of the cultivated area. Water is used inefficiently (irrigation by gravity) in units where surface water is available. Highland crops depend on rainfall, adding a measure of uncertainty to the income of this population.

b. Manufacture

- On average, this activity's participation in the GDP is 8.5%, without considering the department of Junin, in which the manufacturing sector

accounts for 38% of the GDP as a result of the mining industry there (Basic Metal).

- In general, the manufacturing sector consists of food and beverage industries; textiles, clothing and shoes; wooden furniture and crafts.

Most companies are small or medium-scale family enterprises with a relatively low technological level.

- The majority of products manufactured in this area have a farming origin (flour, fruit preserves and liqueurs, cheese, clothing, etc.).
- Some products are traded nationwide, particularly in coastal markets, but most of them supply local and regional markets.

c. Services in General

- Trading activities, restaurants, government services, banking and others.
- Their magnitude within the GDP and their main characteristics are closely related with this sector's nationwide situation, representing nearly 40% of the GDP in the area covered by the Project.
- A considerable proportion of these services are provided by the labour force involved in farming, particularly during seasonal unemployment periods generated as a result of the manpower required between sowing and harvesting seasons. This activity helps to complement farming income.
- Productivity levels are very low, mainly because of the unskilled labour involved in the different types of services. Workers are usually from rural areas or, more recently, civil servants who lost their jobs as a result of the labour-saving measures taken to reduce the State structure. It is safe to say that this activity shelters the labour force dismissed from other productive activities

2. ECONOMIC STRUCTURE AND MUNICIPAL ACTIVITIES

The state of development of the productive structure bears a relationship with the performance and development of municipalities in the respective areas. This is an external variable which helps to explain the municipal drive. This relationship should be considered relevant in a Project that covers the distinctive circumstances of the country's

different natural regions.

The different productive structures of these areas vary depending on the natural resources, environment, culture and the government's economic policies. Depending on the type of structure, their sources and levels of income can be established.

Table No. 2 shows how the population is distributed in the area selected for the Project, by natural regions: the Coast, the Highlands and the Jungle.

TABLE No.2
POPULATION DISTRIBUTION AND AREA BY NATURAL REGIONS
(Thousands of people and km²)

Department	Coast		Highlands		Jungle	
	#People	Area	#People	Area	#People	Area
Junín	-	-	784.3	24,386	242.6	23,589
Ancash	409.7	9,402	934.2	31,225	-	-
Apurímac	-	-	374.7	15,757	-	-
Ayacucho	-	-	470.2	48,501	16.8	454
San Martín	-	-	-	-	545.1	51,253
Total	409.7	9,402	2,563.4	119,869	804.5	75,295

Source: 1993 Population Census. Drawn up by the author.

The above reveals the following: A significant proportion of the population (68%) have settled in the highland region, in which 59% of the Project's geographical area is located. Next in importance in terms of population and area is the jungle region (21% and 37% respectively), although the proportions are much lower than the highland region. Lastly, the population and area on the coast, which corresponds solely to the department of Ancash.

The above distribution reveals the main aspects that characterize the productive structure of the selected area. The concentration of both the population and territories in the highlands indicates that relevant productive activities are farming, livestock breeding and mining, and that the productive development differs in each area, depending on the ecology and the natural resources available.

The productive structure in the other important region - the jungle - comprises livestock breeding, forestry and farming, again depending on the geographical location of the area

involved, as in the highlands.

In order to establish the characteristics of the productive structures in each of the natural regions mentioned above in more detail, an effort was made to sub-divide traditional regions, in order to identify the nature of the productive structure more accurately and establish general guidelines for its relationship with the municipal performance.

Table 3 shows a sub-division of traditional regions and the number of districts in each one. The purpose of this sub-division is to identify common characteristics to all areas comprised in each sub-division.

The figures in the previous table reveal that 68% of the districts are located in the so-called "quechua" region (2300 to 3500 m.a.s.l.). The jungle comprises 17.6% of the districts, distributed as follows: east yunga (2300 to 1000 m.a.s.l.) 3.3%; rupa-rupa (1000 to 400 m.a.s.l.) 7.8% and omagua (400 to 0 m.a.s.l.) 6.5%.

The most important region in the Project area, given the number of districts, is the "quechua" region, where the productive structure mainly consists of farming with very low productivity levels and a basket of traditional crops such as wheat, corn, barley and potatoes. These products are susceptible to competition from imports, which have increased in recent years as a result of the open trading policies introduced by the present government in 1990.

Income levels generated by this type of productive structure are very low and as a result, most of the population form part of the country's "poverty belt", particularly the rural population in the departments of Ayacucho and Apurimac. Of the 100 poorest provinces in Peru, 35 are within the Project Area. Per capita income ranges between 50 and 72, taking 100 as the national average.

As a result of the low income generated by productive activities, most local governments or communities fail to generate sufficient income of their own, depending more and more on Central Government transfers as productive activities deteriorate.

TABLE No. 3

DISTRICTS BY PERU'S NATURAL REGION IN THE LQP PROJECT AREA
 (altitude: meters and # of districts)

Districts	Less de 500	500 to 2300 Yunga	2300 to 3500 Quechua	3500 to 4000 Suní	2300 to 1000 Yunga	1000 to 400 RupaRupa	400 to 0 Omagu	Total
Junín		4	72	34	3	10		123
Ancash	11	15	125	4				155
Apurímac			68	8				76
Ayacucho			101	3	3	2		109
San Martín					12	30	35	77
Total	11	19	366	49	18	42	35	540

The limited capacity for generating income together with the insignificant Central Government transfers to these areas, are consistent with the following:

- The small size of municipalities, the limited number of staff and low wages.
- Low technical levels for drawing up accounting and financial instruments. The lack of registers of tax payers and municipal permits. The explanation is quite simple, why draw them up if there is no income?
- In most areas, the traditional farming élite who coordinated and directed municipal activities in the past have either become impoverished or have migrated and nobody has shown any interest in replacing them.
- the capacity for local and community organization is available for the implementation of local projects to satisfy collective needs, in accordance with local traditions.

The above leads to the conclusion that the lack of leadership and management is a problem that restricts the role played by local governments as local development agents. The lack of leadership arises from the need for a group capable of centralizing local interests, taking advantage of the local and community organization potential to develop and implement projects and services for residents. Deficient management is the result of the lack of adequate techniques for an efficient administration of services and for drawing up effective plans, annual budgets, tax payers' registers, etc., which to a certain extent prepare local governments for the transfer of the spending and decision-making procedures envisaged in the future decentralization programme.

At the same time, in view of the impoverishment of the farming sector in the 'quechua' region, it is worth pointing out that the population's low income levels resulting from the poor yield or productivity of their crops, is due to technological problems.

An adequate consideration of each of the problems mentioned above establishes the main elements for designing technical assistance and training programmes as well as the Project's activities. For example, in order to take advantage of the potential organization and participation of the population for the implementation of public works, priority must be placed on providing technical assistance and training to political authorities; likewise, the proposed activities should be aimed at solving the population's basic needs and, as far as production is concerned, carry out those that involve farming, and generate a value added factor and, consequently, employment and income.

Next in importance after the 'quechua' region is the jungle, given the number of districts involved: the east yunga, upper jungle and lower jungle, with a very dynamic productive structure; some of their farming products (fruit trees) are used as inputs for industrial processes, the final products of which are traded nationwide; others, such as coffee and cocoa, are exported to international markets, although in recent years they have been affected by certain plagues and drops in international prices, which have had a negative impact on farmers' income. Forestry development also takes place, the products of which are marketed on the coast.

Jungle dwellers are settlers or traders involved in farming activities. They are small and medium-scale entrepreneurs who must take decisions and carry out actions in areas lacking in a number of local services, given the limited State presence. The fact that the State is far removed from this area has had a positive effect, as local entrepreneurs have been forced to develop self-management skills, channelling them through local governments. Any attempt at developing municipal activities should place priority on taking advantage of this potential.

Nevertheless, this region's location within the country is a limiting factor. The lack of roads and long distances generate high costs of freight, making the products expensive. Communication is limited not only with consumer centres on the coast, but also within each area. Another priority, therefore, is the construction and maintenance of local roads.

The relatively advantageous economic situation enjoyed by the residents of this region has resulted in the following as far as municipalities are concerned:

- Their relative dependence on the Central Government has encouraged them to generate a considerable amount of their own income. It is worth pointing out that the ability to generate their own income bears a relationship with the level of development of their productive activities.
- An important proportion of municipalities draw up development plans, proving their drive and concern for fulfilling their role as local development agents.
- The degree of integration between urban and rural areas is associated to the above. The reason is that their productive activities are related to farming and forestry. In other words, productive interests predominate and therefore it is difficult to separate cities from rural areas.
- A certain degree of leadership is assumed by provincial municipalities. Plans are drawn up and works implemented with a certain degree of coordination with districts.

- Although the municipalities in the region are not as bureaucratic as those on the coast, local government management by the administrative body lacks technical efficiency, as does the planning of administration activities.

Another limiting factor facing the productive activity in this region, is the brittle ecology of farmland. Indiscriminate felling for farming purposes is a common practice in woodland areas. This activity places the ecological balance in danger and exposes soil to irreversible erosion processes. If this process continues it could negatively affect the income of the population and therefore the development achieved by municipal growth. These circumstances prove the need to place priority on the conservation of natural resources and the control of ecological depredation and reforestation as part of the activities to be carried out within the Project.

According to the criteria on the state of development of the productive structure, the following can be established:

- Municipalities or communities whose residents have a relatively advantageous economic situation are probably interested in developing their area and the local government could become an interesting local power centre.
- Certain Municipalities or communities in the jungle and in highland regions, in addition to an advantageous economic situation, are isolated either because of their distance or their inaccessible nature due to the lack of means of communication. In these areas, self-organization is fundamental for the population to obtain the necessary services; these skills are eventually channelled through the local government.
- Poor Municipalities or communities that rely on government aid to meet the needs of their population, as they lack the ability to generate their own income. These are small municipalities with a modest staff and limited technical abilities, mostly located in rural highland areas.

3. LOCAL GOVERNMENT-CENTRAL GOVERNMENT RELATIONSHIP

Municipalities have very limited budget and human resources to implement basic public services, placing them at a disadvantage as far as local development actions are concerned, compared to the above organizations.

The Central Government maintains its centralist tendencies as regards the management of financial resources. In recent years, of the total revenues obtained from fiscal income at a national level, only 3.7% was allocated to Local Governments.

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which were responsible for 3% of the total government expenditure.

The centralization of income is justified to a certain extent. The Central Government has certain advantages in terms of its efficiency and impartiality as a tax collector throughout the country, redistributing the funds in accordance with the needs expressed by Local Governments. Nevertheless, the same cannot be said for the centralization of expenditure. Local Governments have advantages over the Central Government as suppliers of public services and the development of various activities through a decentralized expenditure. 'They have closer ties with the community, whose members can identify those responsible for the quality and quantity of the services received, practicing a local control. In addition, residents' preferences vary from one community to another and it is in fact up to local governments to implement actions that incorporate such differences, making every effort to charge residents in accordance with the costs and payment capacity of residents.

However, in order to implement the spending capacity of municipalities, they must have an adequate infrastructure (mainly equipment and qualified staff), as well as a clear understanding of the residents' needs and direct communication with the community through open discussions or through organizations and institutions representing the community.

4. PROJECT ACTIVITIES AND THEIR IMPACT

In order to achieve the Project's goals, a number of activities were designed to implement infrastructure, the final results of which (products and services) should improve the welfare of the residents in municipalities or communities within the Project Area. The selection of the definitive "menu" of activities for each area will depend on the economic-social circumstances in each one. In addition, the preferences revealed by the population affected by the activity must be taken into consideration in plans and designs.

As mentioned above, only the activities with obvious benefits have been considered. Some of the project's activities involve technical assistance and training for local government authorities and administration staff, the impact of which is not evident in terms of direct benefits, but which could in the medium and long term improve the development of municipalities and create positive impacts on their productivity.

The benefits of selected activities will be calculated in terms of the income and employment directly or indirectly generated.

The following activities were proposed in Chapter IV of the General Report:

- a. Productive activities
- b. Water and Sanitation
- c. Health activities
- d. Environmental Conservation and Protection activities
- e. Community emergencies

By way of an illustration, these are described below, broken down by specific activities:

- Facilities for meeting the basic needs of residents: water supply, domestic and public latrines, upgrading or construction of community buildings including medical posts, health centres, schools, soup kitchens, etc.

Such facilities must be aimed at urban fringe areas as well as rural settlements. The number of activities in each place must depend on a preliminary evaluation and on the priorities established in accordance with the needs expressed by the target population.

- Facilities and services to support the farming sector.

Improve roads that gain access to highly productive farming areas. Build or recondition a bridge, using local manpower whenever possible, assisted by the Project's machinery and equipment.

Build storage centres for perishable goods in farming areas.

- Reconditioning of irrigation facilities, environmental and soil conservation.
- General projects. Establish small family-owned companies to process farm products. Carpentry workshops to meet the demands of construction activities; open roads to supply the road infrastructure and constructions.
- The list includes other activities, the extent of which will depend on the resources available for the Project. It should be borne in mind that the Project's activities are not expected to meet all the needs of the population living in the selected area.

The following should be taken into consideration when implementing the above activities:

- The economic situation and standard of living, particularly in rural areas, is characterized by a constant abject poverty. Activities are therefore required to complement earnings by generating income to help meet basic needs.

When the population realize that the activity improves their poverty situation, they will rapidly accept the project and willingly participate in it.

- The project's activities will compete with those of government entities. The advantage is that they would respond to the population's preferences, which would be perceived by municipal authorities together with those responsible for the Project and local organizations. This means that before implementing the activities, the instruments required to encourage the participation of the population and local institutions or organizations must be established, and the municipality must be technically capable of assuming the role of local development agent.
- Traditionally, government organizations and other non-government institutions implementing the activities proposed by the Project have assumed a paternal attitude, without considering any payment for services rendered nor any way of recovering costs. This is the situation faced by the Project, hence the need for the ample participation of the population so that they may assume the responsibility for their own development. It is therefore essential to heighten public awareness of the activities contemplated by the Project in order to overcome the situation mentioned above.
- The impact of these activities may be estimated by the extent of the direct or indirect income and employment generated. The final results of the economic impact will depend on the type of activity. It would be advisable to begin with those with easily perceived, short term benefits, which would encourage the population to promote the remaining activities.
- The farming season in each area must be taken into consideration for implementing some of the proposed activities, as it would be difficult for the population to participate during sowing and harvest seasons. It is essential that activities coincide with the farming season in order to relieve the seasonal unemployment problem in rural areas caused by the different manpower requirements during the farming process.
- The full economic impact of the Project's activities goes beyond the direct benefits obtained from the income and employment generated, as there are indirect effects that should also be considered. Whether the area will take advantage of the multiplying effects of the activity will depend on the source of supply of the inputs and equipment required for its implementation. In order to obtain the indirect effects of the activity, the use of local resources must be encouraged.

So that these activities may be distinguished from past experiences and besides generating income, consideration should be given to providing technical training to the workers involved, during one or two hours of their working day. The improvement of workers' technical skills will create a promotional effect, making it easier to involve the rest of the population in the Project's future activities. This would also help to extend the initial impact of the activity, and prevent workers from reverting to their initial situation once they have completed their contracts. Training must be simple and practical, using the resources and staff of the activity itself.

- Each activity must be closely related to other activities of the same Project or of other present or future projects, complementing them whenever possible. This is very important, as in most cases, present and future projects of various international organizations seek to compensate the burden of the economic adjustment on poor families, particularly in rural areas. Unless objectives and activities are well planned and coordinated, rural populations will be "invaded" from different fronts, probably by overlapping activities.
- It is essential for those participating in the work and obtaining the benefit of the services, to become directly interested in the activities being implemented. It is recommended that the activities arise from proposals of local residents, channelled through an efficient local government or through the different community organizations, so that the Project may estimate the preferences or needs revealed by the population.

A secondary benefit that could be obtained from the implementation of the Project's activities, is that Local Governments will have the opportunity to obtain income from rates and payments for the corresponding services. An adequate, well organized administration of two important aspects is required: i) a system of invoicing that does not imply too much red tape for residents; ii) setting prices by means of a cost methodology that bears a relationship with the population's purchasing power.

By way of an illustration, the implementation of certain activities and their impact on the employment and income generated is described below.

4.1 FIRST CASE: AGRO-INDUSTRIAL FAMILY ENTERPRISE

The company transforms potatoes into the "dried potatoes" used for cooking one of the country's typical dishes ("carapulcra").

The entire productive activity takes place at home. The dwelling is used as a deposit for the raw material, for setting up the necessary equipment and as a sales outlet.

The equipment is simple: a potato peeler capable of peeling 30 kilos of potatoes; a firewood cooker, three large pots each with a capacity for 50 kilos, a metal sheet full of holes used to crush the potatoes once they are peeled and cooked; two plastic containers each with a capacity for 30 kilos; a solar oven in which the potatoes are placed on wooden panels to dry. The solar energy used for this type of oven is frequently used in the Peruvian highlands and generates less expenses than other types of ovens.

The process is simple: small potatoes which are less expensive than large ones are used, not only because this reduces costs but because they are easier to handle. The potatoes are placed in the peeling machine and then dropped into boiling water to prevent them from going black. Once boiled, the potatoes are crushed and then placed on wooden panels and put in the oven for the drying process.

The work is usually done by the farmer's wife and daughters, plus two workers hired for the cooking and crushing process.

The investment is approximately 2,000 dollars. Production is about 1,500 kilos a week, on average. The final product is placed in one kilo plastic bags or, for direct orders from some trader, in 50 kilo sacks.

The selling price varies between 1.20 new Soles (US\$0.55) and 1.30 new Soles (US\$0.60). The average price of 1.25 new Soles gains the family a gross weekly income of 1,875 new Soles (US\$ 800). The approximate cost is 0.90 new Soles a kilo (US\$0.40), i.e. a total cost of 1,350 new Soles (US\$ 619). The net benefit would therefore be 525 new Soles (US\$ 241). The figure would be lower if taxes and permits are considered.

The impact of this type of enterprise, the operation framework of which could be used for the industrial transformation of other farming products (fruit for preserves and liqueurs, milk for cheese or butter, beans for flour, wool and fine fur for fabrics and garments, etc.) can be summarized as follows:

- Advantage can be taken to increase the useful life of perishable goods during harvest time, acting as the farmer's price-regulator. Low prices are thus avoided.
- Jobs are created for women. For example, a housewife can combine her domestic chores with a productive activity that generates additional income to

complement the income earned from the farming activity as such.

- Indirect employment is created as the productive activity requires inputs and equipment which are supplied by other production units. This has a multiplying effect, depending on how many of the supplies involve local resources and products.
- It becomes a source of income for local governments, depending on how adequately and efficiently the corresponding rates are collected.

In addition to agro-industrial family enterprises, there are non-industrial activities, the economic impacts of which are related to the former, besides the impact they have on the seasonal unemployment in rural areas. One of the challenges faced by economic policy-makers is to overcome the significant unemployment generated during the normal farming process, compared to the demand for labour during sowing and harvest seasons. (A ratio of 20 for the former and 100 for the latter). One of the most attractive solutions involves non-industrial activities, particularly those of a utilitarian nature, which take advantage of the rural manpower and local resources. The development of such activities could curtail the migratory flow from rural to urban areas, the magnitude of which is significant precisely during sowing and harvest seasons.

In this case, the effective income and employment generated would depend on the marketing means and technical advice for placing the products in the market.

We must stress the important role played by marketing in ensuring that the Project's activities obtain the benefits mentioned above.

Traditionally, technical assistance for the implementation of productive activities in rural areas by various projects and organizations, has mainly concentrated on the supply, i.e. improving technology, organizing production, etc. This is only part of the task. It is essential for the Project to include practical marketing training for small-scale entrepreneurs, so that these can get to know the market and appreciate the mechanisms required for successful negotiations in order to generate attractive income. Otherwise, small-scale entrepreneurs could feel frustrated, which could result in a negative promotion of the entire Project.

4.2 SECOND CASE: CONSTRUCTION OF HEALTH ESTABLISHMENTS

The impact of the construction of health centres and health posts has been considered.

Bearing in mind the limited population covered by public health services, particularly in rural areas, the construction and equipment of the above-mentioned establishments could meet the basic health requirements (prevention and first aid) of low income residents in the urban fringe areas and rural areas covered by the Project.

In order to estimate the impact, consideration must be given to the size of the establishments, the construction costs per m², the manpower and wages required, the source of inputs, among other aspects.

An area of 200 m² has been considered for health centres and 60 m² for health posts. The average salary is US\$ 150 a month and the construction costs per m² is US\$ 200. The investment in this construction is therefore:

- Health Centre	US\$ 40,000
- Health Post	US\$ 12,000

Labour requirements are calculated as a percentage of the construction investment. A proportion of 40% was chosen, bearing in mind that the goal is to generate local employment. Considering the wages and the duration of the works (three months), jobs could be generated for 55 people to work for three months on the construction of the health centre.

The previous process could be used to establish the employment and income generated by the construction of schools and other facilities.

In addition to the above results, indirect income would be created by the demand for inputs and equipment for the construction. According to technical coefficients, an increase of 20% of the national input-product table would be considered a good estimate. It should be emphasized that such indirect benefits could be absorbed by the area in which the construction is taking place, providing local inputs and equipment are used.

Once health establishments are in operation, permanent employment will be available for duly qualified or technical staff, in some cases, although not as many as required for the construction. Besides, due to the professional qualifications required (e.g. physicians), most of these jobs will not be filled by locals. The following professional staff have been considered as a minimum:

Health post : 1 health worker
Health centre: 2 physicians
 3 nurses
 1 obstetrician

In addition, the necessary equipment (furnishings, medical products, etc.) for operating the health centres must be taken into consideration.

So far, only the benefits arising from the works implementation and the means required to ensure the provision of services by health establishments have been considered. It is necessary to consider the benefits obtained by the community and the effect of these services of the population's welfare. It is difficult to estimate such benefits, but undoubtedly they will prevent residents of some areas from travelling long distances in search of health care, children will have an orderly and well-planned coverage of vaccinations and corresponding services, fewer working days will be lost as a result of health problems, etc., therefore nearby health establishments are bound to have a positive impact on production activities.

4.3 THIRD CASE: CONSTRUCTION OF IRRIGATION CANALS

Consideration has been given to the construction of a direct canal to irrigate a specific area. In order to calculate the construction costs, a lineal kilometer with the following dimensions was taken into account: a 2 m. width, a 1 m. base and 1 m. depth. The lay-out requires the technical assistance of a topographer and the area to be irrigated must be identified in order to determine the canal's geometry.

The previous measurements result in the excavation of 1.50 m³ of land for each lineal meter of the canal. One person is capable of digging 2 metres a day, therefore 20 people would be required for five weeks (6 days a week) for the proposed kilometre.

Wages are equivalent to 36 new Soles a day, therefore the total cost would be about 21,600 new Soles. These costs could be reduced if the target population were encouraged to cooperate with the activity, in which case the only expenses incurred during the works implementation would be food.

The target population could provide manpower providing the construction does not take place during sowing and harvesting seasons. This should be taken into account in the Project's guidelines for the implementation of this work if the direct participation of the target population is to be obtained.

The above case applies to the construction of canals for which only digging is required. However, in view of the rugged topography of highland areas, it may be necessary to overcome certain problems such as rocky areas, for example, which would require the use of hand drills and, in some cases, dynamite; this would obviously increase costs.

The benefits of this type of construction, besides generating employment, include the incorporation of new farmland or improving the existing water supply. In either case, the final result would include an increasing farming production and thus a better income for the target population.

This type of activity is attractive as its benefits have a direct impact on the target population, encouraging them to become more organized and more willing to participate in the work.

4.4 FOURTH CASE: CONSTRUCTION OF LOCAL ROADS

The intention is to build surfaced roads with granular material. As in the case of irrigation canals, a length of one kilometre has been considered.

The use of machinery is required, and the services of a topographer (and two assistants) is essential for blading and for straightening curves, particularly in the rugged highland topography. The latter will also identify areas where granulated material is available for surfacing purposes.

The machinery and manpower required for building the proposed one kilometre road is as follows:

- 1 dump truck to make an average of 20 trips a day (depending on where the material is located).
- 1 front end loader
- 1 tractor or bulldozer
- 1 plane, self-propelled roller
- 20 labourers with picks and shovels

Both the manpower and the machinery will be required for one week (8 hours a day for six days). The costs of machinery include: 70 soles an hour for the tip truck; 80 soles an hour for each front end loader, tractor and roller. Wages are equivalent to 36 new Soles a day. The construction expenses would therefore amount to 48,000 new Soles per kilometre.

The impact or benefits of this work on the residents of a specific area, include the facility to transport products to other markets and improve communication between towns or markets, thus broadening their economic opportunities.

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SC(1) - PERU COUNTRY CHECKLIST

- * Listed below are statutory criteria applicable to the eligibility of countries to receive the following categories of assistance:
 - (A) both Development Assistance and Economic Support Funds; (B)
- Development Assistance funds only; or (C) Economic Support Funds only.

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A. COUNTRY ELIGIBILITY CRITERIA
APPLICABLE TO BOTH DEVELOPMENT
ASSISTANCE AND ECONOMIC SUPPORT
FUND ASSISTANCE

1. Narcotics Certification

(FAA Sec. 490): (This provision applies to assistance provided by grant, sale, loan, lease, credit, guaranty, or insurance, except assistance relating to international narcotics control, disaster and refugee relief assistance, narcotics related assistance, or the provision of food (including the monetization of food) or medicine, and the provision of non-agricultural commodities under P.L. 480. This provision also does not apply to assistance for child survival and AIDS programs which can, under section 522 of the FY 1994 Appropriations Act, be made available notwithstanding any provision of law that restricts assistance to foreign countries.) If the recipient is a "major illicit drug producing country" (defined as a country producing during a fiscal year at least five metric tons of opium or 500 metric tons of coca or marijuana) or a "major drug-transit country" (defined as a country that is a significant direct source of illicit drugs significantly affecting the United States, through which such drugs are transported, or through which significant sums of drug-related profits are laundered with the knowledge or complicity of the government):

(1) has the President in the April 1 International Narcotics Control Strategy Report (INCSR) determined and certified to the Congress (without Congressional enactment, within 45 calendar days, of a resolution disapproving such a certification), that (a) during the previous year the country has cooperated fully with the United States or taken adequate steps on its own to satisfy the goals and objectives established by the U.N. Convention Against Illicit Traffic in Narcotic Drugs and Psychotropic

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Substances, or that (b) the vital national interests of the United States require the provision of such assistance?

1. (1) The President has so certified.

(2) with regard to a major illicit drug producing or drug-transit country for which the President has not certified on April 1, has the President determined and certified to Congress on any other date (with enactment by Congress of a resolution approving such certification) that the vital national interests of the United States require the provision of assistance, and has also certified that (a) the country has undergone a fundamental change in government, or (b) there has been a fundamental change in the conditions that were the reason why the President had not made a "fully cooperating" certification.

1. (2) N/A

2. **Indebtedness to U.S. citizens** (FAA Sec. 620(c): If assistance is to a government, is the government indebted to any U.S. citizen for goods or services furnished or ordered where: (a) such citizen has exhausted available legal remedies, (b) the debt is not denied or contested by such government, or (c) the indebtedness arises under an unconditional guaranty of payment given by such government or controlled entity?

2. The government is not so indebted.

3. **Seizure of U.S. Property** (FAA Sec. 620(e)(1)): If assistance is to a government, has it (including any government agencies or subdivisions) taken any action which has the effect of nationalizing, expropriating, or otherwise seizing ownership or control of property of U.S. citizens or entities beneficially owned by them without taking steps to discharge its obligations toward such citizens or entities?

3. The government has not taken any such action.

4. **Communist countries** (FAA Secs. 620(a), 620(f), 620D; FY 1994 Appropriations Act Secs. 507, 523): Is recipient country a Communist country? If so, has the President: (a)

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- determined that assistance to the country is vital to the security of the United States, that the recipient country is not controlled by the international Communist conspiracy, and that such assistance will further promote the independence of the recipient country from international communism, or (b) removed a country from applicable restrictions on assistance to communist countries upon a determination and report to Congress that such action is important to the national interest of the United States? Will assistance be provided either directly or indirectly to Angola, Cambodia, Cuba, Iraq, Libya, Vietnam, Iran or Syria? Will assistance be provided to Afghanistan without a certification, or will assistance be provided inside Afghanistan through the Soviet-controlled government of Afghanistan?
4. The recipient is not a communist country.
5. Mob Action (FAA Sec. 620(j)): Has the country permitted, or failed to take adequate measures to prevent, damage or destruction by mob action of U.S. property?
5. The country has not so permitted or failed to take adequate measures.
6. OPIC Investment Guaranty (FAA Sec. 620(l)): Has the country failed to enter into an investment guaranty agreement with OPIC?
6. The country has not failed to enter into an OPIC agreement..
7. Seizure of U.S. Fishing Vessels (FAA Sec. 620(o); Fishermen's Protective Act of 1967 (as amended) Sec. 5): (a) Has the country seized, or imposed any penalty or sanction against, any U.S. fishing vessel because of fishing activities in international waters? (b) If so, has any deduction required by the Fishermen's Protective Act been made?
7. The country has not seized such vessels.
8. Loan Default (FAA Sec. 620(q); FY 1994 Appropriations Act Sec. 512 (Brooke Amendment)): (a) Has the government of the recipient country been in default for more than six months on interest or principal of any loan to the country under the FAA? (b) Has the country been

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in default for more than one year on interest or principal on any U.S. loan under a program for which the FY 1994 Appropriations Act appropriates funds?

8. The country is not in such default.

9. **Military Equipment** (FAA Sec. 620(s)): If contemplated assistance is development loan or to come from Economic Support Fund, has the Administrator taken into account the percentage of the country's budget and amount of the country's foreign exchange or other resources spent on military equipment? (Reference may be made to the annual "Taking Into Consideration" memo: "Yes, taken into account by the Administrator at time of approval of Agency OYB." This approval by the Administrator of the Operational Year Budget can be the basis for an affirmative answer during the fiscal year unless significant changes in circumstances occur.)

9. Taken into account by the Administrator at time of approval of Agency OYB.

10. **Diplomatic Relations with U.S.** (FAA Sec. 620(t)): Has the country severed diplomatic relations with the United States? If so, have relations been resumed and have new bilateral assistance agreements been negotiated and entered into since such resumption?

10. The country has not severed diplomatic relations.

11. **U.N. Obligations** (FAA Sec. 620(u)): What is the payment status of the country's U.N. obligations? If the country is in arrears, were such arrearages taken into account by the A.I.D. Administrator in determining the current A.I.D. Operational Year Budget? (Reference may be made to the "Taking into Consideration" memo.)

11. Taken into account by the Administrator at time of approval of Agency OYB.

12. International Terrorism

a. **Sanctuary and support** (FY 1994 Appropriations Act Sec. 529; FAA Sec. 620A): Has the country been determined by the President to: (a) grant sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or (b) otherwise support international

terrorism, unless the President has waived this restriction on grounds of national security or for humanitarian reasons?

12.a. The President: has not so determined.

b. Airport Security (ISDCA of 1985 Sec. 552(b)): Has the Secretary of State determined that the country is a high terrorist threat country after the Secretary of Transportation has determined, pursuant to section 1115(e)(2) of the Federal Aviation Act of 1958, that an airport in the country does not maintain and administer effective security measures?

12.b. The Secretaries of State and Transportation have not so determined.

13. Countries that Export Lethal Military Equipment (FY 1994 Appropriations Act Sec. 573): Is assistance being made available to a government which provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for purposes of section 40(d) of the Arms Export Control Act?

13. The country does not export lethal military equipment..

14. Discrimination (FAA Sec. 666(b)): Does the country object, on the basis of race, religion, national origin or sex, to the presence of any officer or employee of the U.S. who is present in such country to carry out economic development programs under the FAA?

14. The country has not so objected.

15. Nuclear Technology (FAA Secs. 669, 670): Has the country, after August 3, 1977, delivered to any other country or received nuclear enrichment or reprocessing equipment, materials, or technology, without specified arrangements or safeguards, and without special certification by the President? Has it transferred a nuclear explosive device to a non-nuclear weapon state, or if such a state, either received or detonated a nuclear explosive device? If the country is a non-nuclear weapon state, has it, on or after August 8, 1985, exported (or attempted to export) illegally from the United States any material, equipment, or technology which

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would contribute significantly to the ability of a country to manufacture a nuclear explosive device? (FAA Sec. 620E permits a special waiver of Sec. 669 for Pakistan.)

15. The answer to all questions is no.

16. Algiers Meeting (ISDCA of 1981, Sec. 720): Was the country represented at the Meeting of Ministers of Foreign Affairs and Heads of Delegations of the Non-Aligned Countries to the 36th General Assembly of the U.N. on Sept. 2 and 28, 1981, and did it fail to disassociate itself from the communique issued? If so, has the President taken it into account? (Reference may be made to the "Taking into Consideration" memo.)

16. Taken into account by the Administrator at time of approval of Agency OYB.

17. Military Coup (FY 1994 Appropriations Act Sec. 508): Has the duly elected Head of Government of the country been deposed by military coup or decree? If assistance has been terminated, has the President notified Congress that a democratically elected government has taken office prior to the resumption of assistance?

17. The duly elected Head of Government has not been so deposed.

18. Exploitation of Children (FAA Sec. 116(b)): Does the recipient government fail to take appropriate and adequate measures, within its means, to protect children from exploitation, abuse or forced conscription into military or paramilitary services?

18. The recipient government does not fail to take such measures.

19. Parking Fines (FY 1994 Appropriations Act Sec. 574): Has the overall assistance allocation of funds for a country taken into account the requirements of this section to reduce assistance by 110 percent of the amount of unpaid parking fines owed to the District of Columbia as of September 30, 1993?

19. Unpaid parking fines have been taken into account.

**B. COUNTRY ELIGIBILITY CRITERIA
APPLICABLE ONLY TO DEVELOPMENT
ASSISTANCE ("DA")**

Human Rights Violations (FAA Sec. 116):

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Has the Department of State determined that this government has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, can it be demonstrated that contemplated assistance will directly benefit the needy?

B. The Department of State has not so determined.

**C. COUNTRY ELIGIBILITY CRITERIA
APPLICABLE ONLY TO ECONOMIC SUPPORT FUNDS ("ESF")**

Human Rights Violations (FAA Sec. 502B):
Has it been determined that the country has engaged in a consistent pattern of gross violations of internationally recognized human rights? If so, has the President found that the country made such significant improvement in its human rights record that furnishing such assistance is in the U.S. national interest?

C. It has not been so determined.

5C(2) - ASSISTANCE CHECKLIST

Listed below are statutory criteria applicable to the assistance resources themselves, rather than to the eligibility of a country to receive assistance. This section is divided into three parts. Part A includes criteria applicable to both Development Assistance and Economic Support Fund resources. Part B includes criteria applicable only to Development Assistance resources. Part C includes criteria applicable only to Economic Support Funds.

CROSS REFERENCE: IS COUNTRY CHECKLIST UP TO DATE?

A. CRITERIA APPLICABLE TO BOTH DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Host Country Development Efforts (FAA Sec. 601(a)): Information and conclusions on whether assistance will encourage efforts of the country to:
(a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations;

N/A

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(d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture, and commerce; and (f) strengthen free labor unions.

2. **U.S. Private Trade and Investment** (FAA Sec. 601(b)): Information and conclusions on how assistance will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise). N/A

3. **Congressional Notification**

a. **General requirement** (FY 1994 Appropriations Act Sec. 515; FAA Sec. 634A): If money is to be obligated for an activity not previously justified to Congress, or for an amount in excess of amount previously justified to Congress, has Congress been properly notified (unless the Appropriations Act notification requirement has been waived because of substantial risk to human health or welfare)? YES

b. **Special notification requirement** (FY 1994 Appropriations Act Sec. 520): Are all activities proposed for obligation subject to prior congressional notification? YES

c. **Notice of account transfer** (FY 1994 Appropriations Act Sec. 509): If funds are being obligated under an appropriation account to which they were not appropriated, has the President consulted with and provided a written justification to the House and Senate Appropriations Committees and has such obligation been subject to regular notification procedures? N/A

c. **Cash transfers and nonproject sector assistance** (FY 1994 Appropriations Act Sec. 537(b)(3)): If funds are to be made available in the form of cash transfer or nonproject sector assistance, has the Congressional notice N/A

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included a detailed description of how the funds will be used, with a discussion of U.S. interests to be served and a description of any economic policy reforms to be promoted?

4. **Engineering and Financial Plans** (FAA Sec. 611(a)): Prior to an obligation in excess of \$500,000, will there be: (a) engineering, financial or other plans necessary to carry out the assistance; and (b) a reasonably firm estimate of the cost to the U.S. of the assistance? YES

5. **Legislative Action** (FAA Sec. 611(a)(2)): If legislative action is required within recipient country with respect to an obligation in excess of \$500,000, what is the basis for a reasonable expectation that such action will be completed in time to permit orderly accomplishment of the purpose of the assistance? N/A

6. **Water Resources** (FAA Sec. 611(b)): If project is for water or water-related land resource construction, have benefits and costs been computed to the extent practicable in accordance with the principles, standards, and procedures established pursuant to the Water Resources Planning Act (42 U.S.C. 1962, et seq.)? (See A.I.D. Handbook 3 for guidelines.) YES

7. **Cash Transfer/Nonproject Sector Assistance Requirements** (FY 1994 Appropriations Act Sec. 537). If assistance is in the form of a cash transfer or nonproject sector assistance:

a. **Separate account:** Are all such cash payments to be maintained by the country in a separate account and not commingled with any other funds (unless such requirements are waived by Congressional notice for nonproject sector assistance)? N/A

b. **Local currencies:** If assistance is furnished to a foreign government under arrangements which result

in the generation of local currencies:

(1) Has A.I.D. (a) YES
required that local currencies be
deposited in a separate account
established by the recipient government,
(b) entered into an agreement with that
government providing the amount of local
currencies to be generated and the terms
and conditions under which the currencies
so deposited may be utilized, and (c)
established by agreement the
responsibilities of A.I.D. and that
government to monitor and account for
deposits into and disbursements from the
separate account?

(2) Will such local YES
currencies, or an equivalent amount of
local currencies, be used only to carry
out the purposes of the DA or ESF chapters
of the FAA (depending on which chapter is
the source of the assistance) or for the
administrative requirements of the United
States Government?

(3) Has A.I.D. taken all YES
appropriate steps to ensure that the
equivalent of local currencies disbursed
from the separate account are used for the
agreed purposes?

(4) If assistance is YES
terminated to a country, will any
unencumbered balances of funds remaining
in a separate account be disposed of for
purposes agreed to by the recipient
government and the United States
Government?

8. Capital Assistance (FAA Sec. 611(e)): N/A
If project is capital assistance
(e.g., construction), and total U.S.
assistance for it will exceed \$1 million,
has Mission Director certified and
Regional Assistant Administrator taken
into consideration the country's
capability to maintain and utilize the
project effectively?

9. Multiple Country Objectives (FAA Sec. 601(a)): Information and conclusions

on whether projects will encourage efforts of the country to: (a) increase the flow of international trade; (b) foster private initiative and competition; (c) encourage development and use of cooperatives, credit unions, and savings and loan associations; (d) discourage monopolistic practices; (e) improve technical efficiency of industry, agriculture and commerce; and (f) strengthen free labor unions.

N/A

10. **U.S. Private Trade** (FAA Sec. 601(b)): Information and conclusions on how project will encourage U.S. private trade and investment abroad and encourage private U.S. participation in foreign assistance programs (including use of private trade channels and the services of U.S. private enterprise).

N/A

11. **Local Currencies**

a. **Recipient Contributions** (FAA Secs. 612(b), 636(h)): Describe steps taken to assure that, to the maximum extent possible, the country is contributing local currencies to meet the cost of contractual and other services, and foreign currencies owned by the U.S. are utilized in lieu of dollars.

N/A

b. **U.S.-Owned Currency** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release?

N/A

12. **Trade Restrictions**

a. **Surplus Commodities** (FY 1994 Appropriations Act Sec. 513(a)): If assistance is for the production of any commodity for export, is the commodity likely to be in surplus on world markets at the time the resulting productive capacity becomes operative, and is such assistance likely to cause substantial injury to U.S. producers of the same, similar or competing commodity?

NO

b. **Textiles (Lautenberg)**

Amendment) (FY 1994 Appropriations Act Sec. 513(c)): Will the assistance (except for programs in Caribbean Basin Initiative countries under U.S. Tariff Schedule "Section 807," which allows reduced tariffs on articles assembled abroad from U.S.-made components) be used directly to procure feasibility studies, prefeasibility studies, or project profiles of potential investment in, or to assist the establishment of facilities specifically designed for, the manufacture for export to the United States or to third country markets in direct competition with U.S. exports, of textiles, apparel, footwear, handbags, flat goods (such as wallets or coin purses worn on the person), work gloves or leather wearing apparel?

N/A

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3) (as referenced in section 532(d) of the FY 1993 Appropriations Act): Will funds be used for any program, project or activity which would (a) result in any significant loss of tropical forests, or (b) involve industrial timber extraction in primary tropical forest areas?

NO

14. PVO Assistance

YES

a. Auditing and registration (FY 1994 Appropriations Act Sec. 568): If assistance is being made available to a PVO, has that organization provided upon timely request any document, file, or record necessary to the auditing requirements of A.I.D., and is the PVO registered with A.I.D.?

b. Funding sources (FY 1994 Appropriations Act, Title II, under heading "Private and Voluntary Organizations"): If assistance is to be made to a United States PVO (other than a cooperative development organization), does it obtain at least 20 percent of its total annual funding for international activities from sources other than the United States Government?

N/A

15. **Project Agreement Documentation** YES
(State Authorization Sec. 139 (as interpreted by conference report)): Has confirmation of the date of signing of the project agreement, including the amount involved, been cabled to State L/T and A.I.D. LEG within 60 days of the agreement's entry into force with respect to the United States, and has the full text of the agreement been pouched to those same offices? (See Handbook 3, Appendix 6G for agreements covered by this provision).

16. **Metric System** (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): YES
Does the assistance activity use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?

17. **Abortions** (FAA Sec. 104(f); FY 1994 Appropriations Act, Title II, under heading "Population, DA," and Sec. 518): N/A

a. Are any of the funds to be used for the performance of abortions as a method of family planning or to motivate or coerce any person to practice abortions?

b. Are any of the funds to be used to pay for the performance of

involuntary sterilization as a method of family planning or to coerce or provide any financial incentive to any person to undergo sterilizations? N/A

c. Are any of the funds to be made available to any organization or program which, as determined by the President, supports or participates in the management of a program of coercive abortion or involuntary sterilization? N/A

d. Will funds be made available only to voluntary family planning projects which offer, either directly or through referral to, or information about access to, a broad range of family planning methods and services? (As a legal matter, DA only.) N/A

e. In awarding grants for natural family planning, will any applicant be discriminated against because of such applicant's religious or conscientious commitment to offer only natural family planning? (As a legal matter, DA only.) N/A

f. Are any of the funds to be used to pay for any biomedical research which relates, in whole or in part, to methods of, or the performance of, abortions or involuntary sterilization as a means of family planning? N/A

g. Are any of the funds to be made available to any organization if the President certifies that the use of these funds by such organization would violate any of the above provisions related to abortions and involuntary sterilization? N/A

18. **Cooperatives (FAA Sec. 111):** Will assistance help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward a better life? N/A

19. U.S.-Owned Foreign Currencies

a. **Use of currencies (FAA Secs. 612(b), 636(h); FY 1994 Appropriations Act**

Secs. 503, 505): Are steps being taken to assure that, to the maximum extent possible, foreign currencies owned by the U.S. are utilized in lieu of dollars to meet the cost of contractual and other services. N/A

b. **Release of currencies** (FAA Sec. 612(d)): Does the U.S. own excess foreign currency of the country and, if so, what arrangements have been made for its release? N/A

20. **Procurement**

a. **Small business** (FAA Sec. 602(a)): Are there arrangements to permit U.S. small business to participate equitably in the furnishing of commodities and services financed? YES

b. **U.S. procurement** (FAA Sec. 604(a)): Will all procurement be from the U.S., the recipient country, or developing countries except as otherwise determined in accordance with the criteria of this section? YES

c. **Marine insurance** (FAA Sec. 604(d)): If the cooperating country discriminates against marine insurance companies authorized to do business in the U.S., will commodities be insured in the United States against marine risk with such a company? YES

d. **Non-U.S. agricultural procurement** (FAA Sec. 604(e)): If non-U.S. procurement of agricultural commodity or product thereof is to be financed, is there provision against such procurement when the domestic price of such commodity is less than parity? (Exception where commodity financed could not reasonably be procured in U.S.) N/A

e. **Construction or engineering services** (FAA Sec. 604(g)): Will construction or engineering services be procured from firms of advanced developing countries which are otherwise eligible under Code 941 and which have attained a N/A

competitive capability in international markets in one of these areas? (Exception for those countries which receive direct economic assistance under the FAA and permit United States firms to compete for construction or engineering services financed from assistance programs of these countries.)

f. Cargo preference shipping
(FAA Sec. 603): Is the shipping excluded from compliance with the requirement in section 901(b) of the Merchant Marine Act of 1936, as amended, that at least 50 percent of the gross tonnage of commodities (computed separately for dry bulk carriers, dry cargo liners, and tankers) financed shall be transported on privately owned U.S. flag commercial vessels to the extent such vessels are available at fair and reasonable rates?

NO

g. Technical assistance
(FAA Sec. 621(a)): If technical assistance is financed, will such assistance be furnished by private enterprise on a contract basis to the fullest extent practicable? Will the facilities and resources of other Federal agencies be utilized, when they are particularly suitable, not competitive with private enterprise, and made available without undue interference with domestic programs?

YES

h. U.S. air carriers
(International Air Transportation Fair Competitive Practices Act, 1974): If air transportation of persons or property is financed on grant basis, will U.S. carriers be used to the extent such service is available?

YES

i. Consulting services
(FY 1994 Appropriations Act Sec. 567): If assistance is for consulting service through procurement contract pursuant to 5 U.S.C. 3109, are contract expenditures a matter of public record and available for public inspection (unless otherwise provided by law or Executive order)?

YES

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- j. **Metric conversion** YES
(Omnibus Trade and Competitiveness Act of 1988, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy): Does the assistance program use the metric system of measurement in its procurements, grants, and other business-related activities, except to the extent that such use is impractical or is likely to cause significant inefficiencies or loss of markets to United States firms? Are bulk purchases usually to be made in metric, and are components, subassemblies, and semi-fabricated materials to be specified in metric units when economically available and technically adequate? Will A.I.D. specifications use metric units of measure from the earliest programmatic stages, and from the earliest documentation of the assistance processes (for example, project papers) involving quantifiable measurements (length, area, volume, capacity, mass and weight), through the implementation stage?
- k. **Competitive Selection** YES
Procedures (FAA Sec. 601(e)): Will the assistance utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?
- l. **Chemical Weapons** (FY 1994 Appropriations Act Sec. 569): Will the assistance be used to finance the procurement of chemicals that may be used for chemical weapons production? NO
21. **Construction**
- a. **Capital project** (FAA Sec. 601(d)): If capital (e.g., construction) project, will U.S. engineering and professional services be used? N/A
- b. **Construction contract** (FAA Sec. 611(c)): If contracts for construction are to be financed, will they be let on a competitive basis to maximum extent practicable? N/A

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- c. Large projects,** N/A
Congressional approval (FAA Sec. 620(k)):
If for construction of productive enterprise, will aggregate value of assistance to be furnished by the U.S. not exceed \$100 million (except for productive enterprises in Egypt that were described in the Congressional Presentation), or does assistance have the express approval of Congress?
22. **U.S. Audit Rights (FAA Sec. 301(d)):** If fund is established solely by U.S. contributions and administered by an international organization, does Comptroller General have audit rights? YES
23. **Communist Assistance (FAA Sec. 620(h)).** Do arrangements exist to insure that United States foreign aid is not used in a manner which, contrary to the best interests of the United States, promotes or assists the foreign aid projects or activities of the Communist-bloc countries? YES
24. **Narcotics**
- a. **Cash reimbursements (FAA Sec. 483):** Will arrangements preclude use of financing to make reimbursements, in the form of cash payments, to persons whose illicit drug crops are eradicated? YES
- b. **Assistance to narcotics traffickers (FAA Sec. 487):** Will arrangements take "all reasonable steps" to preclude use of financing to or through individuals or entities which we know or have reason to believe have either: (1) been convicted of a violation of any law or regulation of the United States or a foreign country relating to narcotics (or other controlled substances); or (2) been an illicit trafficker in, or otherwise involved in the illicit trafficking of, any such controlled substance? YES
25. **Expropriation and Land Reform (FAA Sec. 620(g)):** Will assistance preclude use of financing to compensate owners for expropriated or nationalized YES

property, except to compensate foreign nationals in accordance with a land reform program certified by the President?

26. **Police and Prisons** (FAA Sec. 660): Will assistance preclude use of financing to provide training, advice, or any financial support for police, prisons, or other law enforcement forces, except for narcotics programs? YES

27. **CIA Activities** (FAA Sec. 662): Will assistance preclude use of financing for CIA activities? YES

28. **Motor Vehicles** (FAA Sec. 636(i)): Will assistance preclude use of financing for purchase, sale, long-term lease, exchange or guaranty of the sale of motor vehicles manufactured outside U.S., unless a waiver is obtained? YES

29. **Export of Nuclear Resources** (FY 1994 Appropriations Act Sec. 506): Will assistance preclude use of financing to finance--except for purposes of nuclear safety--the export of nuclear equipment, fuel, or technology? YES

30. **Publicity or Propaganda** (FY 1994 Appropriations Act Sec. 557): Will assistance be used for publicity or propaganda purposes designed to support or defeat legislation pending before Congress, to influence in any way the outcome of a political election in the United States, or for any publicity or propaganda purposes not authorized by Congress? NO

31. **Marine Insurance** (FY 1994 Appropriations Act Sec. 531): Will any A.I.D. contract and solicitation, and subcontract entered into under such contract, include a clause requiring that U.S. marine insurance companies have a fair opportunity to bid for marine insurance when such insurance is necessary or appropriate? YES

32. **Exchange for Prohibited Act** (FY 1994 Appropriations Act Sec. 533): Will

any assistance be provided to any foreign government (including any instrumentality or agency thereof), foreign person, or United States person in exchange for that foreign government or person undertaking any action which is, if carried out by the United States Government, a United States official or employee, expressly prohibited by a provision of United States law?

NO

33. **Commitment of Funds** (FAA Sec. 635(h)): Does a contract or agreement entail a commitment for the expenditure of funds during a period in excess of 5 years from the date of the contract or agreement?

NO

34. **Impact on U.S. Jobs** (FY 1994 Appropriations Act, Sec. 547):

a. Will any financial incentive be provided to a business located in the U.S. for the purpose of inducing that business to relocate outside the U.S. in a manner that would likely reduce the number of U.S. employees of that business?

N/A

b. Will assistance be provided for the purpose of establishing or developing an export processing zone or designated area in which the country's tax, tariff, labor, environment, and safety laws do not apply? If so, has the President determined and certified that such assistance is not likely to cause a loss of jobs within the U.S.?

N/A

c. Will assistance be provided for a project or activity that contributes to the violation of internationally recognized workers rights, as defined in section 502(a)(4) of the Trade Act of 1974, of workers in the recipient country, or will assistance be for the informal sector, micro or small-scale enterprise, or smallholder agriculture?

NO

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. Agricultural Exports (Bumpers

Amendment) (FY 1994 Appropriations Act Sec. 513(b), as interpreted by conference report for original enactment): If assistance is for agricultural development activities (specifically, any testing or breeding feasibility study, variety improvement or introduction, consultancy, publication, conference, or training), are such activities: (1) specifically and principally designed to increase agricultural exports by the host country to a country other than the United States, where the export would lead to direct competition in that third country with exports of a similar commodity grown or produced in the United States, and can the activities reasonably be expected to cause substantial injury to U.S. exporters of a similar agricultural commodity; or (2) in support of research that is intended primarily to benefit U.S. producers?

2. **Tied Aid Credits** (FY 1994 Appropriations Act, Title II, under heading "Economic Support Fund"): Will DA funds be used for tied aid credits?

3. **Appropriate Technology** (FAA Sec. 107): Is special emphasis placed on use of appropriate technology (defined as relatively smaller, cost-saving, labor-using technologies that are generally most appropriate for the small farms, small businesses, and small incomes of the poor)?

4. **Indigenous Needs and Resources** (FAA Sec. 281(b)): Describe extent to which the activity recognizes the particular needs, desires, and capacities of the people of the country; utilizes the country's intellectual resources to encourage institutional development; and supports civic education and training in skills required for effective participation in governmental and political processes essential to self-government.

5. **Economic Development** (FAA Sec. 101(a)): Does the activity give reasonable promise of contributing to the

development of economic resources, or to the increase of productive capacities and self-sustaining economic growth?

6. Special Development Emphases (FAA Secs. 102(b), 113, 281(a)): Describe extent to which activity will: (a) effectively involve the poor in development by extending access to economy at local level, increasing labor-intensive production and the use of appropriate technology, dispersing investment from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using appropriate U.S. institutions; (b) encourage democratic private and local governmental institutions; (c) support the self-help efforts of developing countries; (d) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (e) utilize and encourage regional cooperation by developing countries.

7. Recipient Country Contribution (FAA Secs. 110, 124(d)): Will the recipient country provide at least 25 percent of the costs of the program, project, or activity with respect to which the assistance is to be furnished (or is the latter cost-sharing requirement being waived for a "relatively least developed" country)?

8. Benefit to Poor Majority (FAA Sec. 128(b)): If the activity attempts to increase the institutional capabilities of private organizations or the government of the country, or if it attempts to stimulate scientific and technological research, has it been designed and will it be monitored to ensure that the ultimate beneficiaries are the poor majority?

9. Contract Awards (FAA Sec. 601(e)): Will the project utilize competitive selection procedures for the awarding of contracts, except where applicable procurement rules allow otherwise?

10. **Disadvantaged Enterprises** (FY 1994 Appropriations Act Sec. 558): What portion of the funds will be available only for activities of economically and socially disadvantaged enterprises, historically black colleges and universities, colleges and universities having a student body in which more than 40 percent of the students are Hispanic Americans, and private and voluntary organizations which are controlled by individuals who are black Americans, Hispanic Americans, or Native Americans, or who are economically or socially disadvantaged (including women)?

11. **Biological Diversity** (FAA Sec. 119(g)): Will the assistance: (a) support training and education efforts which improve the capacity of recipient countries to prevent loss of biological diversity; (b) be provided under a long-term agreement in which the recipient country agrees to protect ecosystems or other wildlife habitats; (c) support efforts to identify and survey ecosystems in recipient countries worthy of protection; or (d) by any direct or indirect means significantly degrade national parks or similar protected areas or introduce exotic plants or animals into such areas?

12. **Tropical Forests** (FAA Sec. 118; FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act):

a. **A.I.D. Regulation 16**: Does the assistance comply with the environmental procedures set forth in A.I.D. Regulation 16?

b. **Conservation**: Does the assistance place a high priority on conservation and sustainable management of tropical forests? Specifically, does the assistance, to the fullest extent feasible: (1) stress the importance of conserving and sustainably managing forest resources; (2) support activities which offer employment and income alternatives

to those who otherwise would cause destruction and loss of forests, and help countries identify and implement alternatives to colonizing forested areas; (3) support training programs, educational efforts, and the establishment or strengthening of institutions to improve forest management; (4) help end destructive slash-and-burn agriculture by supporting stable and productive farming practices; (5) help conserve forests which have not yet been degraded by helping to increase production on lands already cleared or degraded; (6) conserve forested watersheds and rehabilitate those which have been deforested; (7) support training, research, and other actions which lead to sustainable and more environmentally sound practices for timber harvesting, removal, and processing; (8) support research to expand knowledge of tropical forests and identify alternatives which will prevent forest destruction, loss, or degradation; (9) conserve biological diversity in forest areas by supporting efforts to identify, establish, and maintain a representative network of protected tropical forest ecosystems on a worldwide basis, by making the establishment of protected areas a condition of support for activities involving forest clearance or degradation, and by helping to identify tropical forest ecosystems and species in need of protection and establish and maintain appropriate protected areas; (10) seek to increase the awareness of U.S. Government agencies and other donors of the immediate and long-term value of tropical forests; (11) utilize the resources and abilities of all relevant U.S. government agencies; (12) be based upon careful analysis of the alternatives available to achieve the best sustainable use of the land; and (13) take full account of the environmental impacts of the proposed activities on biological diversity?

c. Forest degradation: Will assistance be used for: (1) the procurement or use of logging equipment, unless an environmental assessment

indicates that all timber harvesting operations involved will be conducted in an environmentally sound manner and that the proposed activity will produce positive economic benefits and sustainable forest management systems; (2) actions which will significantly degrade national parks or similar protected areas which contain tropical forests, or introduce exotic plants or animals into such areas; (3) activities which would result in the conversion of forest lands to the rearing of livestock; (4) the construction, upgrading, or maintenance of roads (including temporary haul roads for logging or other extractive industries) which pass through relatively undergraded forest lands; (5) the colonization of forest lands; or (6) the construction of dams or other water control structures which flood relatively undergraded forest lands, unless with respect to each such activity an environmental assessment indicates that the activity will contribute significantly and directly to improving the livelihood of the rural poor and will be conducted in an environmentally sound manner which supports sustainable development?

d. **Sustainable forestry:** If assistance relates to tropical forests, will project assist countries in developing a systematic analysis of the appropriate use of their total tropical forest resources, with the goal of developing a national program for sustainable forestry?

e. **Environmental impact statements:** Will funds be made available in accordance with provisions of FAA Section 117(c) and applicable A.I.D. regulations requiring an environmental impact statement for activities significantly affecting the environment?

13. **Energy** (FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act): If assistance relates to energy, will such assistance focus on: (a) end-use energy

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efficiency, least-cost energy planning, and renewable energy resources, and (b) the key countries where assistance would have the greatest impact on reducing emissions from greenhouse gases?

14. **Debt-for-Nature Exchange** (FAA Sec. 463): If project will finance a debt-for-nature exchange, describe how the exchange will support protection of: (a) the world's oceans and atmosphere, (b) animal and plant species, and (c) parks and reserves; or describe how the exchange will promote: (d) natural resource management, (e) local conservation programs, (f) conservation training programs, (g) public commitment to conservation, (h) land and ecosystem management, and (i) regenerative approaches in farming, forestry, fishing, and watershed management.

15. **Deobligation/Reobligation** (FY 1994 Appropriations Act Sec. 510): If deob/reob authority is sought to be exercised in the provision of DA assistance, are the funds being obligated for the same general purpose, and for countries within the same region as originally obligated, and have the House and Senate Appropriations Committees been properly notified?

16. **Loans**

a. **Repayment capacity** (FAA Sec. 122(b)): Information and conclusion on capacity of the country to repay the loan at a reasonable rate of interest.

b. **Long-range plans** (FAA Sec. 122(b)): Does the activity give reasonable promise of assisting long-range plans and programs designed to develop economic resources and increase productive capacities?

c. **Interest rate** (FAA Sec. 122(b)): If development loan is repayable in dollars, is interest rate at least 2 percent per annum during a grace period which is not to exceed ten years, and at

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least 3 percent per annum thereafter?

d. Exports to United States
(FAA Sec. 620(d)): If assistance is for any productive enterprise which will compete with U.S. enterprises, is there an agreement by the recipient country to prevent export to the U.S. of more than 20 percent of the enterprise's annual production during the life of the loan, or has the requirement to enter into such an agreement been waived by the President because of a national security interest?

17. Development Objectives (FAA Secs. 102(a), 111, 113, 281(a)): Extent to which activity will: (1) effectively involve the poor in development, by expanding access to economy at local level, increasing labor-intensive production and the use of appropriate technology, spreading investment out from cities to small towns and rural areas, and insuring wide participation of the poor in the benefits of development on a sustained basis, using the appropriate U.S. institutions; (2) help develop cooperatives, especially by technical assistance, to assist rural and urban poor to help themselves toward better life, and otherwise encourage democratic private and local governmental institutions; (3) support the self-help efforts of developing countries; (4) promote the participation of women in the national economies of developing countries and the improvement of women's status; and (5) utilize and encourage regional cooperation by developing countries?

18. Agriculture, Rural Development and Nutrition, and Agricultural Research
(FAA Secs. 103 and 103A):

a. Rural poor and small farmers: If assistance is being made available for agriculture, rural development or nutrition, describe extent to which activity is specifically designed to increase productivity and income of rural poor; or if assistance is being made available for agricultural research,

has account been taken of the needs of small farmers, and extensive use of field testing to adapt basic research to local conditions shall be made.

b. Nutrition: Describe extent to which assistance is used in coordination with efforts carried out under FAA Section 104 (Population and Health) to help improve nutrition of the people of developing countries through encouragement of increased production of crops with greater nutritional value; improvement of planning, research, and education with respect to nutrition, particularly with reference to improvement and expanded use of indigenously produced foodstuffs; and the undertaking of pilot or demonstration programs explicitly addressing the problem of malnutrition of poor and vulnerable people.

c. Food security: Describe extent to which activity increases national food security by improving food policies and management and by strengthening national food reserves, with particular concern for the needs of the poor, through measures encouraging domestic production, building national food reserves, expanding available storage facilities, reducing post harvest food losses, and improving food distribution.

19. Population and Health (FAA Secs. 104(b) and (c)): If assistance is being made available for population or health activities, describe extent to which activity emphasizes low-cost, integrated delivery systems for health, nutrition and family planning for the poorest people, with particular attention to the needs of mothers and young children, using paramedical and auxiliary medical personnel, clinics and health posts, commercial distribution systems, and other modes of community outreach.

20. Education and Human Resources Development (FAA Sec. 105): If assistance is being made available for education, public administration, or human resource

development, describe (a) extent to which activity strengthens nonformal education, makes formal education more relevant, especially for rural families and urban poor, and strengthens management capability of institutions enabling the poor to participate in development; and (b) extent to which assistance provides advanced education and training of people of developing countries in such disciplines as are required for planning and implementation of public and private development activities.

21. Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106): If assistance is being made available for energy, private voluntary organizations, and selected development problems, describe extent to which activity is:

a. concerned with data collection and analysis, the training of skilled personnel, research on and development of suitable energy sources, and pilot projects to test new methods of energy production; and facilitative of research on and development and use of small-scale, decentralized, renewable energy sources for rural areas, emphasizing development of energy resources which are environmentally acceptable and require minimum capital investment;

b. concerned with technical cooperation and development, especially with U.S. private and voluntary, or regional and international development, organizations;

c. research into, and evaluation of, economic development processes and techniques;

d. reconstruction after natural or manmade disaster and programs of disaster preparedness;

e. for special development problems, and to enable proper utilization

of infrastructure and related projects funded with earlier U.S. assistance;

f. for urban development, especially small, labor-intensive enterprises, marketing systems for small producers, and financial or other institutions to help urban poor participate in economic and social development.

22. **Capital Projects (Jobs Through Export Act of 1992, Secs. 303 and 306(d)):** If assistance is being provided for a capital project, is the project developmentally sound and will the project measurably alleviate the worst manifestations of poverty or directly promote environmental safety and sustainability at the community level?

C. **CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY**

- | | |
|--|-----|
| 1. Economic and Political Stability (FAA Sec. 531(a)): Will this assistance promote economic and political stability? To the maximum extent feasible, is this assistance consistent with the policy directions, purposes, and programs of Part I of the FAA? | YES |
| 2. Military Purposes (FAA Sec. 531(e)): Will this assistance be used for military or paramilitary purposes? | NO |
| 3. Commodity Grants/Separate Accounts (FAA Sec. 609): If commodities are to be granted so that sale proceeds will accrue to the recipient country, have Special Account (counterpart) arrangements been made? (For FY 1994, this provision is superseded by the separate account requirements of FY 1994 Appropriations Act Sec. 537(a), see Sec. 537(a)(5).) | N/A |
| 4. Generation and Use of Local Currencies (FAA Sec. 531(d)): Will ESF funds made available for commodity import programs or other program assistance be used to generate local currencies? If so, | N/A |

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will at least 50 percent of such local currencies be available to support activities consistent with the objectives of FAA sections 103 through 106? (For FY 1994, this provision is superseded by the separate account requirements of FY 1994 Appropriations Act Sec. 537(a), see Sec. 537(a) (5).)

5. **Capital Projects** (Jobs Through Exports Act of 1992, Sec. 306, FY 1993 Appropriations Act, Sec. 595): If assistance is being provided for a capital project, will the project be developmentally-sound and sustainable, i.e., one that is (a) environmentally sustainable, (b) within the financial capacity of the government or recipient to maintain from its own resources, and (c) responsive to a significant development priority initiated by the country to which assistance is being provided. (Please note the definition of "capital project" contained in section 595 of the FY 1993 Appropriations Act. Note, as well, that although a comparable provision does not appear in the FY 94 Appropriations Act, the FY 93 provision applies to, among other things, 2-year ESF funds which could be obligated in FY 94.)

N/A

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PROPOSED TRAINING BUDGET

I. Estimated Cost INADE Workshops

A. Basic Environmental Assessment: (25 participants x 3 days)		
		US \$
1.	Participants Travel : (15 x \$180)	2,700
2.	Participants Per Diem: (4 x 15 x \$100)	6,000
3.	Trainer's salary	4,000
4.	Trainer's travel and per diem	4,000
5.	Other Direct Costs	1,500
6.	Indirect Costs	<u>2,000</u>
	Total	20,200

B. Risk Assessment & Management (10 participants x 2 days)		
		US \$
1.	Participants Travel : (6 x \$180)	1,080
2.	Participants Per Diem: (3 x 6 x \$100)	1,800
3.	Trainer's salary	4,000
4.	Trainer's travel and per diem	3,500
5.	Other Direct Costs	1,000
6.	Indirect Costs	<u>2,000</u>
	Total	13,380

II. Estimated Cost Workshops for Municipal Officials and NGOs

A. Environmental Planning & Municipal Development (30 participants x 2 days)		
		US \$
1.	Participants Travel : (18 x \$100)	1,800
2.	Participants Per Diem: (3 x 18 x \$80)	4,320
3.	Trainer's salary	2,000
4.	Trainer's travel and per diem	1,000
5.	Other Direct Costs	<u>1,500</u>
	Total	10,620

B. Strategies for Public Participation in Environmental sound Municipal Development
(30 participants for 1-2 days)

	US \$
1. Participants Travel : (18 x \$100)	1,800
2. Participants Per Diem: (2.5 x 18 x \$80)	3,600
3. Trainer's salary	2,000
4. Trainer's travel and per diem	1,000
5. Other Direct Costs	<u>1,500</u>
Total	9,900

III. Estimated Total Cost of LGD's Environmental Training Program

	US \$
1. INADE Workshop on Basic Environmental Assessment	20,200
2. INADE Workshop on Risk Assessment & Management	13,380
3. Environmental Planning for Municipal Officials and NGOs: (12 Workshops x \$10,620)	127,440
4. Strategies for Public Participation (8 Workshops x \$9,900)	<u>79,200</u>
Total	240,220

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**Local Government Development Project
Programmatic Environmental Evaluation**

**USAID/LIMA
JULY 1994**

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List of Acronyms

BOD	Biological Oxygen Demand
CFR	Code of Federal Regulations
CEPIS	Pan-American Center for Sanitary Engineering and Environmental Sciences (PAHO)
COD	Chemical Oxygen Demand
CMI	Coordinating & Monitoring Institution
CONAMA	Comision Nacional para el Medio Ambiente
DIGESA	Direccion General de Salud Ambiental
DMA	Environmental Management Division-INADE
EC	European Community
EHP	Environmental Health Project (ex WASH)
EIA	Environmental Impact Assessments
EP3	Env. Pollution Prevention Project
EPA	U.S. Environmental Protection Agency
EPAT	Environmental Policy & Training Project
FONCODES	National Fund for Compensation & Social Development
GOP	Government of Peru
GreenCOM	Environmental Education & Communications Project
IDB	Inter American Development Bank
IEE	Initial Environmental Examination
INADE	National Institute for National Development
INRENA	National Institute for Natural Resources
IFI	International Financial Institution
IIDS	Impact Identification & Documentation System
LAC	Bureau for Latin America & the Caribbean
LGD	Local Government Development Project
MAG	Ministry of Agriculture
MIPRE	Ministerio de la Presidencia
MOH	Ministry of Health
NEPA	U.S. National Environmental Policy Act of 1970
NGO	Non-governmental organization
ONERN	National Office for Natural Resources Evaluation
PAHO	Pan-American Health Organization
PRIDE	Project in Development & the Environment
USAID	U.S. Agency for International Development

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Executive Summary

This environmental evaluation of the Local Government Development Project (LGD) seeks 3 closely related objectives: (1) to ensure that LGD achieves full compliance with USAID Environmental Regulations; (2) to seek ways of strengthening the capacity of INADE and local governments to design, implement, monitor and review environmental impact assessments (EIA) and; (3) to promote local community participation in the design and development of municipal works. Key institutions targeted by this evaluation were municipal governments and their officials, INADE, NGOs, central GOP agencies (DIGESA, INRENA, FONCODES), and CEPIS.

Key factors considered in this evaluation were:

- GOP Environmental Policies & Framework. The main goal was to determine key GOP environmental regulations related to the LGD project, and to establish INADE's ability to implement existing environmental regulation.
- Local Governments environmental management and planning capabilities and Public Participation Procedures.
- Capacity of large and small/local NGOs to understand the negative environmental impacts of municipal activities or those caused by their own programs.

Environmental policies and regulations are in a state of infancy in Peru. Both, the old 1979 Constitution and the New Constitution of 1993 establish that all citizens have the right to live in an appropriate environment, and have the duty to preserve Peru's natural resources & environment. Donors and International Financial Institutions (IFI), such as the Inter-American Development Bank (IDB) and the World Bank are active in assisting the GOP to develop and strengthen the environmental regulatory process in Peru.

INADE has little in the form of procedures for environmental review of projects, and its technical capability appears to be unevenly distributed between central and regional levels. Presently, INADE is not capable of ensuring the environmental soundness of their activities, and needs to establish some form of EIA procedures to evaluate their projects. Fortunately, INADE's staff of 35 engineers (plus support personnel) could easily handle competent involvement in environmental analysis if: (1) they are supplied with a simple environmental review process, and (b) staff was given introductory training in EIA procedures appropriate to type of projects envisioned by LGD project. A form of simple environmental review procedure is already in use by FONCODES and it is

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recommended that the LGD project adopts a similar approach.

There is a high level of commitment by mayors and other municipal officials to the protection of the environment. Unfortunately, the municipalities do not have the procedures or expertise needed to design, implement, monitor or evaluate the environmental impact of their projects. Most municipalities have at least one engineer/architect within their planning or public work offices which could be trained in Environmental Impact Assessment procedures and urban/rural planning.

The evaluation attempted to ascertain the level of reciprocal coordination that exists between NGOs and municipal governments to address environmental concerns. Larger NGOs do not have EIA procedures for their activities but some, like CARE and CARITAS, have project guidelines that address the need for mitigating the environmental impact of their actions. Coordination with between NGOs and municipal authorities seems to be limited, and the former usually do not see the municipality as a source of funding.

To address the need of LGD to comply with Reg 216 and strengthen institutional capabilities of INADE, Municipalities and NGOs it is suggested the LGD incorporates the following recommendations:

- LGD should adopt a form of simple environmental review procedure similar to what is already in use by FONCODES (Pages 7 and 16);
- That monitoring to assure that recommended environmental mitigation measures are implemented by municipalities be the responsibility of INADE under the supervision of USAID/Perú (Pages 11-12) ;
- That some of INADE's 35 engineers/planners be trained in EIA techniques to correct identified areas of deficiency. Training of INADE staff should be done during the first few months of the project implementation. Two workshops/courses are recommended: 1- A general EIA procedures course; and 2- A more specialized risk assessment/risk management course (Pages 7 and 10);
- INADE should hire an Environmental Planning Specialist as part of its long term personnel to: 1- ensure that every LGD activity is environmentally reviewed; and 2- for coordinating (with INADE and municipal specialists) the incorporation of appropriate mitigation measures to LGD project proposals (Page 12);
- Offer workshops for senior municipal officials to familiarize

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them with the principles of environmentally sound community planning, public awareness campaigns, and introductory risk management methods (pages 12 and 14); and

- That a series of 10-15 regional workshops for local NGOs and community organizations be organized in which to formulate strategies for increasing NGO participation in the municipal planning process (Pages 13-14).

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I. Introduction

This environmental evaluation of the Local Government Development Project (LGD) pursues three closely related objectives: (1) to achieve full compliance with USAID Environmental Regulations--22 CFR 216--which mandates that environmental factors are integrated into the project's decision making process; (2) to strengthen the capacity of local governments and the Coordinating & Monitoring Institution (CMI) to design, implement, monitor and review environmental impact assessments (EIA) and; (3) to promote local community participation in the design and development of municipal works. Nevertheless, environmental evaluations are designed as guides to the project officer, and its recommendations only offer best courses of action which may or may not be feasible as the project unfolds.

The Local Governments Development Project (LGD) is part of USAID/Peru strategic objective of strengthening democratic institutions. This project seeks to promote the participation of all Peruvian citizens in the day to day processes of their local governments. To accomplish this goal the LGD seeks to improve local governments skills in areas of administration and management of their municipalities. In addition, the LGD project will foster national policy changes which increase the participation of citizens in municipal decision making, and improve local government's ability to seek, recognize and respond effectively to the needs of their people. Main project inputs will be the provision of technical assistance and training programs, and which will be supplemented by funding of selected demonstrative public service projects.

An Initial Environmental Examination (IEE) was prepared for the LGD earlier in 1994. The Latin America & Caribbean Bureau (LAC) in AID/Washington approved a Categorical Exclusion for all technical assistance and training activities in the LGD. Community development and revenue generation activities in the other hand were given a Negative Determination because some of these actions could have negative environmental impacts. Community development & revenue generation activities to be funded by the LGD Project have been be classified into five general types: 1) Productive activities (agricultural projects); 2) water supply and sanitation; 3) road rehabilitation and maintenance, 4) building construction, and 5) solid waste disposal.

AID Environmental Procedures have four primary goals (spelled out in 22 CFR 216) which must be integrated into the design of the LGD project and ensuring full compliance with Federal Regulations under the National Environmental Policy Act of 1970 (NEPA). These regulations require the LGD to:

-
- (A) Ensure that the environmental consequences of LGD-financed activities are identified and considered by USAID and the host country prior to a final decision to proceed with implementation and that appropriate environmental safeguards are adopted;
 - (B) Assist local governments in Peru to strengthen their capabilities to appreciate and effectively evaluate the potential environmental effects of proposed development strategies and projects, and to select, implement and manage effective environmental programs;
 - (C) Identify impacts resulting from LGD's actions upon the environment, including those aspects of the biosphere which are the common and cultural heritage of all mankind; and
 - (D) Define environmental limiting factors that constrain development and identify and carry out activities that assist in restoring the renewable resource base on which sustained development depends.

II. Purpose of Evaluation

A. Statement of Work

This environmental evaluation was conducted to comply with NEPA requirements, as spelled in 22 CFR 216 and as approved in the LGD IEE by the LAC Chief Environment Officer. The scope of work for this evaluation directed the preparer to determine:

- (1) The institutional capability of municipalities and the Coordination & Monitoring Institution (e.g., the Instituto Nacional de Desarrollo INADE) to identify, mitigate, monitor and evaluate potential environmental concerns associated with LGD-funded small-scale public service projects.
- (2) The appropriate programmatic environmental guidelines that will describe the procedures by which LGD will identify negative environmental impacts, and implement, monitor and evaluate mitigation measures of small-scale public service projects.

B. Key Actors

The key institutions targeted by this evaluation were municipal governments and their officials, INADE (as the coordination and monitoring institution), NGOs, central GOP agencies (DIGESA, INRENA, FONCODES), and CEPIS (Centro Panamericano de Ingenieria

Sanitaria y Ciencias del Ambiente).

C. Key Factors

As stated before, the primary factor driving the preparation of this environmental evaluation is the requirement for the LGD project to comply with the dispositions of NEPA (as they apply to USAID in Reg 216). Furthermore, the LGD project has a valuable opportunity influence the goals of sustainable municipal development in Perú by strengthening the capacity of local governments to integrate local citizen participation in the process of environmental planning and evaluation in their communities. This LGD programmatic environmental evaluation will recommend ways to exploit this opportunity within the strategic objective of USAID/Peru "to strengthen democratic institutions that promote popular participation, sustain individual rights and freedoms, and are transparent and responsive to their constituents".

Several key factors were identified for assessing the capability of NGOs, and of central and local governments to address environmental concerns in the municipal development activities. Data gathering was obtained by interviewing: a) central GOP officials in agencies with environmental regulatory responsibilities related with the scope of the LGD project, i.e., small municipal projects in rural and peri-urban areas (MIPRE-INADE, MOH-DIGESA, MAG-INRENA and FONCODES); b) mayors and other officials associated with municipal project planning and implementation in provincial and district municipalities (Tarapoto, Lamas, la Banda de Shilcayo, Morales, Concepcion, Jauja, Huancayo); c) NGOs representatives (CARE, CARITAS, ADRA/OFASA), and several "Clubes de Madres"; and d) Other multilateral aid institutions (PAHO-CEPIS). Additional information on possible environmental impact of LGD project activities was obtained from site visits to on-going USAID-sponsored projects, and from available literature provided by USAID/Peru.

Key factors considered in this evaluation were:

1. Environmental Policies & Framework, and Central Government Capabilities for Environmental Regulation. The goal was to determine GOP environmental regulations related with the LGD project, and to ascertain INADE's ability to implement existing environmental regulation in Peru, including the design, implementation, monitoring and evaluation of environmental assessments.
2. Local Governments environmental management and planning capabilities and Public Participation Procedures. This evaluation attempts to identify municipal operating procedures

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aimed at evaluating and mitigating the environmental impact of municipal works (i.e., Environmental Impact Assessment-EIA), and to establish level of community participation in addressing environmental concerns (i.e., NGO and other community groups).

3. Capacity of large and small/local NGOs to understand the negative environmental impacts municipal activities or their own programs. The evaluation attempted to ascertain the level of reciprocal coordination that exists between NGOs and municipal governments to address environmental concerns.

III. Findings and Needs Assessment

A. Environmental Policies & Framework and Central Government Capabilities for Environmental Regulation.

1. GOP Environmental Framework

Environmental policies and regulations are in a state of infancy in Peru. Both, the old 1979 Constitution and the New Constitution of 1993 establish that all citizens have the right to live in an appropriate environment and have the duty to preserve Peru's natural resources & environment. Under this Constitutional framework, the Government of Peru (GOP) is under obligation to prevent and control environmental degradation and pollution. In 1990 the GOP passed the Environment and Natural Resources Code which decrees its precedence over all legislation that runs counter to the protection of Peru's natural resources (Art. 12).

The Code's ruling articles have important implications for LGD activities as their aims are in concert with it's principal objectives of local participation and the compliance with Reg 216. For example, Article 6 establishes the right of all citizens to participate in defining environmental policy, formulating regional and local measures for the protection of the environment, and the establishes the right to be informed about public/private activities that could directly or indirectly affect their health and their environment. The Code also requires an environmental impact assessment for all private or public activities which may have an impact on the environment (Art. 8).

There are still great weaknesses associated with the Code. For instance, enabling legislation, regulations and guidelines have not been developed by the GOP, and there is a great tangle of existing legislation, overlapping responsibilities by dozens of agencies, and inadequate legal or enforcement capabilities. At present environmental protection responsibilities and regulating bodies

exist within the Ministries of Agriculture (INRENA), Health (DIGESA), Industries & Mines, Transport & Communications, and many others. Presently, the GOP is attempting to enact legislation for the creation of a supra-ministerial agency called the "Comision Nacional para el Medio Ambiente" as is the case in Chile. The CONAMA's role would be to consolidate normative and regulatory responsibilities under the authority of one agency. Other donors and International Financial Institutions (IFI) such as the Inter-American Development Bank (IDB) and the World Bank are active in assisting the GOP in this process.

2. Central Agencies

Agencies visited (DIGESA, INRENA, INADE, and FONCODES) possess some environmental review procedures for large projects (large dams, reservoirs, new road and highways, etc.). Unfortunately, environmental review procedures for small projects, such as the ones envisioned by the LGD project, are lacking except in FONCODES. For large projects the process of EIA preparation appears to be largely an ad-hoc and centralized operation. Regulatory frameworks similar to those existing in the U.S. or the European Community (EC) are lacking in the country. There are almost no official guidelines or internal regulations, but all agencies contacted communicated that they are in the process of elaborating them. In addition, Peru is in the process of forming a supra-ministerial agency in charge of the environment similar to that of Chile called CONAMA (Consejo Nacional del Medio Ambiente). This CONAMA will have broad powers to design, implement and enforce environmental laws and regulations but it appears to be mostly in the drawing boards at the moment.

The following paragraphs offer short summaries on the mandates and EIA capabilities of a small number of agencies visited during this evaluation. The list is representative of centrally controlled GOP institutions but is by no means exhaustive.

Dirección General de Salud Ambiental (DIGESA)-

DIGESA is the environmental directorate of the Ministry of Health. Its new mandate is regulatory and normative in areas of environmental health, such as: food safety, municipal/rural sanitation, and pollution (industrial pollution, occupational safety, water/air pollution). DIGESA is undergoing reorganization to meet these mandates as directed by the new 1993 constitution. DIGESA has considerable experience with sanitary/health inspections, but does not have the regulatory framework or staff to design, conduct, monitor or evaluate EIAs on a routine basis.

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Instituto Nacional de Recursos Naturales (INRENA)-

INRENA is a newly created institute within the Ministry of Agriculture in charge of "the promotion and support of the sustainable use of renewable natural resources" in Peru. Among the services this institute is designed to provide are: EIAs, feasibility studies, rural irrigation and wastewater reuse, training and natural resources surveys. INRENA is still not operating to meet its designed functions and its small staff has been intimately involved with the drafting of new forest legislation and other start-up activities. INRENA does conduct EIA studies for large scale irrigation and forestry projects but lacks the staff or the standard guidelines/regulations to evaluate small scale projects. INRENA is now in conversations with the IDB to strengthen its capacity to perform EIAs including the elaboration of terms of reference.

INSTITUTO NACIONAL DE DESARROLLO (INADE)-

INADE is part of the Ministry of the Presidency (MIPRE) in charge of implementing special development projects throughout Peru. This institute has no procedures for environmental review of its projects and its technical capability appears to be unevenly distributed at central and regional levels.

Centrally, INADE officials claim not to have the capability to perform formal EIAs except to a very limited extent. If an EIA is needed INADE usually contracts local environmental/engineering firms or in some cases other GOP agencies (i.e., INRENA). The primary reason for performing EIAs for large activities (irrigation projects, dams, roads, etc) is the requirement by IFIs or other international donors to conduct EIAs as a condition for funding.

Regionally, as in the case of San Martin Department INADE does have a number of environmentally-oriented activities and well trained personnel, but no EIA procedures. As projects are identified by the community and local governments INADEs planning division contracts or performs in-house technical engineering studies, as needed. Thus operationally, INADE does help municipalities (or community groups) perform engineering reviews and feasibility studies for activities funded by their special projects, many of which may contain elements of environmental review (i.e., best engineering practice) but are not called EIAs proper. For example projects, such as a planned stabilization/oxidation pond project for wastewater treatment in Tarapoto, have been reviewed by INADE and municipal engineers which contain some elements of what would be a more formal EIA study. None of the interviewees were familiar with risk assessment/risk management procedures.

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It is clear that INADE is not capable of ensuring the environmental soundness of their activities, and needs to establish EIA procedures to evaluate their projects. Fortunately, INADE's staff of 35 engineers (plus support personnel) could easily handle competent involvement in environmental analysis if a simple environmental review process was designed for them, and this staff was given introductory training in EIA procedures which directly address the type of projects envisioned by LGD.

Fondo Nacional de Compensación y Desarrollo Social (FONCODES)

FONCODES is a GOP institution which provides funding for small projects in areas of food aid, health and sanitation, and education. With the help of the IDB, FONCODES has developed a set of environmental review procedures which will be applied to every one of their small projects in the very near future.

The procedure used by FONCODES to evaluate projects is modeled after IDB, and European Community Environmental procedures governing Lome IV development & cooperation projects. Each project is labeled according to the potential negative impact it may have on the environment. The purpose of these reviews is to ensure environmental soundness of activities by incorporating mitigation measures into each of these. Every FONCODES project proposal is internally evaluated and classified as belonging to categories A, B, or C.

Projects belonging to "A" are unlikely to have significant environmental impacts and require no further environmental analyses.

Type "B" projects are those whose type, scale or other relevant characteristic have the potential to cause significant environmental impacts, but are not likely to warrant an environmental impact assessment (EIA). Type "B" projects will require further environmental analysis. This analysis, which is done by a team of external evaluators (i.e., FONCODES personnel or contractors), determines the kinds of simple mitigation measures that would reduce or eliminate environmental threat. Once mitigation measures are identified, the project is redesigned to include them and becomes a type "A" project, i.e. ready to implement without further review. In some cases, simple mitigations will not significantly reduce damage to the environment and the preparation of an EIA is recommended (see Type "C").

Type "C" projects are highly likely to cause significant environment impacts and therefore require a self standing EIA. This EIA would require FONCODES to elaborate scopes of work to

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be undertaken by consultants.

These environmental procedures appear to be very applicable to health, education, irrigation, and water/wastewater infrastructure projects implemented under the LGD project.

B. Local Governments environmental management and planning capabilities and Public Participation Procedures

This evaluation attempted to identify the existing operating procedures in municipalities aimed at evaluating and mitigating the environmental impact of municipal works (i.e., Environmental Impact Assessment-EIA). The municipalities of Tarapoto, Lamas, Banda del Shilcayo and Morales were visited in San Martín, while in the Department of Junín, the municipalities of Jauja, Huancayo, Concepción were visited. A common thread between these communities was the high level of commitment by mayors and other municipal officials about the protection of the environment. Most municipalities have active environment-related activities, such as urban reforestation projects and wastewater treatment/sanitation activities. This was a very positive finding because it reflects the views expressed by many of the mayors on the direct connection between economic growth and the protection of their natural resources. Most importantly, it shows that there is the will within municipal authorities to protect their environment and their natural resource base.

Unfortunately, the municipalities do not have the procedures or expertise needed to design, implement, monitor or evaluate EIAs. None of the municipalities have standardized EIA procedures for their projects, even though they are required by law to have them (see above). There was a lot of interest and curiosity for the mayors on the EIA process. Questions from these functionaries varied from the elemental, like: How is it done?, Who does it? When is the proper time to do it?; to more advanced (and even philosophical) questions such as "Is an EIA a balancing act between the positive and negative effects of our activities?", "How should my staff or I use an EIA?"

It is clear from the interviews that municipalities are not capable of ensuring the environmental soundness of their activities and need to establish EIA procedures to evaluate their projects (just as their planning offices perform financial and social impact analyses). Fortunately, most municipalities have at least one engineer/architect within their planning or public work offices which could be trained in EIA procedures.

The evaluation also tried to establish current level of community participation for addressing environmental concerns (i.e., NGO and

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other community groups). The interviews focused on ascertaining the use by municipalities of public hearings as a tool for social/environmental planning as required by Peru's environment Code. Compliance with the GOP environment code requirement of public participation in the process of environmental protection is not a prevalent operating practice within the municipalities visited by the preparer. None of the provincial or district municipalities visited uses public hearings as vehicle to air concerns of the citizenry about the environmental impacts of constructing or repairing public works. In the U.S. public hearings, are a key vehicle for the integration of social and environmental concerns in community activities.

Still the absence of public hearings can not be equated with absence of local participation in the municipal project's decision-making process, as community groups are often involved in some aspects of this operation (e.g., Comités de Barrios, Clubes de Madres, Juntas de Regantes, etc.) In addition, community groups often participate in projects via their involvement in the design and construction of these public municipal works. The problem is that these community groups may lack the instruction or opportunity to develop informed opinions on environmental matters. Therefore, while municipalities can be encouraged to promote public hearings, they could also promote civic participation by using environmental awareness campaigns, such as: urban forestation, cleanliness competitions between provinces, municipalities, barrios, sectors, etc.

C. Capacity of NGOs to understand the negative environmental impacts municipal activities or their own programs.

The evaluation attempted to ascertain level of reciprocal coordination that exists between NGOs and municipal governments to address environmental concerns. Representatives of 3 large NGOs were interviewed: ADRA, CARE, and CARITAS. These large NGOs are involved in productive projects such as: agroforestry, reforestation, communal farms, small livestock farming, etc.

Larger NGOs do not perform EIAs on their activities, but some, like CARE and CARITAS do have project guidelines that address the environmental impact of their actions. For example, CARITAS has gone around the liability of possible problems associated with pesticides by not funding activities that involve their use. Another finding about these larger NGOs is that their coordination with municipal authorities seems to be limited. Local NGOs contacted were mostly the ones involved with reforestation and other environmentally-related campaigns, and do not participate in EIA activities for the reasons discussed above.

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IV. Recommendation and Mitigations

A. Compliance with Reg 216:

1- Capacity to conduct EIAs and Monitoring the Implementation of Mitigations.

There is a very limited capacity to conduct environmental evaluations in INADE, the municipalities, or the participating community groups (NGOs, etc). Given the strong likelihood that many of the activities sponsored by LGD will have negative effects on the environment, USAID/Peru needs a mechanism to ensure LGD's compliance with USAID Environmental Procedures (Reg 216) and for properly evaluating, mitigating and monitoring these effects.

A cost effective way of doing this is to charge INADE, as the coordinating and monitoring institution) with conducting and supervising a simple environmental evaluation system similar to the one in use by FONCODES (see IIDS in Appendix I, and Appendix II). Similar systems are in use by IFIs and other donors to ensure environmental soundness (see Appendix III). To accomplish this recommendation some of INADE's 35 engineers/planners must be trained in EIA techniques. Five areas of deficiency were identified in INADE's capability to ensure proper EIA procedures and compliance with Reg 216:

- 1-Proper EIA Design
- 2-Contracting for EIA (Development of terms of reference for contracting EIA outside of INADE).
- 3-EIA execution & supervision
- 4-Evaluation of contractor-proposed mitigations (effectiveness)
- 5-EIA monitoring & mitigation techniques

Training to cover these areas could involve instruction of INADE staff during the first few months of the project at two levels: 1- A general EIA procedures course which would cover the essentials of design, contracting, execution & supervision of EIAs; and 2- A more specialized risk assessment/risk management course to train a modest core of INADE engineers/planners about project evaluation methods for identifying and managing environmental risks. To be effective, EIA training should be based on the Impact Identification & Documentation System (IIDS) for LGD and its use (discussed in Appendix I), or use similarly simple system based on tried and tested criteria to be developed and refined by USAID and INADE.

An illustrative description and budget for an Environmental Training Program for INADE personnel

Course	No. Participants	Budget	Target & Purpose
Basic Environmental Assessment Workshop (3 days)	25	Part. Travel 4,000 Per Diem 12,000 Salary ¹ 4,000 Travel ¹ 3,000 Indirect 2,000 Direct Costs <u>1,000</u> \$26,000	Basic course should be designed for INADE engineers, planners or other technical support personnel dealing with municipal project design, evaluation and approval. The course should be designed around the Impact Identification & Documentation System designed for LGD (see below) and must prepare participants to understand the use, proper design, contracting, execution, supervision and monitoring of EIAs.
Risk Assessment/Risk Management Course (2 days)	10	Part. Travel 1,500 Per Diem 3,200 Salary ¹ 4,000 Travel ¹ 3,000 Indirect 2,000 Direct Costs <u>1,000</u> \$13,200	The Risk Assessment/Risk Management course should be aimed at INADE's personnel which will deal with the design or approval of municipal projects under the LGD project. This course is more properly directed to decision-makers, planners or engineers that will deal with broad aspects of municipal development policy. Participants are prepared to identify environmental risks associated with development activities, evaluate different courses of action, and determine appropriate solutions appropriate to municipal development in Perú.

¹ - Salary and travel for U.S. expatriate trainer.

2- Monitoring the Implementation of Environmental Mitigations.

Monitoring to ensure the implementation of recommended mitigation measures will also be the responsibility of INADE under the supervision of USAID/Perú. It is recommended the INADE designs a method to track all aspects of the environmental review for each project (see Appendix I) --from "Initial Screening" to the implementation of environmental mitigations similar to the one developed by FONCODES. Thus all environmental analysis and

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procedures performed as part of each municipal project is included in a database, and becomes part of the project's file.

It is recommended that INADE hires an Environmental Planning Specialist as part of its long term personnel. It is recommended that this person be a local-hire engineering specialist with experience in environmental evaluation of small to mid-sized municipal/NGO development projects, and that she is intimately familiar with procedures similar to those used by FONCODES in their environmental evaluation. This specialist will be in charge of: 1- Ensuring that every LGD activity is environmentally reviewed; 2- Coordinating with INADE and municipal specialists all project redesign work directed at incorporating appropriate mitigation measures to LGD project proposals, and giving final approval to these; 3- Coordinating the implementation of prescribed environmental mitigation actions with regional/field offices and municipal officials on; 4- Tracking compliance with recommended actions by the municipality; and 5- Reviewing, evaluating and refining the LGD environmental review process, in harmony with Reg 216, and with the consent and close coordination of USAID/Perú.

B. Environmental Planning & Management and Public Participation in Municipal Development Policies

In addition, the LGD project has the unique opportunity to strengthen the capacity of local governments to comply with Perú's Environment Code mandates (i.e., conducting EIAs for all municipal activities), and as a bonus increase public participation and environmental awareness. There is clearly a lot of interest from the part of municipal officials on the Environment, but some apprehension is evident. Some mayors perceive this new environmental requirements from the central government as a threat to the development of their communities. Others do not see the new GOP environment Code as an opportunity to improve public participation and democracy or for addressing the long-term sustainability of their projects through it.

Mayors, vice-mayors, regidores and/or heads municipal planning offices need to be sensitized to the advantages of sound environmental project design, and public participation. Therefore it is recommended that one workshop be designed for senior municipal officials (specially mayors and planning officers) to prepare them in the principles of environmentally sound community planning, public awareness campaigns, and introductory risk management methods.

The LGD also has the outstanding opportunity to strengthen public participation in municipal development through local government

support of environmental activities developed by community groups and/or NGOs. This review recommends that a series of 10-15 regional workshops which will invite local NGOs and community organizations to learn about strategies for increasing their participation in the municipal planning process. These workshops, which should be offered during the first two years of the project, would include sessions on the preparation of proposals for environmental activities, and on the development of effective techniques for improving communications with municipal officials, and with other NGOs at regional and national levels. Mayors, senior municipal officials, and prominent private sector participants should be encouraged to attend these workshops.

An illustrative descriptions and budgets for an Environmental Training Program for Senior Municipal Official and NGO's

Workshop	No. Participants	Budget	Target & Purpose
Environmental Planning & Municipal Development Workshop (3 days)	50	Part. Travel 7,500 * Per Diem 24,000 Salary ¹ 8,000 Travel ¹ 6,000 Indirect 2,000 Direct Costs <u>4,000</u> \$51,500	This workshop should be directed for mayors, vice-mayors, regidores, and/or heads of municipal planning boards. It should be designed to present the latest concepts of environmentally sound community planning and development to senior municipal officials. This course should offer concise introductions to the concepts of risk assessment and risk management and the "EIA-sustainability connection". The importance of citizen participation and strategies for fostering public awareness campaigns on the environment will be an important component on this workshop.

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Strategies for Effective Public (NGO) Participation in Environmentally sound Municipal Development (1-2 days)	>1,000 Could be offered in 10-15 provinces	Salary ² 8,000 Travel ² 8,000 Indirect 2,000 Direct Costs <u>5,000</u> \$23,000	This workshop will be offered to participants from local NGOs in each of 10-15 major provinces or municipalities. The workshop will be geared to inform NGOs and participants from other community organizations of strategies for increasing their participation in the municipal planning process, the preparation of proposals for environmental activities, and developing effective ways of improving their communications with municipal officials and other NGOs at regional and national levels.
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1- Salary and travel for two U.S. expatriate trainers. The training team could be composed of an environmental planning expert with experience in rural/urban development, and a communication/environmental awareness campaign specialist.

2- Salary and travel for trainers. This training team could be composed of community/NGO organization specialist and an environmental communications expert.

Training & Workshop services could be contracted to expatriate training experts, or obtained to central AID/W projects. Several central projects offer expertise in these environmental areas, as follows: GreenCOM (communications, education), EPAT (environmental policy and training), PRIDE (policy analysis, strategic planning, pollution prevention), EP3 (pollution prevention, urban/industrial pollution), EPM (policy and management), EHP (environmental health, peri-urban matters) or the Regional Housing Office. Mission should contact appropriate Global Bureau Center for Excellence for guidance and technical support.

Mission should also seriously consider the use of CEPIS (Centro Panamericano de Ingeniería Sanitaria Y Ciencias del Medio Ambiente) to act as organizers/providers of some of the workshops/training recommended above. CEPIS is the regional representative for the Pan American Health Organization (PAHO) in Perú and possesses a cadre of well trained technical operatives in Lima, which seem to be well respected by GOP officials (INRENA, FONCODES, DIGESA). CEPIS has for many years been one of the leading providers of training and technical assistance to the GOP (and municipalities) in the areas of pollution control and prevention engineering. A meeting with CEPIS representatives was held during my visit to Perú and its director (Dr. Henry Salas, U.S. citizen) expressed interest in lending it's expertise in the organization of workshops and specialized training. Mission environmental and project officers

are encouraged to seek further contact with CEPIS as their services seem to offer significant economic and logistical savings.

APPENDIX I:

Impact Identification & Documentation System For LGD

A simple environmental review process is proposed for the LGD project. This process is modeled closely after the system used by FONCODES (IBD, EC, WB) and includes all additional safeguards required to ensure full compliance with Reg 216. INADE, as the monitoring and coordinating institution will be in charge of the process.

The environmental Impact Identification & Documentation System (IIDS) for LGD (FIG. 1) offers a management-sensitive, step-by-step procedure which begins with INADE's evaluation of municipal proposals against a List of project types to ascertain their environmental impact potential. This first step is called **Initial Screening**, and it is done by INADE as municipal proposals are received. As in FONCODES method, project types A, B, or C refer to project classes having little, some or significant negative environmental impacts, respectively. The list of potential LGD activities presented below was prepared from information presented in the project paper (see Tables 1 a-f). These activities are divided into 6 groups: Productive activities, water and sanitation, community emergency, environmental conservation and protection, health, and education activities. As part of IIDS, INADE should develop documentation system similar to the one developed by FONCODES. This documentation, based on the system described below, should be available for inspection by USAID project management upon request.

STEP 1.

The **Initial Screening** by INADE determines what the project's environmental impact is. To do this, INADE personnel will compare the proposed projects against the IIDS list presented below. Projects found in the IIDS list belonging to Type A are given immediate "go ahead", and will not need further review since they pose little risk to the environment. Nevertheless, other projects will be identified as possibly having some negative environmental impact.

STEP 2.

If the **Initial Screening** determines that a particular project class belongs to Type B, then INADE will proceed to perform a **Secondary Environmental Analysis** on the proposal. The objective of this **Secondary Environmental Analysis** is for INADE's engineering/environmental staff identify and determine appropriate

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STEP 1.

The **Initial Screening** by INADE determines what the project's environmental impact is. To do this, INADE personnel will compare the proposed projects against the IIDS list presented below. Projects found in the IIDS list belonging to Type A are given immediate "go ahead", and will not need further review since they pose little risk to the environment. Nevertheless, other projects will be identified as possibly having some negative environmental impact.

STEP 2.

If the **Initial Screening** determines that a particular project class belongs to Type B, then INADE will proceed to perform a **Secondary Environmental Analysis** on the proposal. The objective of this **Secondary Environmental Analysis** is for INADE's engineering/environmental staff identify and determine appropriate

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mitigation measures for the project (see FIG 1). Determining mitigation measures for some project proposals will not require field appraisal visits. However, some in some cases, proposals may fall between types B and C. In these instances, field visits are recommended as part of the process of identifying appropriate mitigation measures. Key environmental issues to be addressed by the **Secondary Environmental Analysis** are presented in Tables 1 a-f., but the list is not intended to be limited or exclusive of other relevant issues. INADE will submit to the municipality a set of effective mitigation measures, and return the proposal to the municipality with specific recommendations on how to redesign the project.

Some proposals will fall in type C. Type C projects are likely to have significant negative environmental effects and therefore their implementation will likely require the preparation of an Environmental Assessment and approved by AID/W (LAC/RSD/E), which is the required in Reg 216 procedures. However, LGD projects have limited funding (a few thousand dollars each) and the cost of a full EA is likely to be higher than the cost of project implementation. For this reason it is recommended that LGD projects be limited to types A or B only. Project management may still want to proceed with some type C projects. If this becomes necessary, then it is recommended that a Programmatic EA is done on the whole project group (i.e., Productive Activities Group) so that mitigations are developed for every possible project activity (see 21 CFR 216.6 (d)). This last recommendation will prove to be a cost-effective way of ensuring full compliance with Reg 216 in these cases, and will protect the project from wasteful duplication of environmental reviews and funds.

Step 3.

After INADE finishes the **Secondary Environmental Analysis**, it forwards the recommendations for environmental mitigation to the municipality. The municipality in turn will incorporate these recommendations and mitigations into a new project proposal with the assistance of INADE. This redesign phase should be short and will end when INADE is satisfied that the mitigations are incorporated into the project.

STEP 4.

Municipality will proceed with implementation after INADE is convinced that the municipality has included all mitigation measures into the project. INADE will give the "go ahead" to proceed but must monitor works to ensure correct implementation of mitigation. INADE could accomplish this by the use of site inspections as the project is implemented. For types B or C

projects INADE must also certify that the project has complied all mitigation measures and the activity no longer poses a threat to the environment.

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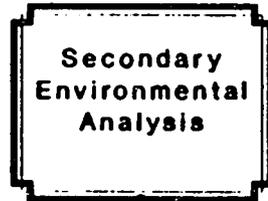
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ENVIRONMENTAL ACTION

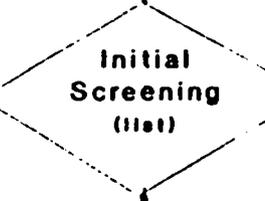
Municipality



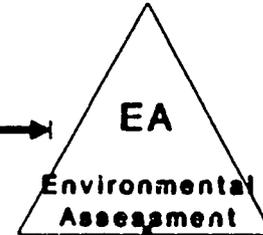
INADE



TYPE B



TYPE C



Municipality
Assisted by
INADE



TYPE A



INADE

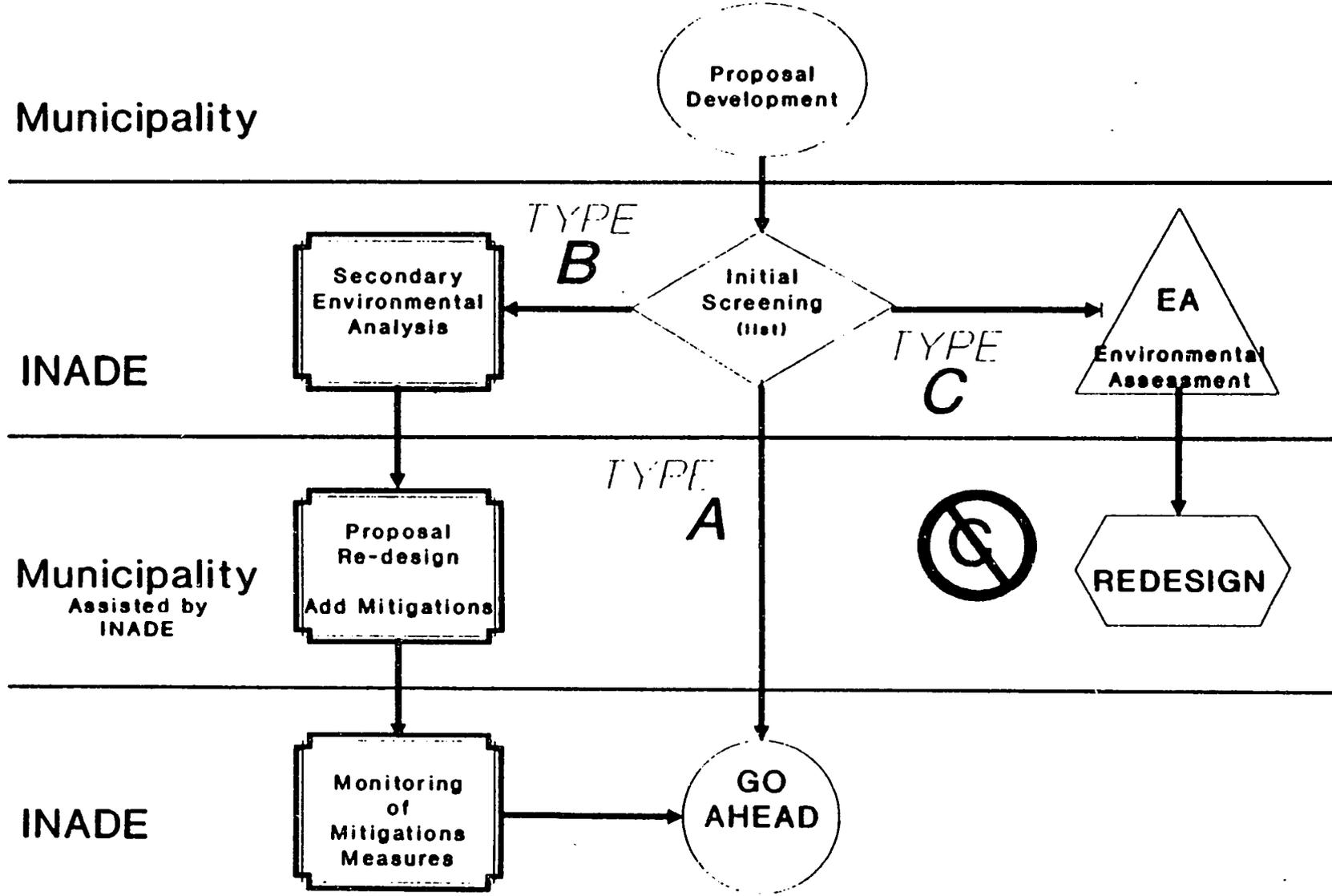


TABLE 1- IMPACT IDENTIFICATION AND DOCUMENTATION LIST FOR TYPICAL LOCAL GOVERNMENTS DEVELOPMENT PROJECT ACTIVITIES

TABLE 1.A GROUP I. PRODUCTIVE ACTIVITIES			
PROJECT CLASS	TYPE	ISSUES	MITIGATIONS REQUIRED FOR TYPE B
Household and small farm agro-industries	B or C	Deforestation, use/procurement of pesticides	-no purchase of pesticides will be allowed. -no purchase of equipment that can be used to clear land. -farmers must get instruction on safe use of pesticides and soil/water conservation practices.
Family handy craft micro-business	B	Endangered or threatened species affected;	Extractive processes must not involve or affect endangered species in any way.
Family fish ponds	B	Pollution of water resources by effluent; increases in incidence of human disease; land clearing in sensitive coastal areas; depletion of wild fish populations; and introduction of exotic species.	-Ponds should be small (<200m.sq). -Drainage from pond should not result in significant increases in BOD to receiving bodies of water; -Management of ponds should include measures to prevent water-borne or vector-borne vectors; -Local fisheries must not be affected by excessive capture of fish larvae; -Use of exotic species should be avoided.
Small irrigation systems	B or C	Salinization; increased incidence of water-related diseases; surface water pollution downstream; Soil erosion;	-Total area of conversion less than 250 ha; -Total area to irrigate less than 100ha (surface water) or 200 ha (ground water); -Management plan must be prepared for design, construction, and operation systems;

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Small-animal husbandry	B or C	Pesticide Use; Deforestation; erosion; soil compaction; pollution of potable water supplies.	-Pesticides should not be used; -Expansion into forested areas should not be financed; -Total area to be cleared will be small (eg less than 50 ha per project); -design well managed grazing waste disposal systems.
Forestry	B or C	Effects on endangered threatened species; Pesticide use in nurseries; Erosion or over-exploitation from poorly designed access roads and trails.	-Area of forest to be protected, or converted must be small (eg < 50 ha); -Pesticides will not be used or procured, except for carefully controlled research; -Long-term management plan must be prepared (eg. 3-5 yrs).

TABLE 1.B GROUP II. WATER & SANITATION			
PROJECT CLASS	TYPE	ISSUES	MITIGATIONS REQUIRE FOR TYPE B
Small water supply and sewer systems for less than 2000 people	B or C	Conversion of large areas of land; permanent reductions in volume of ground/surface water supply; risk of polluting water sources; risk of increasing vector borne diseases.	-Land area to be used/changed is smaller than 50 ha (rural) or 5 ha urban (EC regs); -Projected water use will not exceed natural recharge rates for low years; -Pollution and disease risks are assessed not to be significant.
Small Solid Waste Disposal Systems	B or C	Conversion of large areas of land; air pollution from smoke & odors; breeding of flies, rats and other pests/vectors; pollution of potable water sources from leachates; uncontrolled dumping around landfill or access road.	-Landfill or Disposal site Environmental Management Plan must be prepared; -Disposal operations will not significantly impact water or air quality of populated urban or rural areas; -Access to site will be controlled to avoid illegal dumping;
Rehabilitation and upgrading of rural water systems	B	Conversion of large areas of land; permanent reductions in volume of ground/surface water supply; risk of polluting water sources; risk of increasing vector borne diseases.	-Land area to be used/changed is smaller than 50 ha (rural) or 5 ha urban (EC regs); -Projected water use will not exceed natural recharge rates for low years; -Pollution and disease risks are assessed not to be significant.
Sanitary latrines in schools, community centers and sports fields.	B	Pollution of potable water sources.	-Latrines should be designed in accordance with best established practice.
Training Seminars & workshops	A	-	-

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TABLE 1.C		GROUP III. COMMUNITY EMERGENCIES	
PROJECT CLASS	TYPE	ISSUES	MITIGATIONS REQUIRED FOR TYPE B
Construction of New Roads or Bridges (includes expansion of existing pavement widths).	B or C	<ul style="list-style-type: none"> -Deforestation; -Opening of fragile lands for uncontrolled development; -Pollution of potable water supplies or surface water bodies with sediments and debris. 	<ul style="list-style-type: none"> -Construction of roads into forested areas or areas determined to be ecologically sensitive (i.e., wetlands, critical habitats, wilderness areas) or areas of historical or cultural importance should not be financed; -No funding should be available for the acquisition of equipment that can be used for deforestation; -Construction, operations and maintenance of roads must not pose risks of pollution to bodies of surface water. Design of adequate drainage systems must be included in design. -Sediments from construction must be contained from reaching bodies of water (eg. hay bales, plastic/burlap barriers, etc.
Repair of existing roads or bridges	B	<ul style="list-style-type: none"> -Pollution of potable water supplies or bodies of surface water with construction sediments and debris. 	<ul style="list-style-type: none"> -Construction, operations and maintenance of roads must not pose risks of pollution to bodies of surface water. Design of adequate drainage systems must be included in design. -Sediments from construction must be contained from reaching bodies of water (eg. hay bales, plastic/burlap barriers, etc.

TABLE 1.D		GROUP IV. ENVIRONMENTAL CONSERVATION & PROTECTION ACTIVITIES	
PROJECT CLASS	TYPE	ISSUES	MITIGATIONS REQUIRED FOR TYPE B
Reforestation & Watershed Protection	B	Pesticide use in nurseries; Erosion or over-exploitation from poorly designed access road and trails.	-Pesticides will not be used or procured, except for carefully controlled research; -Simple management plan must be prepared.
Environmental Education	A	-	-

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TABLE 1.E GROUP V. HEALTH ACTIVITIES			
PROJECT CLASS	TYPE	ISSUES	MITIGATIONS REQUIRED FOR TYPE B
Construction of New Health Posts	B	-Improper location; -Improper disposal of medical wastes or wastewater;	-Design must include the construction of appropriate wastewater disposal method (connection to existing network, septic tank or other as appropriate); -Design must include environmentally sound medical waste disposal system (eg incineration or burial); -Personnel trained in management of solid/liquid waste disposal.
Rehabilitation of Health Posts	B	-Improper disposal of medical wastes or wastewater;	Same as above
Training, vaccinations, family planning, pharmacies, etc.	A	-Improper disposal of medical wastes (Vaccination campaigns Only).	-Implementation of these activities must include procedures for the safe disposal of all bio-hazardous wastes.

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TABLE 1.F		GROUP VI. EDUCATION ACTIVITIES	
PROJECT CLASS	TYPE	ISSUES	MITIGATIONS REQUIRED FOR TYPE B
Construction of New Schools or Classrooms	B	-Disposal of human wastes, including wastewater and excreta.	-Construction must include either connection with existing wastewater disposal network, or in-situ disposal (eg. septic tank, latrines, etc.) that does not affect surface or ground waters.
Repair or rehabilitation of Schools or classrooms	A or B	-Same as above	-Same as above

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**APPENDIX II
FONCODES ENVIRONMENTAL REVIEW
PROCEDURES**

**EVALUACION AMBIENTAL
DE PROYECTOS
A SER FINANCIADOS POR FONCODES**

GERENCIA DE PROGRAMAS Y PROYECTOS

JUNIO 1994

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EVALUACION AMBIENTAL DE PROYECTOS
A SER FINANCIADOS POR FONCODES

I. INTRODUCCION

El objetivo principal de FONCODES es elevar la calidad de vida de las poblaciones en extrema pobreza, contribuyendo a la satisfacción de sus necesidades básicas de alimentación, salud, saneamiento y educación mediante el financiamiento de pequeños proyectos.

Paralelamente, interesa que las inversiones que se realizan no causen daños ambientales ni impliquen un mal manejo de los recursos naturales, en la medida que la pobreza, así como el crecimiento poblacional excesivo, suelen ir asociados al deterioro de los recursos naturales y a la presencia de problemas ambientales, que se expresan en :

- Insalubridad y carencia de agua limpia.
- Polución de aires interiores.
- Depredación de suelos.
- Deforestación (por deficientes prácticas agropecuarias y de generación de calor-leña)

Por ello, se ha previsto incluir la viabilidad ambiental en la evaluación de proyectos. Así, en base a fichas de evaluación ambiental para cada línea de inversión, se pretende identificar los daños ambientales que pudieran causar los proyectos durante su funcionamiento, a fin de tomar las precauciones necesarias para evitarlos o minimizarlos.

Esta tarea de prevenir y contrarrestar los efectos de los proyectos en el deterioro del ambiente debe ser apoyada no sólo por las poblaciones beneficiarias, sino también por las organizaciones públicas y privadas que ejecutan proyectos o realizan actividades en los campos de la educación, la salud y la agricultura.

Con la inclusión de la evaluación ambiental se espera que los profesionales que evalúan los proyectos, así como las Gerencias que canalizan los expedientes para su financiamiento, comprendan que el análisis del impacto ambiental de los proyectos no es un mecanismo más de control, sino un medio para conseguir un desarrollo sustentable y sostenible en el tiempo.

Este documento presenta, en términos generales, las consideraciones y disposiciones del Fondo Nacional de Compensación y Desarrollo Social - FONCODES en relación al control de la calidad ambiental de sus proyectos.

II. CONSIDERACIONES GENERALES

Estas consideraciones están relacionadas a las características de los proyectos presentados dentro del marco de acción del FONCODES, cuales son:

- a) FONCODES financia proyectos destinados a mejorar la calidad de vida y medio ambiente de la población pobre. Estos proyectos se encuentran agrupados en las siguientes áreas: asistencia social, infraestructura social, infraestructura económica y desarrollo productivo.

Por la naturaleza, volumen y tipo de proyectos es necesario establecer un procedimiento de evaluación y control ambiental.

- b) En términos generales, el impacto ambiental global de los proyectos de apoyo a la generación de empleo y de dotación de infraestructura social y económica, financiados por FONCODES, es favorable porque reducen el impacto negativo al medio ambiente y elevan el nivel de vida de la población. Debido a que los proyectos son de pequeña magnitud, utilizan tecnología convencional. Sus objetivos, entre otros, son:
- Rehabilitación y ampliación de la infraestructura social de educación y de salud.
 - Sistemas de agua potable y alcantarillado.
 - Mejoramiento del saneamiento básico rural.
 - Rehabilitación y ampliación de pequeños sistemas de riego.
 - Construcción, reparación y mantenimiento de caminos de tercer orden.
 - Reforestación y forestación.
 - Control de erosión.
 - Construcción de redes secundarias de alumbrado público rural.
- c) Sin embargo, existen obras de infraestructura que presentan riesgos moderados controlables durante alguna de las etapas del ciclo del proyecto. Estos riesgos requieren de medidas preventivas y de protección.

III. DISPOSICIONES

Esta sección está referida a las acciones realizadas y previstas para establecer una evaluación ambiental de los proyectos.

- a) FONCODES, con asistencia de un consultor especialista ambiental del Banco Interamericano de Desarrollo, ha efectuado un estudio de los impactos ambientales en los principales proyectos de infraestructura financiados a la fecha. A partir de este análisis, FONCODES cuenta con recomendaciones destinadas a controlar los riesgos de impactos ambientales adversos.
- b) FONCODES efectuará las siguientes acciones durante los primeros seis meses del presente año:
 - aprobación de los procedimientos de evaluación ambiental, así como los criterios y guías necesarias para el control de calidad ambiental de los proyectos.
 - implementación de los instrumentos necesarios para verificar que los proyectos cumplen con los controles ambientales adoptados por FONCODES. Estos instrumentos deben estar considerados en las diversas etapas del ciclo de proyecto.
 - capacitación a los técnicos del FONCODES en el manejo de criterios y guías de evaluación ambiental, a través de la realización un curso-taller en Gestión Ambiental.

IV. OBJETIVOS

- a) La evaluación de los posibles efectos negativos del proyecto.
- b) La implementación de medidas mitigadoras en aquellos proyectos que puedan presentar problemas.
- c) La viabilidad ambiental del proyecto.

V. PROCEDIMIENTO

El procedimiento de evaluación ambiental de los proyectos a ser financiados por FONCODES tiene dos objetivos principales:

- a) Establecer los pasos a seguir y los instrumentos a utilizar en la evaluación del impacto ambiental de los proyectos que solicitan financiamiento ante el FONCODES.
- b) Asegurar que se tomen en consideración las implicancias ambientales de los proyectos propuestos y se incorporen medidas para evitar, corregir y mitigar sus efectos adversos.

5.1. ETAPAS A SEGUIR EN EL CICLO DEL PROYECTO

El procedimiento de evaluación ambiental comprende las siguientes etapas:

- a) Indicaciones para presentación de proyectos incluyendo los posibles efectos ambientales y clasificaciones por categorías ambientales preliminares para su priorización.
- b) Indicaciones para el evaluador externo sobre manejo de fichas de visita de campo y uso del instructivo.
- c) Indicaciones al evaluador de planta para levantamiento de observaciones y ratificación o cambio de categorías ambientales (Evaluación de Gabinete).

5.2. METODOLOGIA PARA RECEPCION Y REGISTRO

El proyecto presentado, teniendo en cuenta la información general que lo describe, recibirá una calificación ambiental preliminar en base a las categorías asignadas por tipo de proyectos, marcándose la letra asignada A, B o C en la esquina izquierda, con plumón verde, dentro de un triángulo del mismo color.

El proyecto así priorizado preliminarmente será asignado a un evaluador externo junto con una ficha de visita de campo, la que servirá para ratificar o cambiar la categoría ambiental preliminar dada. Esto en base al análisis de los posibles daños que dicho proyecto pueda generar ya sea por su ubicación, por su ejecución o por su operación y mantenimiento.

BTZ

- Los proyectos clase "A" ambiental son de ejecución sin problemas para el medio ambiente.
- Los proyectos clase "B" deberán observarse pero no devolverse. Una vez que las observaciones anotadas sean levantadas se convierten en proyectos clase "A".
- Los proyectos determinados como clase "C" se devolverán a los interesados para que sean complementados con un estudio especial de Impacto Ambiental.

5.3. SELECCION Y EVALUACION DE PROYECTOS

El proyecto priorizado es asignado a un evaluador externo al que se le entrega el expediente.

Adicionalmente se le adjunta una ficha de visita de campo y un anexo con información sobre el entorno ambiental donde se realizará el proyecto.

a) La evaluación de Campo

- La evaluación de campo tiene como instrumento las fichas elaboradas para cada línea de inversión y que deberán analizarse conjuntamente con la ficha de campo para la evaluación social, técnico-económica y ambiental.

Estas fichas permitirán determinar los riesgos que los proyectos, en razón de su ubicación, construcción y posterior operación y mantenimiento, puedan causar al entorno ecológico, afectando no solamente a los recursos naturales, agua, suelo y aire, sino también a la salud de las personas.

- El evaluador externo teniendo, en cuenta la calificación asignada para daño ambiental como A, B ó C, verificará o comprobará la categoría dada a priori y la ratificará o cambiará de acuerdo al análisis de la ficha de campo correspondiente.
- La información que se busca verificar o complementar comprende los posibles daños que los proyectos puedan causar al entorno ecológico, contaminándolo, deteriorándolo o destruyéndolo (1).

(1) Para un mejor análisis deberá consultarse las normas sectoriales existentes y/o las condiciones especiales por línea de proyecto.

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b) Evaluación de Gabinete

Los criterios a base de los cuales se confirmará o cambiará la categorización ambiental preliminar dada en el momento de la recepción del expediente serán resultado de la apreciación del evaluador externo después de la visita de campo, la que analizada de acuerdo a las normas existentes o recomendaciones específicas dadas para cada línea de inversión permitirán tener una idea cabal o integral del proyecto dentro del punto geográfico a ser ubicado.

Deberá tenerse en cuenta que los proyectos Categoría "A" son de ejecución inmediata sin problemas ambientales.

Los Proyectos Categoría "B" serán aquellos en los que se compruebe un posible daño Ambiental pero para los cuales existan soluciones fáciles de aplicar (se ingresarán con observaciones) y los proyectos Categoría "C" serán aquellos que precisen un estudio más completo, pues los problemas encontrados no son de fácil solución (estos proyectos no serán rechazados, pero se les ubicará en el archivo temporal, hasta que completen la documentación).

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EVALUACION DEL IMPACTO AMBIENTAL

INFRAESTRUCTURA SOCIAL DE SALUD

1.- INTRODUCCION

La evaluación de proyectos considera una variable ambiental, a través de la cual se debe determinar los riesgos y medidas de control necesarios para que una vez ejecutado el proyecto no produzca impactos negativos sobre el Medio Ambiente.

Tomando como base los datos presentados en los expedientes técnicos de los proyectos y la información recopilada en la visita de campo, estos podrían clasificarse en las categorías siguientes:

- A: Los que no generan daños ni problemas ambientales.
- B: Los que pudiendo generar daños ambientales, puedan ser subsanados si se aplican medidas correctivas especiales.
- C: Aquellos que por los daños severos que puedan causar al Medio Ambiente, precisan de un estudio especial de Impacto Ambiental.

2.- OBJETIVO

Determinar la viabilidad ambiental de cada proyecto mediante la evaluación (identificación o pronóstico) de sus posibles efectos negativos.

3.- CRITERIOS DE EVALUACION

En la evaluación de los proyectos se les asignará una categoría según la clasificación siguiente:

Categoría A:

- Proyectos que cuentan con conexión a Redes Públicas de Agua y Desagüe.
- Proyectos ubicados en zonas urbano marginales que posean servicio público de recojo de desechos sólidos.

- Proyectos que sin contar con conexión a Redes Públicas de Agua posean servicio de agua desinfectada.
- Proyectos que sin contar con conexión a Redes Públicas de Desagüe, posean y/o planteen tanques sépticos y pozos de percolación para disposición sanitaria de excretas.

Categoría B:

- Proyectos de ampliación y/o mejoramiento que no incluyan pozo séptico ni pozo de percolación, ni sea posible plantearlos por escasez de terreno.
- Proyectos ubicados en zonas urbano marginales que no posean servicio público de recojo desechos sólidos.

Categoría C:

- No aplicable a este tipo de proyectos.

- METODOLOGIA

4.1. Para evaluar el impacto ambiental de la instalación de infraestructura social de salud se propone seguir los cuatro pasos siguientes:

- Primero, se tratará de tener un entendimiento completo de la actividad propuesta: ¿Qué se hará?, ¿Qué tipos de materiales, recursos humanos y otros recursos están involucrados?
- Segundo, se tratará de alcanzar un entendimiento completo del medio ambiente que será afectado: ¿Cuál es la naturaleza de las características biofísicas y socio-económicas que están sujetas a cambios por la actividad?.
- Tercero, se proyectará la actividad propuesta hacia el futuro y se determinarán los impactos posibles en las características del medio ambiente. En los casos donde sea posible, los cambios serán cuantificados.
- Cuarto, se informará sobre los resultados del análisis, de manera tal que las consecuencias probables sobre el medio ambiente de la actividad propuesta se utilicen en el proceso de toma de decisiones.

4.2. En el proceso de evaluación se deberá identificar si el proyecto contempla la aplicación de alguna alternativa de solución a los riesgos ambientales. Ver anexo 1 sobre posibles medidas mitigadoras.

La no inclusión de la medida mitigadora implicará la devolución del proyecto para su regularización.

5.- POSIBLES IMPACTOS NEGATIVOS:

Se encuentran agrupados de acuerdo al siguiente orden:

5.1. Por la ubicación del proyecto:

- Contaminación de aguas superficiales y subterráneas.

Por disposición de aguas servidas sin tratamiento.

- Localización inadecuada

Por cercanía a ríos, lagos o riachuelos (riesgo de inundaciones).

Riesgo de deslizamiento por ubicación al pie de cerros.

Por vecindad a elementos contaminantes (botaderos, mercados, fábricas, etc.).

5.2. Por la operación y mantenimiento:

- No disponibilidad de agua potable.

- Inadecuada operación de pozos de agua.

- Inadecuada operación de letrinas.

- Inadecuada manipulación de residuos contaminantes y/o tóxicos.

EVALUACION DE CAMPO DEL IMPACTO AMBIENTAL
DE PROYECTOS DE INFRAESTRUCTURA SOCIAL DE SALUD

POR LA UBICACION DEL PROYECTO:	SI	NO
- Contaminación de aguas superficiales y subterráneas:		
Por disposición de aguas servidas sin tratamiento	<input type="checkbox"/>	<input type="checkbox"/>
- Contaminación de suelos:		
Por mala disposición de residuos peligrosos	<input type="checkbox"/>	<input type="checkbox"/>
Por falta de incineración	<input type="checkbox"/>	<input type="checkbox"/>
- Localización inadecuada:		
Por cercanía a ríos, lagos o riachuelos (riesgo de inundaciones)	<input type="checkbox"/>	<input type="checkbox"/>
Riesgo de deslizamiento por ubicación al pie de cerros	<input type="checkbox"/>	<input type="checkbox"/>
Por vecindad a elementos contaminantes (botaderos, mercados, fábricas, etc)	<input type="checkbox"/>	<input type="checkbox"/>
 POR SU OPERACION Y MANTENIMIENTO:		
- Inadecuada operación de pozos de agua	<input type="checkbox"/>	<input type="checkbox"/>
- Inadecuada operación de letrinas	<input type="checkbox"/>	<input type="checkbox"/>
- Inadecuada manipulación de residuos contaminantes y/o tóxicos	<input type="checkbox"/>	<input type="checkbox"/>
- El proyecto contempla la capacitación del personal	<input type="checkbox"/>	<input type="checkbox"/>

ANEXO 01

Posibles Impactos Negativos y Medidas Atenuantes En Proyectos de Infraestructura Social de Salud

1. Por la ubicación del proyecto:

Riesgo ambiental potencial	Posibles medidas mitigadoras
1.1. Contaminación de aguas superficiales y subterráneas, por disposición de aguas servidas sin tratamiento	1.1. Las descargas deben contar con tanque séptico y pozo de percolación.
1.2. Contaminación de suelos por mala disposición de residuos peligrosos.	1.2. Considerar areas para enterramiento y/o incineración. Considerar construcción de letrinas.
1.3. Por localización inadecuada de la infraestructura.	1.3. En caso necesario, plantear la reubicación.

2. Por operación y mantenimiento:

Riesgo ambiental potencial	Posibles medidas mitigadoras
2.1. La no disponibilidad de agua potable.	2.1. Acondicionamiento y capacitación del uso del agua disponible.
2.2. Inadecuada operación de pozos de agua.	2.2. Colocar bombas manuales y capacitación del manejo del pozo.
2.3. Inadecuada operación de letrinas.	2.3. Capacitación en el uso de letrinas.
2.4. Inadecuada manipulación de residuos sólidos.	2.4. Capacitación sobre la disposición adecuada de residuos sólidos.

EVALUACION DEL IMPACTO AMBIENTAL
DE PROYECTOS DE
INFRAESTRUCTURA SOCIAL DE EDUCACION

1.- INTRODUCCION

La evaluación de proyectos considera una variable ambiental a través de la cual se debe determinar los riesgos y medidas de control necesarios para que una vez ejecutado el proyecto no produzca impactos negativos sobre el Medio Ambiente.

Tomando como base los datos presentados en los expedientes técnicos de los proyectos y la información recopilada en la visita de campo, estos podrían clasificarse en las categorías siguientes:

- A: Los que no generan daños ni problemas ambientales.
- B: Los que pudiendo generar daños ambientales, puedan ser subsanados si se aplican medidas correctivas especiales.
- C: Aquellos que por los daños severos que puedan causar al Medio Ambiente, precisan de un estudio especial de Impacto Ambiental.

2.- OBJETIVO

Determinar la viabilidad ambiental de cada proyecto mediante la evaluación (identificación o pronóstico) de sus posibles efectos negativos.

3.- CRITERIOS DE EVALUACION

En la evaluación de los proyectos se les asignará una categoría según la clasificación siguiente:

Categoría A:

- Proyectos que cuentan con conexión a Redes Públicas de Agua y Desagüe.
- Proyectos ubicados en zonas urbano marginales que posean servicio público de recojo de desechos sólidos.

- Proyectos que sin contar con conexión a Redes Públicas de Agua posean servicio de agua desinfectada.
- Proyectos que sin contar con conexión a Redes Públicas de Desagüe, posean y o planteen tanques sépticos y pozos de percolación para disposición sanitaria de excretas.
- Proyectos que posean espacios de recreación ubicados dentro y/o cerca del Centro Educativo.

Categoría B:

- Proyectos de ampliación y/o mejoramiento que no cuenten con pozo séptico ni pozo de percolación, ni sea posible plantearlos por escasez de terreno.
- Proyectos ubicados en zonas urbano marginales que no posean servicio público de recojo de desechos sólidos.

Categoría C:

- No aplicable a este tipo de proyectos.

METODOLOGIA

4.1. Para evaluar el impacto ambiental en la instalación de infraestructura social de educación se propone seguir los cuatro pasos siguientes:

- Primero, se tratará de tener un entendimiento completo de la actividad propuesta: ¿Qué se hará?, ¿Qué tipos de materiales, recursos humanos y qué otros recursos están involucrados?.
- Segundo, se tratará de alcanzar un entendimiento completo del medio ambiente que será afectado: ¿Cuál es la naturaleza de las características biofísicas y socio-económicas que están sujetas a cambios por la actividad?.
- Tercero, se proyectará la actividad propuesta hacia el futuro y se determinarán los impactos posibles en las características del medio ambiente. En los casos donde sea posible, los cambios serán cuantificados.
- Cuarto, se informará sobre los resultados del análisis, de manera tal que las consecuencias probables sobre el medio ambiente de la actividad propuesta se utilicen en el proceso de toma de decisiones.

- 4.3. En el proceso de evaluación se deberá identificar si el proyecto contempla la aplicación de alguna alternativa de solución a los riesgos ambientales. Ver Anexo 1 sobre posibles medidas mitigadoras.

La no inclusión de la medida mitigadora implicará la devolución del proyecto para su regularización.

5.- POSIBLES IMPACTOS NEGATIVOS

Se encuentran agrupados de acuerdo al siguiente orden:

5.1. Por la ubicación del proyecto:

- Contaminación de aguas superficiales y subterráneas:

Por disposición de aguas servidas sin tratamiento.

- Localización inadecuada:

Por cercanía a ríos, lagos o riachuelos (riesgo de inundaciones).

Riesgo de deslizamientos por ubicación al pie de cerros.

Por vecindad a elementos contaminantes (botaderos, mercados, fábricas, etc.).

5.2. Por operación y mantenimiento:

- No disponibilidad de agua potable.
- Inadecuada operación de pozos de agua.
- Inadecuada operación de letrinas.
- Inadecuada manipulación de residuos contaminantes y/o tóxicos.

EVALUACION DE CAMPO DEL IMPACTO AMBIENTAL
DE PROYECTOS DE INFRAESTRUCTURA SOCIAL EDUCATIVA

POR LA UBICACION DEL PROYECTO:	SI	NO
- Contaminación de aguas superficiales y subterráneas:		
Por disposición de aguas servidas sin tratamiento	<input type="checkbox"/>	<input type="checkbox"/>
- Contaminación de suelos:		
Por mala disposición de residuos peligrosos	<input type="checkbox"/>	<input type="checkbox"/>
Por falta de incineración	<input type="checkbox"/>	<input type="checkbox"/>
- Localización inadecuada:		
Por cercanía a ríos, lagos o riachuelos (riesgo de inundaciones)	<input type="checkbox"/>	<input type="checkbox"/>
Riesgo de deslizamiento por ubicación al pie de cerros	<input type="checkbox"/>	<input type="checkbox"/>
Por vecindad a elementos contaminantes (botaderos, mercados, fábricas, etc)	<input type="checkbox"/>	<input type="checkbox"/>
 POR SU OPERACION Y MANTENIMIENTO:		
- Inadecuada operación de pozos de agua	<input type="checkbox"/>	<input type="checkbox"/>
- Inadecuada operación de letrinas	<input type="checkbox"/>	<input type="checkbox"/>
- Inadecuada manipulación de residuos contaminantes y/o tóxicos	<input type="checkbox"/>	<input type="checkbox"/>
- El proyecto contempla la capacitación del personal	<input type="checkbox"/>	<input type="checkbox"/>

ANEXO 01

Posibles Impactos Negativos y Medidas Atenuantes En Proyectos de Infraestructura Social de Educación

1. Por la ubicación del proyecto:

Riesgo ambiental potencial	Posibles medidas mitigadoras
1.1. Contaminación de aguas superficiales y subterráneas, por disposición de aguas servidas sin tratamiento	1.1. Las descargas deben contar con tanque séptico y pozo de percolación.
1.2. Por localización inadecuada de la infraestructura.	1.2. En caso necesario, plantear la reubicación.

2. Por operación y mantenimiento:

Riesgo ambiental potencial	Posibles medidas mitigadoras
2.1. La no disponibilidad de agua potable.	2.1. Acondicionamiento y capacitación del uso del agua disponible.
2.2. Inadecuada operación de pozos de agua.	2.2. Colocar bombas manuales y capacitación del manejo del pozo.
2.3. Inadecuada operación de letrinas.	2.3. Capacitación en el uso de letrinas.
2.4. Inadecuada manipulación de residuos sólidos.	2.4. Capacitación sobre la disposición adecuada de residuos sólidos.

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EVALUACION DEL IMPACTO AMBIENTAL
DE PROYECTOS DE
INFRAESTRUCTURA SOCIAL DE AGUA POTABLE

1.- INTRODUCCION

La evaluación de proyectos considera una variable ambiental a través de la cual se debe determinar los riesgos y medidas de control necesarios para que una vez ejecutado el proyecto no produzca impactos negativos sobre el Medio Ambiente.

Tomando como base los datos presentados en los expedientes técnicos de los proyectos y la información recopilada en la visita de campo, estos podrían clasificarse en las categorías siguientes:

- A: Los que no generan daños ni problemas ambientales.
- B: Los que pudiendo generar daños ambientales, puedan ser subsanados si se aplican medidas correctivas especiales.
- C: Aquellos que por los daños severos que puedan causar al Medio Ambiente, precisan de un estudio especial de Impacto Ambiental.

2.- OBJETIVO

Determinar la viabilidad ambiental de cada proyecto mediante la evaluación (identificación o pronóstico) de sus posibles efectos negativos.

3.- CRITERIOS DE EVALUACION

En la evaluación de los proyectos se les asignará una categoría según la clasificación siguiente:

Categoría A:

- Proyectos de Ampliación de Redes en Sistemas de Abastecimiento de Agua Potable que cuenten con suficiente caudal.

- Proyectos nuevos y de mejoramiento de Redes de Agua Potable con fuente de agua por manantiales.
- Proyectos nuevos de Abastecimiento de Agua Potable, con fuente de Aguas Superficiales y que posean tratamiento para calidad de agua de acuerdo a la normatividad.

Categoría B:

- Proyectos de Abastecimiento de agua por pozos excavados y que cuenten con bombas manuales.
- Proyectos de ampliación de Redes y captaciones en sistemas con abastecimiento de aguas superficiales y con caudal de tratamiento insuficiente.

Categoría C:

- No aplicable a este tipo de Proyectos.

4.- METODOLOGIA

4.1. Para evaluar el impacto ambiental por la instalación de agua potable se propone seguir los cuatro pasos siguientes:

- Primero, se tratará de tener un entendimiento completo de la actividad propuesta: ¿qué se hará?, ¿qué tipos de materiales, recursos humanos y otros recursos están involucrados?.
- Segundo, se tratará de alcanzar un entendimiento completo del medio ambiente que será afectado: ¿cuál es la naturaleza de las características biofísicas y socio-económicas que están sujetas a cambios por la actividad?.
- Tercero, se proyectará la actividad propuesta hacia el futuro y se determinarán los impactos posibles en las características del medio ambiente. En los casos donde sea posible, los cambios serán cuantificados.
- Cuarto, se informará sobre los resultados del análisis, de manera tal que las consecuencias probables sobre el medio ambiente de la actividad propuesta se utilicen en el proceso de toma de decisiones.

- 4.2. En el proceso de evaluación se deberá identificar si el proyecto contempla la aplicación de alguna alternativa de solución a los riesgos ambientales. Ver Anexo 1 sobre posibles medidas mitigadoras.

La no inclusión de la medida mitigadora implicará la devolución del proyecto para su regularización.

5.- POSIBLES IMPACTOS NEGATIVOS

Se encuentran agrupados de acuerdo al siguiente orden:

5.1. Por la ubicación del proyecto:

- Ubicación inadecuada de captaciones.
- Deterioro de suelos en piletas y reservorios por falta de drenajes apropiados.
- Colapso de estructuras por ubicación inadecuada.

5.2. Por el uso de los recursos naturales:

- Sobre los suelos: Erosión y degradación.
- Sobre las aguas: Deterioro de su calidad.
- Sobre la flora y fauna: Desaparición por destrucción de su hábitat.

5.3. Por la operación del sistema:

- Deterioro de la calidad de las aguas subterráneas por manipulación inadecuada.
- Sobre existencia de vectores no deseados: Por estancamiento de aguas insalubres.

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EVALUACION DE CAMPO DEL IMPACTO AMBIENTAL
DE PROYECTOS DE INFRAESTRUCTURA SOCIAL DE AGUA POTABLE

POR LA UBICACION DEL PROYECTO: SI NO

- Infraestructura existente con problemas de drenaje
- Proyecto plantea ubicación inadecuada de la captación

POR EL USO DE LOS RECURSOS NATURALES:

- Aprovechamiento inadecuado de los recursos hidricos
- Riesgo de Erosión y degradación de los suelos por drenajes inadecuados
- Calidad de agua de la fuente es apta para consumo humano
- Desaparición de la Fauna y Flora
- Dotación del proyecto corresponde a la zona

POR OPERACION DEL SISTEMA:

- Estructuras requieren protección para conservar la calidad del agua
- Proyecto contempla capacitación
- Existe junta administradora de agua potable para operación del sistema
- Sistema existente de alcantarillado descarga aguas servidas sin tratamiento

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ANEXO 1

Posibles Impactos Negativos y Medidas Atenuantes En Proyectos de Infraestructura Social de Agua Potable

1. Por ubicación del proyecto:

Riesgo ambiental potencial	Posibles medidas mitigadoras
1.1. Ubicación inadecuada de captaciones.	1.1. En caso necesario rediseñar o reubicar.
1.2. Deterioro de suelos en piletas y reservorios por falta de drenajes.	1.2. Incluir o mejorar los drenajes.
1.3. Colapso de estructuras por ubicación inadecuada	1.3. Rediseñar las estructuras.

2. Por el uso de los recursos naturales:

Riesgo ambiental potencial	Posibles medidas mitigadoras
2.1. Por erosión y degradación de suelos.	2.1. Proteger los taludes y plantear drenajes adecuados.
2.2. Deterioro de la calidad del agua por inadecuado aprovechamiento del recurso.	2.2. Mejorar el diseño del aprovechamiento.
2.3. Deterioro de la calidad del agua por descarga de aguas servidas.	2.3. Tratamiento de las aguas servidas.
2.4. Desaparición de la flora y fauna.	2.4. Considerar la dotación de agua para zonas rurales (hasta 70 lts/hab/día). Considerar reservorios adecuados como parte del sistema.

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3. Por operación del sistema:

Riesgo ambiental potencial	Posibles medidas mitigadoras
3.1. Deterioro de la calidad del agua por inadecuado manejo.	3.1. Capacitación en el manejo de los equipos (baldes, etc.).
3.2. Contaminación del agua por falta de protección de las estructuras.	3.2. Considerar la protección de las estructuras.

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3.?

EVALUACION DEL IMPACTO AMBIENTAL

INFRAESTRUCTURA SOCIAL DE ALCANTARILLADO Y LETRINAS

1.- INTRODUCCION

La evaluación de proyectos considera una variable ambiental a través de la cual se debe determinar los riesgos y medidas de control necesarias para que una vez ejecutado el proyecto no produzca impactos negativos sobre el medio ambiente.

Tomando como base los datos presentados en los expedientes técnicos de los proyectos y la información recopilada en la visita de campo, estos podrían clasificarse en las categorías siguientes:

- A: Los que no generan daños ni problemas ambientales.
- B: Los que pudiendo generar daños ambientales, puedan ser subsanados si se aplican medidas correctivas especiales.
- C: Aquellos que por los daños severos que puedan causar al Medio Ambiente, precisan de un estudio especial de Impacto Ambiental.

2.- OBJETIVO

Determinar la viabilidad ambiental de cada proyecto mediante la evaluación (identificación o pronóstico) de sus posibles efectos negativos.

3.- CRITERIOS DE EVALUACION

En la evaluación de los proyectos se les asignará una categoría según la clasificación siguiente:

Categoría A:

- Proyectos de alcantarillado con planta de tratamiento.
- Proyectos de ampliación del Sistema de Alcantarillado con disposición adecuada en ríos con suficiente caudal.
- Proyectos de letrinas.

Categoría B:

- Proyectos de alcantarillado con tratamiento insuficiente de acuerdo a disposición final de las aguas.
- Proyectos de letrinas en zonas inundables y/o suelos arcillosos.

Categoría C:

- Proyectos nuevos y/o ampliación de las redes de alcantarillado que no prevean tratamiento adecuado.

4.- METODOLOGIA

4.1. Para evaluar el impacto ambiental por la instalación de alcantarillado se propone seguir los cuatro pasos siguientes:

- Primero, se tratará de tener un entendimiento completo de la actividad propuesta: ¿qué se hará?, ¿qué tipos de materiales, recursos humanos y otros recursos están involucrados?.
- Segundo, se tratará de alcanzar un entendimiento completo del medio ambiente que será afectado: ¿cuál es la naturaleza de las características biofísicas y socio-económicas que están sujetas a cambios por la actividad?.
- Tercero, se proyectará la actividad propuesta hacia el futuro y se determinarán los impactos posibles en las características del medio ambiente. En los casos donde sea posible, los cambios serán cuantificados.
- Cuarto, se informará sobre los resultados del análisis, de manera tal que las consecuencias probables sobre el medio ambiente de la actividad propuesta se utilicen en el proceso de toma de decisiones.

4.2. En el proceso de evaluación se deberá identificar si el proyecto contempla la aplicación de alguna alternativa de solución a los riesgos ambientales. Ver Anexo 1 sobre posibles medidas mitigadoras.

La no inclusión de la medida mitigadora implicará la devolución del proyecto para su regularización.

5.- POSIBLES IMPACTOS NEGATIVOS

Se encuentran agrupados de acuerdo al siguiente orden:

5.1. Por la ubicación del proyecto:

- Ubicación inadecuada de descargas
- Deterioro de suelos en planta de tratamiento de aguas servidas por falta de drenajes apropiados.
- Colapso de estructuras por ubicación inadecuada.

5.2. Por el uso de los recursos naturales:

- Sobre los suelos: Erosión y degradación.
- Sobre las aguas: Deterioro de su calidad por vertimiento de desagües crudos.
- Sobre la flora y fauna: Desaparición por destrucción de su hábitat.

5.3. Por la operación del sistema:

- Deterioro de la calidad de las aguas subterráneas por manipulación inadecuada de las plantas de tratamiento de las aguas servidas.
- Sobre existencia de vectores no deseados: Por estancamiento de aguas insalubres.
- Contaminación de agua o suelos por inadecuado uso de la letrina.

FICHA DE CAMPO

¿Cuál es el recurso hídrico en el pueblo / caserio ?

<input type="checkbox"/>	Rio	<input type="checkbox"/>	Manantial
<input type="checkbox"/>	Lluvia	<input type="checkbox"/>	Agua Subterranea

¿Cuál es la fuente del Agua Potable en el domicilio ?

<input type="checkbox"/>	Sistema de Agua Potable con conexión domiciliaria.
<input type="checkbox"/>	Sistema de Agua Potable con Pileta Pública
<input type="checkbox"/>	Pozo Artesiano
<input type="checkbox"/>	Pozo Tubular

El agua que beben tiene :

Olor	SI	NO
Sabor	SI	NO
Color	SI	NO

¿Cuáles son las enfermedades que adquieren al beber o nadar en canales?

¿Cómo descargan el agua que usan ?

<input type="checkbox"/>	Sistema de Desagüe	<input type="checkbox"/>	Calle
<input type="checkbox"/>	Campo Abierto	<input type="checkbox"/>	Canal
<input type="checkbox"/>	Lago	<input type="checkbox"/>	Otro :

¿Hierven el agua antes de beber ?

<input type="checkbox"/>	SI	<input type="checkbox"/>	NO
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En el domicilio, ¿cómo eliminan las excretas ?

<input type="checkbox"/>	Sistema de Desagüe	<input type="checkbox"/>	Campo Abierto
<input type="checkbox"/>	Letrina	<input type="checkbox"/>	No sé

La contaminación de Ríos y Lagos son causa:

<input type="checkbox"/>	Del cambio de Color en el Agua
<input type="checkbox"/>	Disminución del Agua para la vida vegetal y animal
<input type="checkbox"/>	De ningún cambio
<input type="checkbox"/>	No sé

EVALUACION DE CAMPO DEL IMPACTO AMBIENTAL
DE PROYECTOS DE INFRAESTRUCTURA SOCIAL DE ALCANTARILLADO

POR LA UBICACION DEL PROYECTO: SI NO

- Infraestructura existente con problemas de drenaje
- Proyecto plantea ubicación inadecuada de la descarga final y/o planta de tratamiento de aguas servidas

POR EL USO DE LOS RECURSOS NATURALES:

- Aprovechamiento inadecuado de los recursos hídricos
- Riesgo de Erosión y degradación de suelos por drenajes inadecuados
- Desaparición de la Fauna y Flora
- Dotación del proyecto corresponde a la zona

POR OPERACION DEL SISTEMA:

- Estructuras requieren protección para conservar la calidad del agua
- Proyecto contempla capacitación en la operación del sistema y/o letrinas
- Existe junta administradora de agua potable y alcantarillado para la operación del sistema
- Sistema existente de alcantarillado descarga aguas servidas sin tratamiento

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ANEXO 1

Posibles Impactos Negativos y Medidas Atenuantes En Proyectos
de Infraestructura Social de Alcantarillado

1. Por ubicación del proyecto:

Riesgo ambiental potencial	Posibles medidas mitigadoras
1.1. Ubicación inadecuada de las descargas o letrinas.	1.1. En caso necesario rediseñar o reubicar.
1.2. Deterioro de suelos en tanques sépticos y lagunas de oxidación.	1.2. Incluir o mejorar los drenajes.
1.3. Colapso de estructuras por ubicación inadecuada	1.3. Rediseñar las estructuras.

2. Por el uso de los recursos naturales:

Riesgo ambiental potencial	Posibles medidas mitigadoras
2.1. Por erosión y degradación de suelos.	2.1. Proteger los taludes y plantear drenajes adecuados.
2.2. Deterioro de la calidad del agua por descarga de aguas servidas a la fuente.	2.2. Considerar el tratamiento de las aguas servidas.
2.3. Deterioro de la calidad del agua y/o suelo por inadecuada selección de letrina.	2.3. Considerar el tipo de letrina según las condiciones del suelo y napa freática.
2.4. Desaparición de la flora y fauna.	2.4. Considerar la dotación de agua para zonas rurales (hasta 70 lts/hab/día). Considerar reservorios adecuados como parte del sistema.

3. Por operación del sistema:

Riesgo ambiental potencial	Posibles medidas mitigadoras
3.1. Deterioro de la calidad del agua por inadecuado tratamiento de aguas servidas.	3.1. Considerar mejoras o rediseñar el sistema de tratamiento de las aguas servidas.
3.2. Contaminación del medio ambiente por falta inadecuado funcionamiento del sistema (por ej. proliferación de moscas y mosquitos).	3.2. Considerar el equipamiento y la capacitación para la adecuada operación del sistema.

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EVALUACION DEL IMPACTO AMBIENTAL

INFRAESTRUCTURA ECONOMICA PEQUEÑOS SISTEMAS DE RIEGO

1.- INTRODUCCION

La evaluación de proyectos considera una variable ambiental a través de la cual se debe determinar los riesgos y medidas de control necesarias para que una vez ejecutado el proyecto no produzca impactos negativos sobre el medio ambiente.

Tomando como base los datos presentados en los expedientes técnicos de los proyectos y la información recopilada en la visita de campo, estos podrían clasificarse en las categorías siguientes :

- A: Los que no generan daños ni problemas ambientales.
- B: Los que pudiendo generar daños ambientales, puedan ser subsanados si se aplican medidas correctivas especiales.
- C: Aquellos que por los daños severos que puedan causar al medio ambiente, precisan de un estudio especial de impacto ambiental.

2.- OBJETIVO

Determinar la viabilidad ambiental de cada proyecto mediante la evaluación (identificación o pronóstico) de sus posibles efectos negativos.

3.- CRITERIOS DE EVALUACION

En la evaluación de los proyectos se les asignará una categoría según la clasificación siguiente:

Categoría A:

- Proyectos de rehabilitación y/o mejoramiento que impliquen un uso más eficiente de la infraestructura de riego existente sin modificar el número de hectáreas regadas.

Categoría B:

- Proyectos de ampliación de la capacidad de servicio existente, con el objeto de aumentar el área bajo riego.

Categoría C:

- Proyectos que consideren una infraestructura de riego nueva para la atención de áreas de secano y o eriazas.

4.- METODOLOGIA

4.1. Para evaluar el impacto ambiental por la instalación de pequeños sistemas de riego se propone seguir los cuatro pasos siguientes:

- Primero, se tratará de tener un entendimiento completo de la actividad propuesta: ¿qué se hará?, ¿qué tipos de materiales, recursos humanos y otros recursos están involucrados?.
- Segundo, se tratará de alcanzar un entendimiento completo del medio ambiente que será afectado: ¿cuál es la naturaleza de las características biofísicas y socio-económicas que están sujetas a cambios por la actividad?.
- Tercero, se proyectará la actividad propuesta hacia el futuro y se determinarán los impactos posibles en las características del medio ambiente. En los casos donde sea posible, los cambios serán cuantificados.
- Cuarto, se informará sobre los resultados del análisis, de manera tal que las consecuencias probables sobre el medio ambiente de la actividad propuesta se utilicen en el proceso de toma de decisiones.

4.2. En el proceso de evaluación se deberá identificar si el proyecto contempla la aplicación de alguna alternativa de solución a los riesgos ambientales. Ver a este respecto el Anexo 1.

La no inclusión de la medida mitigadora implicará la devolución del proyecto para su regularización.

5.- POSIBLES IMPACTOS NEGATIVOS

Los principales impactos negativos de los proyectos de pequeños sistemas de riego, así como las correspondientes medidas de atenuación que podrían adoptarse pueden verse en el Anexo N° 1 que se adjunta.

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EVALUACION DE CAMPO DEL IMPACTO AMBIENTAL DEL PROYECTO

SOBRE LOS SUELOS:	SI	NO
Riesgo de erosión hídrica por fuertes pendientes	<input type="checkbox"/>	<input type="checkbox"/>
Riesgo de degradación por drenaje inadecuado	<input type="checkbox"/>	<input type="checkbox"/>
Se requerirán prácticas conservacionistas	<input type="checkbox"/>	<input type="checkbox"/>

SOBRE EL AGUA DISPONIBLE :		
Riesgo de aprovechamiento inadecuado del recurso	<input type="checkbox"/>	<input type="checkbox"/>
La calidad del agua es adecuada para el riego	<input type="checkbox"/>	<input type="checkbox"/>
La captación de agua para el proyecto, producirá efectos negativos aguas abajo.	<input type="checkbox"/>	<input type="checkbox"/>
El agua para el proyecto es apta para el consumo humano	<input type="checkbox"/>	<input type="checkbox"/>

SOBRE LA FLORA Y FAUNA:		
Destrucción ecológica por captación total del agua	<input type="checkbox"/>	<input type="checkbox"/>
La flora y/o la fauna serán afectadas negativamente	<input type="checkbox"/>	<input type="checkbox"/>

SOBRE CONTAMINACION DEL MEDIO AMBIENTE:		
Posibles daños salud de las personas por mal uso de fungicidas y pesticidas	<input type="checkbox"/>	<input type="checkbox"/>
Aparición de zancudos por falta de limpieza de canales y reservorios	<input type="checkbox"/>	<input type="checkbox"/>

RIESGOS DEL PROYECTO:

A) SOBRE LA INFRAESTRUCTURA :	
Deslizamientos de tierra	<input type="checkbox"/>
Avalanchas de nieve	<input type="checkbox"/>
Avalanchas de piedras	<input type="checkbox"/>
Torrentes de quebradas	<input type="checkbox"/>
Huaycos	<input type="checkbox"/>

B) EN LA ETAPA PRODUCTIVA :	
Heladas	<input type="checkbox"/>
Plagas de insectos y hongos	<input type="checkbox"/>
Erosión de los suelos	<input type="checkbox"/>

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EVALUACION DE CAMPO DEL IMPACTO AMBIENTAL DE PROYECTOS
DE INFRAESTRUCTURA ECONOMICA PEQUEÑOS SISTEMAS DE RIEGO

POR LA UBICACION DEL PROYECTO:	SI	NO
- Reducción de los caudales, aguas abajo, afectando el uso de la zona aluvial y su ecología, la pesca de río, a los usuarios del agua y la dilución de los contaminantes	<input type="checkbox"/>	<input type="checkbox"/>
- Erosión del suelo Con riego por aspersion en los terrenos montañosos	<input type="checkbox"/>	<input type="checkbox"/>
- Intrusión a los pantanos u otras áreas ecológicamente frágiles	<input type="checkbox"/>	<input type="checkbox"/>
- Alteración o destrucción del habitat de la fauna u obstrucción de su movimiento	<input type="checkbox"/>	<input type="checkbox"/>
- Amenaza a la propiedad histórica, cultural o estética	<input type="checkbox"/>	<input type="checkbox"/>
- Introducción o mayor incidencia de las enfermedades transportadas o relacionadas con el agua (esquitosomiasis, malaria, oncocerciasis)	<input type="checkbox"/>	<input type="checkbox"/>

POR EL USO DE LOS RECURSOS NATURALES:

- Riesgos a la salud de las personas por el uso de las aguas servidas para riego	<input type="checkbox"/>	<input type="checkbox"/>
- Degradación de la calidad e inutilización del agua Por mal uso de la tierra	<input type="checkbox"/>	<input type="checkbox"/>
Por la descarga de contaminantes aguas arriba	<input type="checkbox"/>	<input type="checkbox"/>

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- Lixiviación de los alimentos de los suelos
- Salinización de los suelos

POR OPERACION DEL SISTEMA:

- Deterioro de la calidad del agua del río, aguas abajo del proyecto de riego, y contaminación del agua freática local (mayor contenido de salinidad, elementos agroquímicos) afectando la pesca y a los usuarios aguas abajo
- Mayor contaminación y peligros para la salud a causa de los contaminantes industriales y municipales, aguas abajo, debido a la reducción del caudal (menor dilución) del agua del río
- Conflicto en cuanto al suministro y por las desigualdades en la distribución del agua en el área servida
- Obstrucción de los canales con sedimentos y malezas
- Saturación de los suelos
- Bombeo excesivo del agua freática

ANEXO 1Posibles Impactos Negativos y Medidas Atenuantes En Proyectos de Infraestructura Económica Pequeños Sistemas de Riego

1. Por ubicación del proyecto:

Riesgo ambiental potencial	Posibles medidas mitigadoras
1.1. Reducción de los caudales, aguas abajo, afectando el uso de la zona aluvial y su ecología, la pesca de río, a los usuarios del agua y la dilución de los contaminantes.	1.1. Reubicar o rediseñar el proyecto. Regular la toma de agua para tenuous los efectos. Tomar medidas compensatorias donde sea posible.
1.2. Erosión del suelo.	1.2. Diseñar y distribuir correctamente los surcos o terrenos, evitando las gradientes excesivas. Nivelar el terreno. Diseñar terrazas en las laderas para reducir el peligro de la erosión superficial.
1.3. Erosión del suelo (con riego por aspersión en los terrenos montañosos).	1.3. Diseñar un sistema de riego por aspersión que asegure que la tasa de infiltración sea mayor que la tasa de aplicación de aspersores.
1.4. Intrusión a los pantanos u otras áreas que son ecológicamente frágiles.	1.4. Ubicar los proyectos para eliminar o minimizar la intrusión en áreas críticas.
1.5. Alteración o destrucción del habitat de la fauna u obstrucción de su movimiento.	1.5. Reubicar los proyectos de tal manera que se evite o se reduzca su intrusión a las áreas más frágiles o críticas.

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Riesgo ambiental potencial	Posibles medidas mitigadoras
1.6. Amenaza a la propiedad histórica, cultural o estética.	1.6. Ubicar el proyecto de tal manera que se prevengan las pérdidas.
1.7. Introducción o mayor incidencia de las enfermedades transportadas o relacionadas con el agua (esquistosomiasis, malaria, oncocerciasis).	1.7. Implementar estas medidas de prevención: Usar canales revestidos o tuberías para disminuir los vectores. Evitar las aguas estancadas o lentas. Rellenar y drenar los fosos de préstamo que se encuentran junto a los canales y caminos.

2. Por el uso de los recursos naturales:

Riesgo ambiental potencial	Posibles medidas mitigadoras
2.1. Problemas de enfermedad y salud debido al uso de las aguas servidas para riego.	2.1. Tratar (por ejemplo, en lagunas de asentamiento) las aguas servidas antes de usarlas. Establecer y ejecutar las normas en cuanto al uso de aguas servidas.
2.2. Se degrada la calidad del agua y se vuelve inutilizable debido al uso de la tierra y la descarga de contaminantes aguas arriba.	2.2. Controlar el uso de la tierra en las cuencas hidrográficas. Controlar las fuentes de contaminación. Tratar el agua antes de usarla.
2.3. Lixiviación de los alimentos de los suelos.	2.3. Evitar el riego excesivo. Reemplazar los nutrientes usando fertilizantes o la rotación de cultivos.

Riesgo ambiental potencial	Posibles medidas mitigadoras
2.4. Salinización de los suelos.	<p>2.4. Si el drenaje natural de los suelos no es suficiente, instalar un sistema de drenaje que permita el lavado de los suelos.</p> <p>Lixiviar las sales lavando periódicamente los suelos.</p> <p>Cultivar plantas que toleren la salinidad.</p>

3. Por operación y mantenimiento del sistema:

Riesgo ambiental potencial	Posibles medidas mitigadoras
3.1. Deterioro de la calidad del agua del río, aguas abajo del proyecto de riego, y contaminación del agua freática local (mayor contenido de salinidad, elementos agroquímicos) afectando la pesca y a los usuarios aguas abajo.	<p>3.1. Mejorar el manejo del agua; mejorar las prácticas agrícolas y controlar los insumos (especialmente los fertilizantes químicos).</p> <p>Imponer criterios en cuanto a calidad del agua.</p>
3.2. Mayor contaminación y peligros para la salud a causa de los contaminantes industriales y municipales, aguas abajo, debido a la reducción del caudal (menor dilución) del agua del río.	<p>3.2. Controlar las fuentes de desperdicios, aguas abajo, principalmente las descargas industriales mineras y municipales (aguas servidas)</p> <p>Controlar la distribución del recurso hídrico en la toma de captación del agua.</p>
3.3. Conflicto en cuanto al suministro y por las desigualdades en la distribución del agua en el área servida.	<p>3.3. Implementar un sistema para asegurar que la distribución entre los usuarios sea equitativa y controlarla para verificar su cumplimiento, con participación de la junta de usuarios.</p>

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Riesgo ambiental potencial	Posibles medidas mitigadoras
<p>3.4. Obstrucción de los canales con sedimentos y malezas.</p>	<p>3.4. Tomar medidas para reducir la erosión de los terrenos.</p> <p>Diseñar y manejar los canales de tal manera que se reduzca la sedimentación y el desarrollo de malezas.</p> <p>Darles mantenimiento a los canales eliminando malezas y sedimentos.</p>
<p>3.5. Saturación de los suelos.</p>	<p>3.5. Regular la aplicación del agua para evitar el riego excesivo (incluyendo un control sobre el desvío para poder suspender el suministro de agua a las acequias).</p> <p>Instalar y mantener un sistema adecuado de drenaje.</p> <p>Utilizar canales revestidos o tubería para prevenir las fugas.</p> <p>Utilizar riego por aspersión o por goteo.</p>
<p>3.6. Bombeo excesivo del agua freática.</p>	<p>3.6. Limitar su utilización para asegurar que no supere el "rendimiento seguro" (la tasa de recuperación).</p>

GLOSARIO DE TERMINOS

MEDIO AMBIENTE

Compendio de Recursos Naturales, sociales y culturales existentes en un lugar y que influyen en la vida material y psicológica del hombre.

IMPACTO AMBIENTAL

Alteración favorable o desfavorable en el Medio Ambiente después de la realización de un proyecto.

EVALUACION DE IMPACTO AMBIENTAL (EIA)

Son estudios realizados para identificar, predecir, interpretar y prevenir consecuencias o efectos ambientales que determinadas acciones, planes, programas o proyectos puedan causar a la salud, el bienestar humano y el entorno ecológico.

ECOLOGIA

Parte de la biología, que estudia la relación de los seres vivos con la naturaleza.

GESTION AMBIENTAL

Conjunto de acciones encaminadas a la conservación, defensa, protección y mejora del Medio Ambiente, basada en una coordinada información multidisciplinar y con la participación ciudadana.

**APPENDIX III
EUROPEAN COMMUNITY CHECKLIST FOR
ENVIRONMENTAL EVALUATION OF
DEVELOPMENT PROJECTS**

1

Checklist for Rural and Urban Water Supply and Sanitation Projects

Aspects of EIA	Checklist Questions Will the project:	Yes	No	Additional Data needs
Sources of impacts	1. Require the acquisition or conversion of significant areas of land for reservoir/treatment works etc. (eg > 50 ha rural, > 5 ha urban)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Result in significant quantities of eroded material, effluent or solid wastes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require significant accommodation or service amenities to support the workforce during construction (eg > 100 manual workers)?			
Receptors of impacts	4. Flood or otherwise affect areas which support conservation-worthy terrestrial or aquatic ecosystems, flora or fauna (eg protected areas, wilderness areas, forest reserves, crucial habitats, endangered species); or that contain sites of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Flood or otherwise affect areas which will affect the livelihoods of local people (eg require population resettlement; affect local industry, agriculture, livestock or fish stocks; reduce the availability of natural resource goods and services)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Involve siting sanitation treatment facilities close to human settlements (particularly where locations are susceptible to flooding)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Affect sources of water extraction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	8. Cause a noticeable permanent or seasonal reduction in the volume of ground or surface water supply?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Present a significant pollution risk through liquid or solid wastes to humans, sources of water extraction, conservation-worthy aquatic ecosystems and species, or commercial fish stocks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Change the local hydrology of surface water-bodies (eg streams, rivers, lakes) such that conservation-worthy or commercially significant fish stocks are affected?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Increase the risk of diseases in areas of high population density (eg onchocerciasis, filariasis, malaria, hepatitis, gastrointestinal diseases)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	12. Induce secondary development, eg along access roads, or in the form of entrepreneurial services for construction and operational activities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	13. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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2

Checklist for Waste Disposal and Treatment Projects

Aspects of EIA	Checklist Questions Will the project	Yes	No	Additional Data needs
Sources of Impacts	1. Require the disposal of large volumes or potentially hazardous wastes (eg domestic refuse, sewage sludge, industrial wastes, clinical wastes)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Require the acquisition or conversion of large areas of land (significance dependant upon type of waste; type of facility eg landfill, land spreading, incineration etc; proximity to human settlements etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require the dumping of wastes at sea or into inland water-bodies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Require large scale construction activities (significance dependant upon sensitivity of environment, number of labourers to be accommodated, quantities of wastes or eroded materials)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	5. Conflict with existing land ownership and land uses (eg urban areas, agricultural land, utilised water resources)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Result in the location of disposal facilities in or near areas which support conservation-worthy terrestrial or aquatic ecosystems, flora or fauna (eg protected areas, wilderness areas, critical habitats, endangered species, lakes, lagoons or rivers); or that contain sites of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Require landfill sites to be sited on land that may rapidly drain rainfall to surface water courses or leach to groundwater aquifers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental Impacts	8. Present a pollution risk to humans due to contamination of sources of potable water supplies, or to conservation-worthy ecosystems/species or fish stocks due to contamination of surface water-bodies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Present an air pollution risk to humans due to land-fill disposal (eg methane, odours); or incineration disposal (eg toxic gases, metal particulates, methane, CO, and SO ₂)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	10. Allow for recycling options?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Urban Development (Building Construction) Projects

Aspects of EIA	Checklist Questions Will the project	Yes	No	Additional Data needs
Sources of impacts	1. Require the acquisition or utilisation of a significantly large area of land (eg > 5 hectares)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Result in significant quantities of eroded materials, domestic refuse or effluent?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require significant accommodation or service amenities to support the workforce during construction (eg > 100 manual labourers)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. During project design, exceed the capacity of the existing water supply and sanitation system to accommodate its sewage, waste treatment and disposal requirements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	5. Be located in (or require the routing of associated infrastructure through) areas that support sites or monuments of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Require the resettlement or compensation of local people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Use space previously reserved for parks, playgrounds or greenbelts?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	8. Once operational, conflict with existing regional water extraction (eg by other communities or agriculture)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	9. During construction, present a significant pollution hazard to workers and local communities (eg dust, fumes, accidents with hazardous materials)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Significantly affect, positively or negatively, land values adjacent to the project site (eg > 10%, or require provision of financial compensation)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Once operational, present a significant pollution risk to potable water supplies, or significantly reduce the waste absorption capacity of downstream water courses?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	12. Require competent health and safety staff with a separate, minimum budget?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	13. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Transport Projects

Aspects of EIA	Checklist Questions Will the project:	Yes	No	Additional Data needs
Sources of impacts	1. Require large volumes of construction materials to be taken from local sources (eg gravel, rock, water by dredging, quarrying, tapping etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Result in significant quantities of wastes or eroded material (dependent upon waste type, season of heavy rainfall)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require significant levels of accommodation or service amenities to support the workforce during construction (eg > 100 manual workers)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	4. Be routed such that population resettlement or compensation is required?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Be routed through areas that support conservation-worthy ecosystems, flora or fauna (eg protected areas, wilderness areas, wetlands, tropical forest, critical habitats, endangered species); or sites of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Be routed across major drainage channels (rivers, canals) or surface water-bodies (lakes, lagoons)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	7. During construction, lead to reductions in the quality of potable water supplies or cause harm to fish and benthic communities, due to the siltation of water-bodies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	8. Present a danger to local populations due to a significant scale of traffic, eg heavy lorries, high frequency, transport at night?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Create barriers to the movement of conservation-worthy wildlife or livestock?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Lead to a significant increase in congestion and related smog and noise?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Present a pollution risk to potable water supplies, or to surface water bodies that support conservation-worthy or commercially significant fish, due to accidents during the transport of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	12. Lead to unplanned settlement or access to conservation-worthy ecosystems or natural resources (eg agricultural land, timber, minerals, squatter settlements)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	13. Be likely to require mitigation measures that result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Port and Harbour Projects

Aspects of EIA	Checklist Questions Will the project	Yes	No	Additional Data needs
Sources of impacts	1. Require the acquisition or conversion of significant areas of land (eg > 50 ha rural, > 5 ha urban), or the utilisation of a significant length of coastline (eg > 1000m rural, > 200m urban)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Require large volumes of construction materials to be taken from local sources (eg gravel, rock, water, by river dredging, quarrying)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Result in significant quantities of eroded materials, domestic refuse, hazardous wastes, ship or shore effluent?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Require significant levels of accommodation and service amenities to support the workforce during construction (eg > 100 manual workers)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. For port operations, require the establishment of on-site energy generation, accommodation, potable water supply or sanitation facilities?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	6. Be sited such that population resettlement or compensation is required?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Be sited close to areas of human settlement or tourism development?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	8. Be sited in or near areas that support conservation-worthy or commercially valuable terrestrial or aquatic ecosystems, flora or fauna (eg protected areas, critical habitats, endangered species, mangrove forests, wetlands, lagoons, fisheries, breeding grounds); or in areas of historic/ cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	9. Change the way of life of the local population in such a way that it leads to considerable increased pressure on the natural resource base (eg fish stocks, agricultural land, potable water supplies)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Present a significant pollution risk to humans, conservation-worthy ecosystems or species, or commercial fish stocks due to: <ul style="list-style-type: none"> • wastewater (bilge) discharge from ships? • wastewater discharge on shore (eg industrial or sewage)? • the depositing on land or at sea of dredged spoil? • the storage and loading of hazardous cargo? 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	11. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Energy Projects

Aspects of EIA	Checklist Questions Will the project:	Yes	No	Additional Data needs
Sources of impacts	1. Require the acquisition or conversion of significant areas of land for energy production, fuel storage, waste treatment, or waste disposal (eg > 50 ha)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Result in significant quantities of eroded material, liquid or solid wastes, or emissions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require significant accommodation or service amenities to support the workforce during construction (eg > 100 manual workers)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Require significant volumes of water to operate (significance dependent upon availability of water supplies)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	5. Require the siting of facilities such that nearby settlements (eg upwind) may be affected by gaseous emissions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Require the resettlement or compensation of local people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Require the construction of facilities (including transmission lines and transport access routes) in areas that support conservation-worthy ecosystems, flora or fauna (eg protected areas, wilderness areas, critical habitats, endangered species); or sites of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	8. Present a significant risk of pollution due to effluent discharge, or solid waste deposit, into or nearby the extraction source of potable water supplies, or water-bodies that support conservation-worthy aquatic ecosystems or commercially significant fish?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Present a significant air quality pollution risk to humans?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Lead to a higher rate of use of renewable resources than the rate of natural replenishment (eg surface and ground water, fuelwood, water-body waste absorption capacity)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	11. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable (eg Flue-Gas De-sulphurisation facilities (FGD), low sulphur coal)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Agriculture Projects (Irrigation, see Checklist 8)

Aspects of EIA	Checklist Questions Will the project	Yes	No	Additional Data needs
Sources of impacts	1. Require the landuse conversion of significant areas of land (eg > 100 hectares)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Require the mechanised clearing or levelling of large areas of land (eg > 50 hectares), or of land that is significantly sloping (eg > 5%)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require significant use of fertilisers or pesticides (significance dependent upon chemical type, application volumes/rates, users experience)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Require accommodation, service amenities or farm land to support agricultural labourers (eg > 100 labourers)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Require an increase in agro-processing capacity (eg > 25%)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	6. Convert land that supports conservation-worthy ecosystems, flora or fauna (eg tropical forest, wilderness areas, critical habitats, endangered species); or areas that are of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Conflict with existing land uses, use of potable water supplies, labour demands?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	8. Lead to soil erosion, soil degradation, falling crop yields etc. due to incompatibility between land suitability and land management practices?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Cause people significantly to alter the method by which they sustain their livelihood (significance dependent upon scale and type of socio-economic impact, eg willingness to change, unequal benefits)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Present a risk of pollution, due to pesticide or fertiliser runoff, to water bodies that support conservation-worthy ecosystems or species, or commercially significant fish stocks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Induce unplanned development through the construction of access or feeder roads?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	12. Require significant extension services to establish or sustain the project (eg long-term > two years, intensive training)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	13. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Irrigation Projects

Aspects of EIA	Checklist Questions Will the project	Yes	No	Additional Data needs
Sources of impacts	1. Require the conversion of significantly large areas of land (eg > 250 hectares)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Require the construction of a supply reservoir, or require the significant extraction of surface or ground water supplies (eg > 100 ha of irrigated land from surface waters, > 200 ha from groundwater)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require the mechanised clearing or leveling of a significant area of land (eg > 50 ha)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Require a significant increase in the use of fertilisers or pesticides (significance dependent upon the nature of crop, chemical type, application volumes/rates, users' experience)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	5. Conflict with downstream extraction of water for agriculture/irrigation or human settlement; or with the utilisation of surface water-bodies (eg rivers, lakes, freshwater lagoons) by conservation-worthy aquatic ecosystems and species or commercially significant fish?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Conflict with the downstream wastewater absorption capacities of surface water-bodies?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	7. Lead to an increase in the incidence of water-borne or water-related diseases (dependent upon incidence of disease vectors, irrigation management practices, proximity to settlement etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	8. Lead to significant waterlogging or salinisation of soils (significance dependent upon soil type, crop tolerance, management practices, drainage capacity)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Cause people to alter greatly the method by which they sustain their livelihood?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	10. Require significant extension services and training to establish or sustain the project (eg long-term > 2 years, intensive training and regulation of water extraction and use, agro-chemical inputs, wastewaters, pests and diseases)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Be likely to require mitigation measures that are on a financial scale such that the programme or project may be impeded?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Forestry Projects

Aspects of EIA	Checklist Questions Will the project	Yes	No	Additional Data needs
Sources of Impacts	1. Require the protection, exploitation or conversion of significant areas of forest (eg > 50 hectares)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Introduce tree species of which there is little experience by those who will manage production in the long-term?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require a significant increase in forestry processing (eg saw mills, paper and pulp facilities increased capacities, eg by > 25%)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of Impacts	4. Require population resettlement or compensation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Exploit or convert forested areas that support conservation-worthy ecosystems (eg protected areas, critical habitats, endangered species); or that contain sites of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Conflict with existing uses for forested areas (eg fuelwood, forest products; wildlife, wildlife habitats)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Displace the activities of local populations such that there is pressure on natural resources surrounding the project area (eg on soil, wildlife, potable water supplies, water-body waste absorption capacities, fish)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental Impacts	8. Cause people significantly to alter the method by which they sustain their livelihood (significance dependent upon scale and type of socio-economic impact, eg inertia to change, unequal benefits)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Be likely to lead to unplanned agricultural settlement due to the construction of access roads to the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Significantly alter the flow regime of the local watershed (significance dependent upon type of operation, evapotranspiration characteristics of tree species, disturbance to drainage network)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	11. Require the long-term provision of forestry management extension services to establish or sustain the project (eg > 2 years)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	12. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Fisheries and Aquaculture Projects

Aspects of EIA	Checklist Questions With the project	Yes	No	Additional Data needs
Sources of impacts	1. For aquaculture, require the introduction of species for which there is little ecological experience in the project area?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Require a significant increase in extraction of water, or demand for energy supplies (eg > 10% of local supply)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require a significant increase in the provision of fish processing facilities (eg > 25%)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Use fish-capture technologies that may significantly affect the fish species mix?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	5. Conflict with the income generating activities of those unconnected with the project particularly those exploiting part of the same fisheries resource?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. For aquaculture, conflict with the current use of surface or groundwater sources for agriculture/irrigation, livestock or human settlements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Be based on a significant increase in the exploitation of conservation-worthy ecosystems, such as mangrove forests, coral reefs, or as found in lakes, lagoons or rivers (significance dependent upon carrying capacities)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	8. Result in the catching of species that are worthy of protection?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Cause people significantly to alter the method by which they sustain their livelihood (significance dependent upon scale and type of socio-economic impact, eg inertia to change, unequal benefits)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Present a pollution risk to other commercial fish or conservation-worthy species?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Cause a long-term change in fish species mix affecting the sustainability of fish yields?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	12. Require significant extension services or training to establish or sustain the project (eg long-term > 2 years; intensive training; regulation of catches, extraction of water, chemical and feed inputs, or wastewaters)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	13. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Comments

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Checklist for Livestock Projects

Aspects of EIA	Checklist Questions Will the project:	Yes	No	Additional Data needs
Sources of impacts	1. Require the landuse conversion of a significant area of land (eg > 250 hectares)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Require the clearing of forested areas (eg > 50 hectares)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Involve significant numbers of livestock (large-scale intensive/rangeland rearing - significance dependent upon land carrying capacity and livestock management practices; small-scale intensive rearing - eg installations with > 50 heads cattle, 500 poultry, 100 pigs)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Generate significant quantities of animal dung (eg small-scale intensive rearing only; installations with > 50 heads cattle, 500 poultry, 100 pigs)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Require a significant increase in the provision of livestock processing facilities (eg > 25%)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	6. Be located in areas that support conservation-worthy ecosystems, flora or fauna (eg tropical forests, wilderness areas, critical habitats, endangered species); or areas that are of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Conflict with existing land tenure rights, land uses, or downstream water extraction?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	8. Displace the activities of those unconnected with the project causing greater pressure on surrounding natural resources?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	9. Lead to the denuding of natural vegetation and erosion of soil due to incompatibility between land suitability and livestock management practices (eg utilisation of marginal areas, overstocking)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Increase the risk of communicable diseases, between livestock, and from livestock to humans (eg bacteria, viruses, internal/external parasites)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Present a pollution risk to potable water supplies, conservation-worthy aquatic fauna, or commercial fish stocks (contaminants include urine, dung, suspended sediment in water sources, rangeland fertilizers)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	12. Require the provision of significant extension services to establish or sustain the project (eg long-term > 2 years, intensive training)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	13. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Mining and On-site Mineral Processing Projects

Aspects of EIA	Checklist Questions Will the project:	Yes	No	Additional Data needs
Sources of Impacts	1. Require the conversion of significant areas of land for surface excavations, mineral processing or waste disposal (eg > 20 ha)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Require significant accommodation or service amenities to support the workforce (eg > 100 manual workers)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require significant volumes of local raw materials, water or energy (significance dependent on availability, conflict with other users, sensitivity of operation, eg stream dredging for gravel)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Result in significant quantities of construction or mining wastes, or eroded material (significance dependent upon waste types, rainfall)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of Impacts	5. Undertake excavation, mineral processing, waste disposal, or construction of transport infrastructure, in areas that support conservation-worthy ecosystems, flora or fauna (eg protected areas, wilderness areas, critical habitats, endangered species); or areas of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Require the resettlement or compensation of local people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Undertake surface or underground mining in areas prone to high flood recurrence?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental Impacts	8. Present a pollution risk to the workforce, human settlements, terrestrial or aquatic conservation-worthy ecosystems, flora and fauna, or commercial species due to: • discharge of mining waste waters? • excessive noise or vibration? • deposit and subsequent leaching of contaminated spoil? • emission of polluting gases and particulates from processing? • accidents from the use or transport of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Induce secondary development (eg along access roads, agricultural settlements, mineral prospecting, entrepreneurial services for workforce)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	10. Require significant levels of management and training to establish or sustain the project (eg long-term > 2 years; intensive training; health and safety compliance; regulation of hazardous materials, wastewaters)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Industry Projects

Aspects of EIA	Checklist Questions Will the project:	Yes	No	Additional Data needs
Sources of Impacts	1. Require the acquisition or conversion of significant areas of land for industrial production, storage or waste disposal (eg > 20 ha rural, > 5 ha urban)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Require significant accommodation or service amenities to support the workforce during construction (eg > 100 manual workers)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require significant volumes of local raw materials, water or energy (significance dependent on availability and conflict with other users)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Result in significant quantities of eroded material, solid or liquid industrial wastes or emissions?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of Impacts	5. Locate industrial plants, waste treatment facilities, disposal sites or transport infrastructure, in areas that support conservation-worthy ecosystems, flora or fauna (eg protected areas, wilderness areas, critical habitats, endangered species); or sites of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Require the resettlement or compensation of local people?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental Impacts	7. Present a significant pollution risk to humans, conservation-worthy ecosystems or species, or commercially significant fish stocks due to: • discharge of contaminated industrial effluent? • discharge of cooling waters? • deposit and leaching of contaminated solid industrial wastes? • emission of polluting gases and particulates? • accidents from the use or transport of hazardous materials?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	8. Require significant training to establish or sustain the project (eg long-term > 2 years; intensive training; health and safety compliance; regulation of water extraction, hazardous materials, effluent, liquid and solid wastes)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Tourism Projects

Aspects of EIA	Checklist Questions Will the project:	Yes	No	Additional Data needs
Sources of impacts	1. Require the acquisition or conversion of significant areas of land for accommodation or infrastructure, eg potable water supplies, waste treatment and disposal, energy supplies (> 50 ha rural, > 5 ha urban; or > 1000 m coastline rural, > 200 m urban)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. During construction of facilities, result in significant quantities of wastes or eroded material (significance dependent upon waste types, season of heavy rainfall)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require significant accommodation or service amenities to support the workforce during construction (eg > 100 manual workers)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Once operational, result in the generation of significant quantities of domestic refuse or sewage?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	5. Locate facilities, or route infrastructure, in areas that support terrestrial or aquatic conservation-worthy ecosystems, flora or fauna (eg forests, wetlands, protected areas, mangrove forests, lagoons, critical habitats, endangered species); or areas that are of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Conflict with existing land uses, extraction of water, downstream users of water-bodies to absorb wastes, use of energy supplies, local wage labour?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	7. Lead to physical damage to conservation-worthy terrestrial or aquatic ecosystems, flora and fauna, due to the type of tourism activity or an excessive tourist numbers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	8. Due to domestic refuse and sewage, present a significant risk of pollution to potable water supplies or inland water bodies/ marine environments that support conservation-worthy ecosystems/species or commercial fish stocks?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Cause local people significantly to alter the method by which they sustain their livelihood (significance dependent upon scale and type of socio-economic impact, eg inertia to change, unequal benefits)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Lead to a boom-bust tourism scenario that may leave the local environment permanently damaged and a declining income opportunity?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	11. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Resettlement Projects

Aspects of EIA	Checklist Questions Will the project	Yes	No	Additional Data needs
Sources of impacts	1. Require the acquisition or conversion of a significantly large area of land (eg rural > 250 hectares)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Be located in physical environments alien to the settler population (eg slope, soil type, rainfall pattern, local climate, market access etc)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	3. Require the construction and operation of infrastructure (eg water supply, waste treatment and disposal facilities, energy supply, education and health facilities)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	4. Introduce an incompatible culture to the existing population?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Convert land that supports conservation-worthy ecosystems, flora or fauna (eg tropical forest, forest reserves, wilderness areas, critical habitats or endangered species); or areas that are of historical or cultural importance?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Be located in areas that currently support a significantly large local population (significance dependent upon land carrying capacity, ratio of settlers to host population etc.)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Conflict with existing land uses, extraction of water, downstream users of water-bodies to absorb wastes, use of energy supplies, local wage labour?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	8. Cause people significantly to alter the method by which they sustain their livelihood (significance dependent upon scale and type of socio-economic impact)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Lead to an unequal provision of amenities and services in favour of settlers over the host population?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Attract unplanned settlements/squatters?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Lead to social conflict between settler and host populations?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	12. Ensure that compensation includes the provision of long-term livelihood security for settlers, including the needs of an expanding population?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	13. Require significant extension services and training to establish or sustain the project (eg long-term > 2 years, intensive training)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	14. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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Checklist for Pesticides and Fertiliser Projects

Aspects of EIA	Checklist Questions Will the project	Yes	No	Additional Data needs
Sources of impacts	1. Require the application of highly toxic, non-biodegradable particularly broad-spectrum chemical pesticides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	2. Involve application methods for pesticides or fertilisers which use either relatively unfocussed means of application (aerial spraying) or chemicals in high concentrations (eg Ultra-Low Volume) or volumes?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Receptors of impacts	3. Require the handling and application of chemicals by inexperienced users?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	4. Directly or indirectly, affect areas that support terrestrial or aquatic conservation-worthy eco-systems, flora or fauna (eg forests, wetlands, protected areas, mangroves, lagoons, critical habitats and endangered species)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	5. Include areas prone to run-off of pesticides and fertilisers?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	6. Have the potential of affecting human health, either by contaminating local surface and groundwater, by residues in food, or by directly affecting livestock, fish stocks and persons handling or applying pesticides?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	7. Alter existing land use and water extraction patterns by increasing the productivity of agricultural lands?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Environmental impacts	8. Lead to the accumulation of toxic residues in the food chain?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	9. Because of the types of chemicals used or through mode of application, lead to the emergence of new and/or more resistant pests?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	10. Through run-off, contaminate wetlands, surface and groundwater bodies with pesticides, and/or fertilisers thereby disturbing aquatic and terrestrial ecology?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	11. Through run-off, lead to the accumulation of fertilisers in surface water bodies, thereby leading to eutrophication?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	12. Cause local people significantly to alter the method by which they sustain their livelihood (significance dependent upon scale and type of socio-economic impact, eg inertia to change, unequal benefits)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Mitigation Measures	13. Require significant extension services and training to establish or sustain the project (eg long-term >2 years, intensive training)?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	14. Be likely to require mitigation measures that may result in the project being financially or socially unacceptable?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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