

PARTICIPATORY DEVELOPMENT IN SOCIAL FUNDS

A case study of the Peruvian Social Fund

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**PARTICIPATORY DEVELOPMENT IN SOCIAL FUNDS: A CASE STUDY OF THE
PERUVIAN SOCIAL FUND**

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ABSTRACT

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Social Funds are a type of intervention whereby development agencies transfer control over project resources and decision-making to community groups and other local actors who formulate and implement those projects based on their own assessment of priorities. Social Funds were among the first programs to incorporate notions of participation of the poor and civil society in projects financed by the multilateral finance institutions.

Several approaches argue that community participation in development projects leads to interventions that meet the priorities of the beneficiaries more accurately (which results in more sustainable project outcomes) and empowers participants. However, those who criticise participation claim that participatory processes might be constrained by the implementing agency as well as by power and economic differences within the community itself. The development agency has its own priorities, organizational goals, structure, and a complex external environment, all of which may limit its ability to implement participatory processes. This could lead to the use of the participation 'label' without substantive inclusion of the beneficiaries and, ultimately, hinder the potential advantages of this approach.

This research aims to assess the role of Social Funds' organizational and institutional characteristics for community participation processes in development projects. The research is based on a case study of the Peruvian Social Fund, FONCODES, and utilizes a qualitative data collection approach. It mainly relies on semi-structured interviews with FONCODES' staff and community members, un-structured interviews with experts, and analysis of operational documents.

The research concludes that several organizational and institutional characteristics affect community participation in FONCODES projects but the

direction of this influence depends on how specific areas of the organization's context are structured as well as on political variables in the institutional environment.

The evidence shows that, in general, FONCODES' organizational systems and procedures are geared towards formal inclusion of communities in its interventions. The project cycle offers many instances for these groups to participate, such as representative committees, community meetings, and community contributions. However, FONCODES staff's influence on project participation might be negative when they are not qualified, trained or motivated to facilitate participatory processes. The research also finds that local governments may have a negative effect on priority setting and participatory processes that may arise from political considerations. Finally, although FONCODES does well at designing formal instances of participation at the promotion and project implementation stages, project design seems to have little input from communities. This seems to be a general characteristic of Social Funds and could ultimately affect project sustainability.

Although Social Funds programs tend to be very diverse in nature and structure, the findings from this research can serve as guidelines for other programs, as well as a general exploration of the complex reality of Social Fund design and implementation.

February 2010

DECLARATION

I declare that **Participatory Development in Social Funds: A Case Study of the Peruvian Social Fund** is my own work, that it has not been submitted before for any degree or examination in any other university, and that all the sources I have used or quoted have been indicated and acknowledged as complete references.

Cecilia Valentina Costella

February 24, 2010

Signed: **Cecilia V. Costella**



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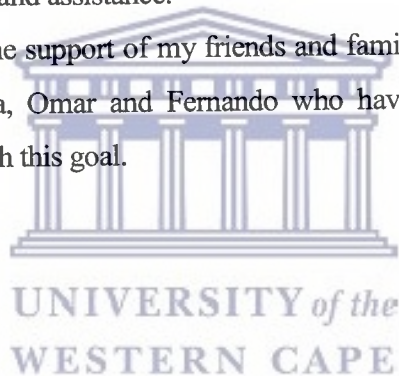


TABLE OF CONTENTS

TITLE PAGE	i
KEYWORDS	iii
ABSTRACT	iv
DECLARATION	vi
ACKNOWLEDGEMENTS	vii
LIST OF FIGURES	xii
LIST OF TABLES	xii
ABBREVIATIONS	xii

CHAPTER 1	Social Funds and Participation: Overview and Literature Review	1
	1.1. Introduction	1
	1.2. Social Funds: an Overview	4
	1.2.1. The Evolution of Social Funds	4
	1.2.2. Social Funds Design and Implementation	6
	1.3. Participation in Development: Literature Review	8
	1.3.1. The '60s and '70s: Emancipatory Participation and Collective Action	9
	1.3.2. The '80s: People-centred Approaches and Participation in Development	10
	1.3.3. Participation and the 'Big Development' Institutions: The World Bank	12
	1.3.4. Beyond Participation? The Critiques to Participatory Approaches	14
CHAPTER 2	A Theoretical Framework for Participation in Development	17
	2.1. Defining Participation: Key Concepts	17
	2.2. Community-Driven Development and Social Funds	22

	2.2.1. The Community-Driven Development Approach	22
	2.2.2. Community Participation in Social Funds	23
	2.3. The Critiques to Participation	24
	2.3.1. Participation and the Implementing Agency's Perspective	26
	2.3.2. The Community Perspective: Who participates?	29
	2.4. CDD/Social Funds Principles for Participation	30
	2.5. Summary of Key Concepts	32
CHAPTER 3	Research Design	35
	3.1. Research Objectives and Questions	37
	3.2. Operationalising Key Research Concepts	37
	3.2.1. The Organization's System and Procedures	37
	3.2.2. Social Fund Staff	37
	3.2.3. Institutional Environment	38
	3.2.4. Community Participation	39
	3.3. Research Methodology	40
	3.3.1. Design and Data Analysis	40
	3.3.2. Research Limitations	44
CHAPTER 4	Case Study Background	47
	4.1. Country Context Overview	47
	4.1.1. Peru's Demographics and Development Indicators	47
	4.1.2. Peru's Political Context (1990-2008)	49
	4.1.3. The Decentralization Process	50
	4.2. FONCODES Background	50
	4.2.1. An Overview of FONCODES' History	50
	4.2.2. Impact of FONCODES II	52
	4.2.3. FONCODES III: Objectives and Structure	54

CHAPTER 5	Research Findings	57
	5.1. Assessing the Social Fund Organizational and Institutional Contexts	57
	5.1.1. The Organization's System and Procedures	58
	Project Cycle	58
	Organizational Structure	61
	Standardization and Flexibility	64
	5.1.2. Social Fund Staff	67
	Staff's Involvement at Community Level	67
	Staff's Academic Background and Technical Expertise	68
	Training	73
	Incentives and Motivation	76
	Staff's Influence on Community Participation	79
	5.1.3. Institutional Environment	82
	Local Governments	82
	Local Indigenous Institutions	84
	5.2. Community Participation in Social Fund Projects	85
	5.2.1. Formal Inclusion: Designing Spaces for Participation	85
	Community Representatives Committee	86
	Community Meetings	86
	Training Workshops	87
	Community Contributions	88
	5.2.2. Substantive Inclusion: Assessing the Evidence	88
	Community Representatives Committee	89
	Community Meetings	90
	Training Workshops	91
	Community Contributions	91

	5.2.3. A Note on the Impact of Community Participation	93
CHAPTER 6	Conclusions	95
	6.1 Assessing the Evidence	95
	6.2. Recommendations	98
BIBLIOGRAPHY		100
ANNEX I	Interview Guides	106
ANNEX II	List of Documents and Interviews	112

LIST OF FIGURES

Fig. 1.1 Social Fund Project Cycle	7
Fig. 4.1 Physical Map of Peru	48
Fig. 4.2 FONCODES Organizational Chart	55

LIST OF TABLES

Table 2.1 Participation Mechanisms	21
Table 3.1 Indicators for Community Participation	40
Table 5.1 FONCODES' Project Cycle	60
Table 5.2 Formal Inclusion: Opportunities to participate	87

LIST OF ABBREVIATIONS

CA	Collective Action
CBD	Community-Based Development
CBO	Community-Based Organization
CDD	Community-Driven Development
DPI	Decentralized Public Institution

FONCODES	Fondo de Cooperación para el Desarrollo (Development Cooperation Fund)
GTZ	Deutsche Gesellschaft fuer Technische Zusammenarbeit
IDB	Inter-American Development Bank
IG	Implementing Group
LDP	Local Development Plan
LG	Local Government
MFI	Multilateral Finance Institution
NGO	Non governmental organization
PAR	Participatory Action Research
PB	Participatory Budgeting
PCD	People centred Development
PLA	Participatory Learning and Action
PRA	Participatory Rural Appraisal
PRSP	Poverty Reduction Strategy Paper
RC	Representatives Committee
RO	Regional Office
RRA	Rapid Rural Appraisal
SAP	Structural Adjustment Program
SF	Social Fund/ Social Investment Fund
UNDP	United Nations Development Program



CHAPTER 1. SOCIAL FUNDS AND PARTICIPATION: OVERVIEW AND LITERATURE REVIEW

1.1. INTRODUCTION

Social Investment Funds (or Social Funds) are a type of multi-sectoral, demand-driven development intervention, generally financed by the World Bank and other multilateral finance institutions (MFIs). These programs appeared for the first time in the development landscape in the late 1980s and were conceived, in many cases, as emergency operations to provide temporary relief to the sectors affected by economic crises, conflict or natural disasters. Social Funds are based in a decentralized, demand-based approach, which means that community groups and other local actors formulate and implement interventions to address their development priorities, based on the assessment of their own needs. Social Funds programs have generally been executed by autonomous government agencies and aimed at providing basic social and economic infrastructure as well as other, longer-term, income-generating investments. They were among the first programs financed by the MFIs to incorporate notions of participatory and demand-driven development into their operations.

The concept of participation in development has been part of the discipline for many decades, although for most of the time it remained a concept used by 'alternative development' approaches. In general, many of these approaches argue that 'community participation' in development projects leads to interventions that meet the priorities of the beneficiaries more accurately, which in turn might result in better and more sustainable project outcomes. Others argue that participation is good in itself since it contributes to the 'empowerment' of individuals to be in control of their own development. By the early 1990s, the notions of participatory development started to make their way into projects financed by the 'big development'¹ institutions. Community-Driven Development (CDD) was one of the models on which the World Bank first, and other regional Banks later, relied to implement participatory projects. CDD refers to projects that involve communities in development

¹ This term refers to the MFIs and bilateral development agencies that are characterized by large scale interventions. It is used here to differentiate the MFIs from NGOs, non-profits and other national and international civil society organizations which are characterized by smaller programs and, in many cases, by development approaches that focus less on macroeconomic dimensions of development and more on other small scale, social, community-based aspects of these interventions.

interventions and give them direct control over key project decisions as well as over the management of project funds.

By the turn of the century, however, participatory approaches started being challenged on several grounds. Some argued that participation might be constrained by the external agencies implementing the projects (since the external agency has its own priorities and 'owns' the participatory tools and the project); but, also, by power and economic differences within the community itself. External agencies and facilitators would be in a position to influence participatory processes at the community level, which in turn would result in projects where the real priorities and needs of the beneficiaries are not met. In addition, the agency itself would be constrained by its organizational goals and structure as well as by the need to maintain 'good' relations with other actors within its institutional environment. Then, the limitations that the agency and the facilitators face, would lead to using the 'participation label' without a 'real' (substantive) inclusion of the beneficiaries, thus hindering the potential benefits of the participatory process.

Along this line, the present research aims to assess the role of the organizational and institutional characteristics of development agencies in community participation processes in Social Fund projects. For this, the research looks at organizational systems and procedures, staff issues and the organization's institutional environment. It also explores issues of participation within the community, with a focus on formal and substantial participation in Social Funds sub-projects.

The current debate around participation is considered relevant for the Social Fund approach since these programs are based on the assumption that community involvement would contribute not only to project success but also to building capacity and empowerment for local populations. Moreover, the research is relevant for the development management field as it aims to provide evidence of the influence of external agencies on development interventions.

The research uses a case study approach, focusing on FONCODES, the Peruvian Social Fund. FONCODES is one of the largest Social Funds in Latin America, and its community participation scheme has been used as a model in the region. Data collection was

carried out at FONCODES' Central Office in Lima and at the Abancay Regional Office, located in the Apurimac region, over a period of seven weeks.

The research utilizes a qualitative data collection approach that seeks to obtain the perceptions of different actors. This approach was considered appropriate due to the nature of the variables and indicators in the research, especially because it would help obtain a greater level of depth and detail from the information. Primary data was collected from semi-structured interviews with FONCODES' staff and community members as well as from unstructured interviews with experts knowledgeable both on the organization's functioning as well as on the Peruvian context. Additionally, FONCODES operational documents were analyzed and observation was conducted at the Social Fund's offices in Lima and Abancay as well as at community meetings in the Apurimac province. Finally, secondary data from evaluations of FONCODES and other program documents provide support to the research while furnishing quantitative data.

This minithesis is organized into five Chapters and the Conclusions. Chapter 1 provides an overview of Social Funds and their role as development instruments, their advantages and critiques as well as a general introduction to the way these programs work. The chapter also analyzes various participatory approaches across the history of the development discipline and reviews some of the literature available. Chapter 2 deals with three different but related topics. First, the chapter provides a conceptual approach to participation, its aims, types and theoretical debates. The chapter then introduces the Community-Driven Development and Social Fund models and their assumptions. Lastly, the critiques to participation are articulated around the current debate and some general principles for Social Fund design are introduced. Chapter 3 formulates the research objectives and poses research questions. It also describes the operationalisation of the variables as well as the research methodology, including data analysis and research limitations. Chapter 4 provides background information on Peru and FONCODES and serves as an introduction to Chapter 5, which systematically describes the research findings. The last chapter provides a general overview of the findings, pointing out conclusions and recommendations for Social Funds officers and researchers.

1.2. SOCIAL FUNDS: AN OVERVIEW

Since their inception at the end of the 1980s, Social Funds have become a popular type of intervention in World Bank and other MFI's projects as well as the instrument of choice by several governments to implement small, community-based social and economic infrastructure projects. This chapter aims at providing an overview of Social Funds programs, its main characteristics and key defining concepts. It provides a brief analysis of the community-driven, participatory nature of these programs and moves on to analyze the history of and literature on participation in the development field in general and in relation to social funds in particular.

1.2.1. The evolution of Social Funds

The first Social Fund was established in Bolivia in 1987. The Bolivian *Emergency Social Fund* was financed by the World Bank and was intended as an emergency operation to provide temporary employment and social services in a time of crisis. From then onwards, Social Funds were rapidly established in many countries, becoming not only one of the preferred programs to swiftly respond to emergencies but also a key instrument in operationalising the concepts of community participation and social capital in World Bank projects. By financing emergency, small-scale, demand-driven social and economic infrastructure projects, Social Funds pioneered 'community-driven' projects at the World Bank². However, it is important to note that Social Funds were first developed in practice, while the theoretical body around them was generated as more and more information was obtained from their experience on the field. Van Domelen notes that the expansion of Social Funds "was done from the bottom up; there were no formal World Bank policy papers on social funds, no directives [...] no lending targets, no overall strategy" (Van Domelen, 2006: 180).

From 1987 to the turn of the century, the World Bank committed US\$3.5 billion for 98 projects in 57 countries (Van Domelen, 2006: 180). However, most Social Funds were co-financed by other regional Banks, development agencies and national governments. This

² Some have claimed that Social Funds also served to respond, in part, to the criticisms that 'big development' institutions faced as a consequence of their top-down approach to development interventions and a focus on macroeconomic reforms as the 'only solution' to the problems of developing countries.

additional financing brought that total to about US\$ 8 billion (Van Domelen, 2006: 180). In Latin America alone, by 1999, the Inter-American Development Bank (IDB) had financed Social Funds for US\$1.3 billion (Tendler, 2000(a): 87). Between 2000 and 2007, the World Bank financed almost 50 Social Fund projects across the world, totalling almost US\$ 2 billion (De Silva and Sum, 2008:11).

Social Funds have been widely praised as programs that have the capacity to quickly respond to crises and to the needs of the poor. However, they have also faced criticism regarding their institutional mechanisms and the role they have played in national poverty alleviation strategies. Van Domelen (2006: 181) notes that Social Funds have enabled quick response to crises, as has been the case in contexts of economic adjustment, transition economies as well as in conflict and natural disasters situations. She also notes that these programs “increase access of the poor to basic social services and productive assets” while in many cases “seek to improve the underlying institutional capacity of poor communities” (Van Domelen, 2006: 181). Furthermore, the Social Funds Website (World Bank Social Funds Website, 2009) states that

Social Funds tend to improve allocative efficiency by delivering public goods and services in a way that fits local preferences better than centrally implemented programs. Social Funds allow communities to handle their subproject's procurement and financing, which tends to improve supervision and accountability, while at the same time increasing local capacity building and production efficiency.

However, Social Funds critics have argued that these mechanisms are far from being the solution their proponents claim. Various authors have argued that Social Funds “distort the public sector” as they become “enclaves of excellence that do little to reform existing government institutions” (Tendler, 2000 in Van Domelen, 2006: 182). Social Funds' management practices, procurement procedures and salaries levels are generally comparable to those seen in the private sector, which, in most cases, makes them more efficient than other public sector agencies. Thus, they can become a diversion of resources and attention from the more substantial need to reform the public sector and to build capacity in long lasting institutions.

In more recent years, the role of Social Funds in local development has been also thoroughly examined. Social Funds have been accused of bypassing local governments and

hence endangering incipient decentralization processes while missing an opportunity for developing the capacity of local authorities (Bhatia, 2005: 46). Furthermore, it has been argued that Social Funds' work with communities is not "true community development" since the direct transfer of funds to communities creates opportunities for elite capture of benefits (Van Domelen, 2006: 183).

Currently, the emergency character of Social Funds has subsided and program design has moved toward achieving project sustainability as well as to financing other income generation activities that go beyond the initial focus on infrastructure. Social Funds are now one of many instruments to implement development operations and, in that role, their range of activities has expanded. In many cases, Social Funds have been tasked with leading the decentralization process in the country, as well as with the objective of enhancing capacity in local communities. The next section will look at the design of Social Funds and will introduce the participatory notions that support this model.

1.2.2. Social Funds Design and Implementation

Social Funds have been defined as "agencies that finance small projects in several sectors targeted to benefit a country's poor and vulnerable groups based on a participatory manner of demand generated by local groups and screened against a set of eligibility criteria" (World Bank Social Funds Website, 2009). Social Fund programs are generally executed by an ad hoc autonomous government agency directly linked to the Executive. In most cases, the autonomy of the agency is reinforced by a defined and protected budget, exemptions from civil service salary regulations and from the government's usual procurement and disbursements rules (Narayan and Ebbe, 1997:2).

Social Funds finance a great variety of investments and activities, ranging from infrastructure improvements, job creation and social services provision, to capacity building, community empowerment and community linkages with local government (World Bank Social Funds Website, 2007). They carry out their operations through 'community-driven' projects, a model that allows the 'poor and vulnerable' to define their priorities and to propose the interventions that meet their most urgent needs. For this, local communities are generally

organized in ‘committees’ or community-based organizations (CBO) that articulate their demands based on a participatory assessment of their needs.

The main goal of Social Funds is to benefit a country’s poor and vulnerable. Within this general goal some particular objectives³ have been identified by Batkin (2001: 430) as: a) short-term employment creation, b) building and upgrading social and economic infrastructure, c) developing civil society and social capital, d) promoting private sector contracting, e) developing non-infrastructure income generation, and f) supporting national programs of decentralization.

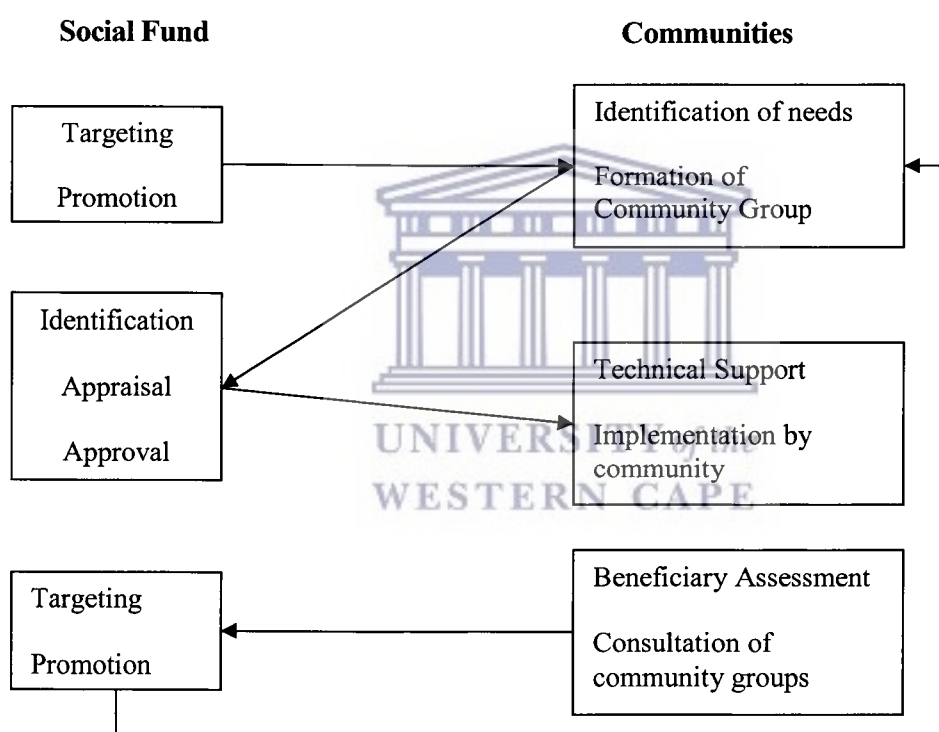


Fig. 1.1. Social Fund Project Cycle
 Source: Adapted from Narayan and Ebbe, 1997: 13.

The Social Fund sub-project⁴ cycle is based in the constant interaction between communities and the social fund agency (Fig. 1.1). In general, the Social Fund agency

³ Social Funds’ characteristics greatly vary among different programs and countries and, in a majority of cases, a Social Fund will have some but not all of these objectives.

⁴ ‘Sub-project’ refers to the development intervention implemented at the community level and by the community group. In this study, this term is used interchangeably with the term ‘project’ when referring to the intervention at the local level.

identifies communities, promotes the formation of implementing committees, and fosters participatory identification of community needs. These needs are translated into a sub-project, which is identified, appraised, and eventually approved by the Social Fund agency. The community implements the sub-project with the technical support from experts and the agency. After sub-projects are completed, the community groups are consulted and in some cases beneficiary assessments are conducted to evaluate the projects. The cycle starts again with targeting and promotion within new communities.

From a theoretical perspective, Social Funds are based on the Community-Driven Development (CDD) approach that developed at the World Bank. Although sometimes the terms Social Funds and CDD are used to indicate a similar kind of programs, they are different in that the former refers to an *instrument* used to implement development interventions, while the latter refers to a theoretical approach to development (De Silva & Sum, 2008: 1-2). Thus, Social Funds programs tend to use the CDD approach for their design and operation. CDD is a term coined at the World Bank to refer to projects where control over resources and decision-making is transferred to communities (De Silva & Sum, 2008: 2). CDD entails, by its very nature, community participation. In the next section, the development of the concept of participation in development will be studied, from the early school of Emancipatory Participation in the late 1960s to the development of participatory approaches at the World Bank and other Multilateral Finance Institutions (MFIs) in the 90s, to the critiques this type of interventions currently face.

1.3. PARTICIPATION IN DEVELOPMENT: LITERATURE REVIEW

The ideas that support the Community-Driven Development (CDD) approach, on which Social Funds are based, have their roots in the long-standing, albeit sometimes vague, idea that the recipients of development aid should be involved in the process of their own development (Crocker, 2008: 339). The idea of participation in development has been present since the beginning of the discipline. Several schools of thoughts, with different views of participation, have developed throughout the years; some of them prevail today as

complementary and sometimes mutually critic approaches to the essential concern of popular agency in development.

Although, for the most part, participation was considered a core precept of different currents within the ‘alternative development movement’ that developed between the 1960s and the end of the century⁵, participation is now commonplace in the development discourse. The basic idea that “persons or groups should make their own decisions, at least about the most fundamental matters, rather than having others [...] make decisions for them” (Crocker, 2008: 339) is widely accepted by most actors in development. The following sections will present a brief history of this concept as well as its current challenges.

1.3.1. The ‘60s and ‘70s: Emancipatory Participation or Collective Action

One of the first theories of participation in development, the ‘Emancipatory Participation’ approach originated in Latin America in the late 1960s, mostly as a reaction to authoritarian governments in that region. Freire’s⁶ theory was based on the postulate that “every human being, no matter how ‘ignorant’ or submerged in the ‘culture of silence’, is capable of looking critically at his world, and that provided with the proper tools, he can gradually perceive his personal and social reality and deal critically with it” (Long, 2001: 7). This approach sees participation as a right of citizenship that each person, regardless of his/her position in society, is entitled to. Education, self-awareness and ‘participation as citizenship’ would allow the individual to challenge subordination and marginalization and to transform his/her social reality. The approach pioneered methods now commonly known as participatory action research (PAR) while proposing critical consciousness, popular education, and support for popular organizations as ways of helping marginalized individuals to take action in society.

⁵Alternative development was coined in the 1970s and has invariably been used to refer to approaches proposed outside the ‘orthodoxy’ of the World Bank and other main donors’ development agencies. According to Pieterse (1998: 345), Alternative Development can be seen as a roving critique of mainstream development, as an interconnected series of alternative proposals and methodologies, or as an alternative development paradigm. However difficult a definition is, it is clear that alternative development has been concerned with alternative practices of development –participatory and people centered- and with redefining the goals of development (Pieterse, 1998: 345). On the other hand, ‘Mainstream Development’ refers here to the model that has prevailed in the ‘big development’ institutions, i.e. the World Bank, other MFIs and bilateral cooperation agencies.

⁶ Paulo Freire and his book *Pedagogy of the Oppressed* are the best well-known exponents of this school of thought. One of the editions of this book is available as: Freire, Paulo. *Pedagogy of the Oppressed*. New York: Continuum, 2007. In this paper, the author has referred to this source based on Long, C., 2001 and Hickey, S. and G. Mohan (Eds). 2004.

The initial enthusiasm with this type of notions was, by the early 1970s, replaced by the relative pessimism of the 'Collective Action' theories. These theories claimed that "in the absence of coercion, or some other special device to make individuals act in their common interest, rational, self-interested individuals will not act to achieve their common or group interest" (Olson, 1973 in Mansuri and Rao, 2003: 5). Furthermore, those with a smaller stake in the provision of a public good would ultimately free ride on the efforts of those with a larger interest on it (Mansuri and Rao, 2003: 5). Garret Hardin and others complemented this theory with the proposition that "common property resources would be over exploited as demand rose unless the commons were enclosed or strong state regulation was put in place to protect them" (Hardin, 1968; Demsetz, 1970; North, 1990 in Mansuri and Rao, 2003, p. 5-6). These notions were reflected on the policies and strategies supported by the main MFIs and bilateral cooperation agencies, arguing for strongly state-controlled interventions and a focus in property rights.

Collective Action theories and, especially, the management of Common Pool Resources were disputed in the 1990s by the work of Ostrom. Her main argument was that these theories were based in a set of theoretical assumptions that could be challenged at the empirical level. "In the 'real world' after all, one can change the capabilities of those involved and thus change the constraints themselves" (Mansuri and Rao, 2003: 7). Through empirical evidence, it was possible to demonstrate several experiences of common pool resources being successfully managed by 'endogenous institutions'.

1.3.2. The '80s: People-centred Approaches and Participation in Development

People-centred development approaches have their roots in the mid-80s disappointment with the results of 'big development' programs. People-centred development approaches emerged as an alternative to top-down interventions, being implemented by the state and fostered by the main development agencies. Rather than a single, encompassing theory, people-centred development is a collection of approaches, models and methodologies that share some core principles. These approaches have a focus on human well being as a guiding principle for development intervention. The models focus in 'development from below' or 'bottom-up' approaches to development

interventions. They recognize ‘ordinary’ people’s participation and their capacity to modify their social environment. Nayyar and Chang have articulated one of the premises of people-centred development in the following way: the “well-being of humankind is the essence of development [which] is often forgotten in the dominant discourse, where aggregate growth figures or the pro-corporate concept of ‘economic freedom’ get more attention than the well-being of people” (Nayyar and Chang, 2005: 3.). Within these approaches, and perhaps the development field in general, the single most influential model on participation has been the ‘participation in development’ approach whose ideas have been articulated by Robert Chambers and others.

The ‘participation in development’ approach proposes small-scale interventions in which local people are the main actors. Through participatory processes, *insiders* (i.e. local people who benefit from the intervention) formulate their own development priorities, while *outsiders* (i.e. development practitioners) utilize the *local knowledge* to facilitate the projects. This approach has often been regarded as a collection of methods to carry out participatory processes at the local level, which are summarized in the Participatory Rural Appraisal (PRA/PLA) model.

Chambers defines PRA/PLA as “a growing family of approaches, methods, attitudes and behaviours to enable and empower people to share, analyze and enhance their knowledge of life and conditions, and to plan, act, monitor, evaluate and reflect” (Chambers, 2002: 2). The approach is strongly linked to development practice while, by definition, lacks a rigid theoretical support. Chambers proposes that “each of us should give our own answers to what PRA or PLA is or should be [...] ‘Use your best judgment at all times’ is one part of the core [of PRA/PLA]” (Chambers, 2002: 2).

There are several tools used to facilitate participation processes at the local level, which involve visual and verbal methods such as diagramming, participatory mapping and shared presentations and analysis. These methods are meant to contribute towards empowerment since they allow people to express and share their knowledge with others and to learn through this process. The process of planning and implementing solutions to their own development allows people to “further learn through the experience of action” (Chambers, 1994: 1444).

PRA/PLA rapidly spread geographically, methodologically, and institutionally. From an early focus in appraisal and planning in rural interventions, mainly used by NGOs in a few developing countries, it has become a tool for planning, action and monitoring and evaluation in a wide range of (urban and rural) settings, used by NGOs, government and major donors in most developing countries (Chambers, 2002: 5). Together with the rapid spread of PRA/PLA, several challenges, dangers and critiques have come along, which will be presented later in this chapter.

1.3.3. Participation and “Big Development” Institutions

As noted, the concept of participation was, until the late 1980s, part of alternative development approaches. These approaches were mostly used by ‘third-sector institutions’ (NGOs, community-based organizations) but rarely adopted by multilateral finance institutions and bilateral cooperation agencies (Long, 2001: 8). Long (2001: 5) notes that

[...] in the early days of development, donor agencies, both bilateral and multilateral, were organized and shaped by the understanding that their mission was to *deliver* [sic] development to poor countries. People hired by these institutions were trained in economics, engineering or other, mostly technical, disciplines. They were expected to improve economic performance of developing countries, build roads, schools and hospitals [...] Development, however, has proven to be a more complex enterprise than anyone visualized [then]”

By the early 1990s, however, these agencies became more open to participation in development projects. Several changes in the political context in the late 1980s as well as more documentation on the value of participation to project effectiveness (Long, 2001: 9) led these agencies to conclude that beneficiary participation in development projects was desirable since it would enhance their effectiveness and sustainability (McGee, R., 2002: 95).

At the World Bank, the impetuses for incorporating participation were given mainly by outside institutions, i.e. NGOs and ‘social development’ scholars, but also by some actors inside the Bank. The first exploration of participation issues from within the Bank came with the book *“Putting People First: Sociological Variables in Rural*

Development” by Michael Cernea (1985 in Bebbington et al., 2006: 14), the first sociologist to be hired by the World Bank, in 1974. Cernea led the then recently formed Sociology Group at the Bank, a loose community of practice integrated by the scattered social scientists working for the institution in the 1980s. This group focused on ways to promote participation in rural development projects but also on incorporating a sociological dimension to the way development was understood by the Bank; “to challenge the ‘economic reductionism’ in the institution’s theory of development” (Bebbington et al., 2006: 14).

According to Bebbington et al. (2006: 15) ‘outsiders’ (non-Bank staff and researchers, NGOs, etc.) were instrumental to the work of the Sociology Group and, ultimately, the “cross-boundary relationships” between them and Bank staff “played an important role in opening up spaces in the institution that, in turn, [gave] more room to those within the Bank who [were] committed to social development”. The authors note that this kind of interaction ultimately led to the institutionalization of the concerns for participation within the Bank.

Pressures from non-Bank actors, especially NGOs, for the Bank to incorporate participation of the poor and civil society in its projects, led to the creation, in 1990, of a cross-organizational Participation Learning Group commanded by the NGO unit. This group had the mandate to “examine the issue of participation and identify challenges to the Bank in stepping up its efforts to support participation in its operations” (World Bank, 1994 in Long, 2001: 27). The research and analysis carried by this group is considered to have laid the groundwork for incorporating participatory practices into the Bank’s operations (Long, 2001: 32). This work culminated at a conference on participation in 1994, which would ultimately led to the publication, in February 1996, of the *Participation Sourcebook*. This book was designed as a resource on participatory methods and proposed new ways of working in development projects, and it was welcomed by outsiders as well as by a growing number of social development professionals at the Bank (Long, 2001; Bebbington et al., 2005).

The Bank focused in participatory beneficiary assessments and participatory formulation of Poverty Reduction Strategy Papers. Implementation of participation in

projects formally came with the Community-Based Development (CBD) and Community-Driven Development (CDD)⁷ approaches, which have become increasingly important at the institution (OED, 2005: 82).

Social Funds or Community-Driven Development?

The distinction between CDD and Social Funds is a complicated one. As it has been noted, Social Funds are an instrument that uses the CDD approach in program design and implementation. However, Social Fund programs precede CDD by almost a decade in the World Bank's programmatic theory and practice. De Silva and Sum (2008: 1) note that the term 'social fund' was originally a generic term used to describe multi-sector, demand-driven mechanisms financed by the MFIs, dating back to the 1980s. As these programs became more popular, the term was used more and more to describe projects linked to the Social Protection unit of the Bank. At the same time, similar programs, based on demand-based mechanisms, were established by other units at the Bank (especially the Social Development Network).

According to De Silva and Sum (2008: 1-2), Community-Driven Development was the term coined internally when, in 2000, an effort was made to understand the potential of these programs within poverty reduction strategies. CDD included a broad range of interventions characterized by transferring control over resources and decision-making from central agencies to communities (Dongier et. al, 2002: 3). Thus, CDD became the encompassing approach where the theoretical support for Social Fund programs lies. The CDD approach will be studied in the next chapter.

1.3.4. Beyond Participation? The critiques to Participatory Approaches

Since the end of the 90s, the participatory approach has been challenged on many grounds. Contrary to the claims that participation in development interventions contributes to project success and sustainability as well as 'empowerment' of the participants, many have contested that participation has serious flaws that need to be

⁷ Although there is not clear-cut distinction between them, especially when it comes to practice, it is increasingly assumed that CDD projects give communities control over decisions and resources while CBD emphasizes collaboration, consultation and information sharing with them (OED, 2005: xi).

addressed. Thus, in many cases, “the banner of ‘participation’ has been waved over projects that were, at best thinly participatory or, at worst, smokescreens for elite control” (Crocker, 2008: 339). Participation might actually not be ‘good in itself’ unless adjustments are made to the way it is implemented. Some have argued that participation should be discarded completely and new ‘alternative’ approaches should be found to improve development interventions (Cooke and Kothari, 2001a). Others have argued that participation has to move beyond its current applications to have a transformative role for citizenship and governance (Hickey and Mohan, 2004)

In general, the critiques to participation can be summarized in what Cooke and Kothari (2001b) have called the three ‘tyrannies’ of participation. Thus, the “tyranny of decision-making and control” argues that ‘local knowledge’ is structured by external project needs; participation is then ultimately used to legitimize the priorities of the donors and development agencies. The “tyranny of the group” refers to group dynamics that reinforce the interest of the already powerful, while the poor are still deprived of real voice in development priorities by the intrinsic power imbalances within the community. Finally, the “tyranny of the method” proposes that ‘participation’ has become the only accepted approach, and other methods that could provide for the pitfalls of participation approaches have been discarded.

As a response to this type of critiques some have argued that a broader transformative notion of participation has to be attempted to move beyond the routinisation of participatory exercises in development and public sector agencies (Hickey and Mohan, 2004). These arguments look at participation as a right of citizenship with the potential for transforming the political relations between citizens and governments (Christens and Speers, 2006: n.a.).

This Chapter presented an overview of Social Funds and their evolution as instruments to implement projects through a participatory approach. With respect to MFIs’ practice, these programs can be considered pioneers of a demand-based approach that has evolved into a set of principles contained in the CDD approach. Participatory approaches have been a part of development since its inception, although they were

more or less ignored by ‘big development’ institutions until the 1990s. They face now a series of critiques, since many argued that the ‘participation label’ might obscure power differences between development agencies and the beneficiaries as well as within the community. The critiques to participation, their theoretical postulates and empirical implications are essential for the focus of this research and will be analyzed more in-depth in the following Chapter. For that, the chapter will first introduce key concepts and categories for participation and will situate Social Funds and the CDD approach.



CHAPTER 2. A THEORETICAL FRAMEWORK FOR PARTICIPATION IN DEVELOPMENT

As the previous chapter illustrates, it is difficult to pin down one single ‘theory of participation’. Furthermore, since participation is a highly contextual term, it is possible to find several definitions of it depending on the organizational culture or the perspective used to define it. The American Heritage Dictionary defines participation as “the act of taking part or sharing in something”. This simple term becomes more intricate when applied to the specific context of development interventions. This section intends to get a better understanding of the dimensions of participation within the development context.

2.1. DEFINING PARTICIPATION: KEY CONCEPTS

Jennings defines participation as the “involvement by local populations in the creation, content and conduct of a program or policy designed to change their lives” (Jennings, 2000: 1). This definition does not refer to what level of involvement of the local people is considered participatory as well as it does not take into consideration the aim that participation is to achieve. The author adds that, under the “belief that citizens can be trusted to shape their own future, participatory development uses local decision making and capacities to steer and define the nature of the intervention” (Jennings, 2000: 1). Taking into account the capacity of local people to undertake their own development, this statement proposes that participatory processes *utilize* ‘local-knowledge’ to the service of better development interventions since participation “increases the odds that a program will be on target and its results will more likely be sustainable” (Jennings, 2000: 2). As we have seen, this is indeed one of the aims of participation, although it falls short from other notions that consider participation as a tool to *empower* local people.

The World Bank defines participation as the “process through which primary stakeholders influence and share control over priority setting, policy-making, resource allocations and access to public goods and services”⁸. This definition, although acknowledging

⁸ (World Bank Participation and Civic Engagement Group’s Website, 2007). For the World Bank, “key stakeholders are clearly those intended to be directly affected by a proposed intervention, i.e. those who may be expected to benefit

a degree of control of primary stakeholders, also lacks a dimension that considers the aims of the participatory processes.

The definition given by Foster and utilized by GTZ notes that

Participation is seen as a principle to promote initiative, self-determination and the taking over of responsibility by beneficiaries, thus representing a critical factor for meeting a project's objective. Increasingly, however, [...] the term [has to be] understood as a socio-political process concerning the relationships between different stakeholders in a society, such as social groups, community, policy level and service delivering institutions. In this meaning *participation aims at an increase in self-determination and re-adjustment of control over development initiatives and resources.* (Forster, 1998 in Long, 2001: 15)⁹

The differences in the three definitions would reflect what has come to be known as the means/ends distinction between the aims of participation. Thus, the first two definitions consider participation as a *means* to accomplish the project goals more efficiently and with more sustainable results. The third definition, while recognizing the 'means' dimension refers to participation as an encompassing 'socio-political' process where relations among different actors of development are taken into account. In this definition, participation also seeks to 're-adjust' the power relations ("control") and to contribute to self-determination, both closely related to 'empowerment'¹⁰. Participation as an *end* in itself refers to the use of participation as an empowering tool for local people to lead their own development.

The means/end discussion shares some resemblances with the distinction made between *instrumental* and *transformative* participation, where *instrumental* participation aims at ensuring project sustainability, community commitment and cost-sharing in development interventions (McGee, 2002: 100) This category is referred by some as participation as a *means* for better project results (Long, C., 2001:18). *Transformative* participation refers to a type of participation that enables people to decide their development priorities and to take control of it, as a *means* to empowerment and ownership, which would also lead to better project results. In the context of this research, the instrumental/transformative distinction is

or loose from Bank-supported operations". The term primary stakeholder is used to refer to "poor and marginalized people" (In Long, 2001: 14-16).

⁹ Italics added.

¹⁰Empowerment is understood here as "the process of communities equipping themselves with the knowledge, skills and resources they need in order to change and improve the quality of their own lives and their community. Empowerment may come from within or it may be facilitated and supported through external agencies". (Source: www.quest-net.org listed in References)

preferred, since it is considered that even when participation is aimed at empowering people, it is still a *means* to achieve it. In that light, the means/ends dichotomy would not be useful to understand the goal of participation since the proposition that participation is the end in itself is difficult to hold, especially from a participant's perspective. If people participate, it can be assumed that the participants are seeking to obtain a benefit from that participation (even when this is not a material benefit but it is related to self-satisfaction, prestige or satisfying altruist needs).

Another distinction is defined as *participation in projects* and *participation in development*. According to McGee, this distinction refers to different 'schools' of participation, where *participation in projects* is the approach utilized by the 'orthodoxy', and *participation in development* is the approach held by the alternative movement's scholars and practitioners. The latter seeks to "enable poor people to define what sort of development they aspire to, and to become empowered" (McGee, 2002: 100) through the participatory process. *Participation in projects*, in turn, would seek to include participation in a process designed and managed by external agencies.

These distinctions carry, implicitly, the idea that one of the categories is 'more participatory' than the other. Then, there is a risk of over-simplifying the mainstream-alternative development dichotomy as one where major donors and agencies, i.e. the 'big development' institutions or 'orthodoxy', are caught in the *participation in projects* view and utilize participation as instrumental to only obtain better project results, whereas the *participation in development* school focuses only in empowerment. As proposed by Parfitt (2004: 540-541),

No agency can afford to completely ignore participation, just as no agency can afford a completely cavalier attitude to the need to achieve at least some measurable development objectives. Even the most top-down orientated organization wants to engender some participation in its projects [...] while those agencies that are concerned with empowerment want at least some measurable benefits to accrue to those that they empower.

Furthermore, every development intervention implies the presence of an external agent and thus, participation becomes an exercise in which people are invited to take part. If we stick to the differentiation mentioned above, it becomes difficult to find development initiatives that are not 'participation in projects' (self-mobilization being the only one that is

not included in an externally designed intervention). In this sense, McGee (2002: 92) notes, “the exercise of *agency* only becomes participation when the impetus or framework for a development activity is located outside people’s life worlds”¹¹. Accordingly, the distinction would only be relevant for the debate because it leads us to pay attention to the fact that the external agencies and facilitators are crucial to the process. The way in which they design their own intervention would make this process more or less participatory, being to a certain extent, in their control to change that. As Bathnagar and Williams have noted, “people do not participate in external interventions; they live their lives. External interventions interfere in their lives and, therefore, the onus lies on external agencies, not people, to devise methods to participate” (Bathnagar and Williams, 1992 in McGee, 2002: 92).

This research will understand *participation* as the process through which key stakeholders influence and share control over priority setting, design, resource allocation and implementation of a development intervention¹². The purpose of that participation might be instrumental or transformative, the latter tending to achieve more sustainable effects and benefits by changing some of the constraints the target population might face to get involved and be active participants. Furthermore, key stakeholders *take part* of an intervention whose initial impulses come from outside their lives’ frameworks, from the development agency.

It is important to note that there are different ‘types’ of participation according to different levels of involvement. Thus, participation levels range from purely informative or consultative levels, to collaborative or empowering levels where the individuals’ share of decision-making power. Long (2001:16) follows the World Bank’s categories for identifying the mechanisms that correspond to each level of participation (Box 2.1.). These categories imply that some forms are ‘more participatory’ than others, according to the different levels of involvement of the beneficiaries. In addition, the mechanisms progressively include the less participatory tools and characteristics into more participatory forms. However, the disclaimer is that, usually, some forms of participation might be more appropriate than others in different contexts.

¹¹ *Agency* refers here to the individual capacity of being an „agent“ in the sense of being „someone who acts and brings about change, and whose achievements can be judged in terms of her own values and objectives, whether or not we assess them in terms of some external criteria as well“ (Sen, 1999, p. 19).

¹² Adapted from World Bank definition.

Table 2.1. Participation Mechanisms

Mechanism	Tools and Characteristics
Information-Sharing Mechanism	<ul style="list-style-type: none"> - Translation into local languages and dissemination of written material using various media. - Informational seminars, presentation and public meetings.
Consultative Mechanism	<ul style="list-style-type: none"> - Consultative meetings. - Field visits and interviews (at various stages of the work)
Joint Assessment Mechanism	<ul style="list-style-type: none"> - Participatory assessments and evaluations - Beneficiary assessment
Shared- Decision Mechanism	<ul style="list-style-type: none"> - Participatory planning techniques - Workshops and retreats to discuss and determine positions, priorities, roles. - Meetings to help resolve conflicts, to seek arrangements, and engender ownership. - (Public) reviews of draft documents and subsequent revisions.
Collaborative Mechanism	<ul style="list-style-type: none"> - Formation of joint committees with stakeholder representatives. - Formation of joint groups, task forces. - Joint work with user groups, intermediary organizations, and other stakeholder groups. - Stakeholder groups given principal responsibility for implementation
Empowering Mechanism	<ul style="list-style-type: none"> - Capacity-building of stakeholder organizations - Strengthening the financial and legal status of stakeholder organizations - Hand-over and self-management by stakeholders - Support for new, spontaneous initiatives by stakeholders

Source: World Bank, 1994b in Long, C., 2001, p.16

In spite of the tools and mechanisms used to achieve different degrees of participation, it is important to bear in mind that participation can entail *formal* and *substantive* inclusion. *Formal* inclusion “concerns the extent to which different [local stakeholders] are able to enter decision-making arenas” (Pozzoni and Kumar, 2005: 4), in the sense of being formally admitted, without necessarily having the power to influence the process. *Substantive* inclusion refers, in turn, to the “extent to which different participants are able to voice their views and the extent to which these are taken into consideration by other participants” (Pozzoni and Kumar, 2005: 4). This is a relevant distinction that seeks to explore more into the functioning of participatory mechanisms. It allows incorporating to the ‘measurement’ of

participation, concerns related to the ‘real’ participation of weak or marginalized people or groups *vis-à-vis* more powerful ones.

2.2. COMMUNITY-DRIVEN DEVELOPMENT AND SOCIAL FUNDS THEORY

2.2.1. The Community-Driven Development Approach

Social Funds are *instruments* that in most cases use the Community-Driven Development (CDD) *approach* to implement development interventions. CDD refers to community-based projects in which “communities have direct control over key project decisions as well as [in some cases] the management of investment funds” (Mansuri, and Rao, 2003: 2). Community means here the ‘group’ within a particular local context to which the intervention is ‘targeted’ (target group). In Social Funds, this target group participates in government or donor financed programs, and works together with them to develop interventions that help meeting the community’s priorities in education, health and other social and economic infrastructure. ‘Preference targeting’ is defined as the extent to which the preferences of the community (needs and priorities) are met by the intervention.

Dongier et al. (2002) describe CDD as a mechanism that can: (i) Enhance sustainability; (ii) Improve efficiency and effectiveness; (iii) Allow poverty reduction efforts to be taken to scale; (iv) Make development more inclusive; and (v) Empower poor people, build social capital, and strengthen governance. They claim that CDD achieves this by (among other things): (a) reducing the information problems that face both the project facilitator and beneficiaries by eliciting development priorities directly from target communities and allowing target communities to identify projects; and by (b) strengthening the civic capacities of communities by nurturing representative organizations, and by enabling them to acquire skills and organizational abilities that strengthen their capacity for collective action. According to Mansuri and Rao (2003: 2),

CDD [...] has the explicit objective of reversing existing power relations in a manner that creates agency and voice for the poor, while allowing the poor to have more control over development assistance. It is expected that this will result in the allocation of development funds in a manner that is more responsive to the needs of the poor, better targeting of poverty programs, more responsive government and better delivery of public goods and services, better maintained community assets, and a more informed and involved citizenry that is capable of undertaking self-initiated development activity.

Thus, CDD aims at achieving better project outcomes and empowerment of local populations through a participatory process that involves joint assessment, shared-decision, collaborative, and empowering mechanisms. It holds a view of participation in projects that is both instrumental and transformative, considering both issues of project sustainability and success, as well as empowerment of the individuals that take part of the process.

2.2.2. Community Participation in Social Funds

According to a recent publication (Van Domelen, 2006, 186), the way by which Social Funds incorporate participation and demand-driven approaches into their design has changed over the years. Van Domelen notes that “having once been interpreted as ‘proposals come from the community’, ‘demand-driven’ is now often taken to mean that project proposals are identified in an open, participatory and egalitarian way by a fully informed citizenry, and reflect the top priority of the majority of the community members” (World Bank, 2002 in Van Domelen, 2006: 192). This is indeed a ‘raising of the bar’ for a definition of participation within Social Funds, but one that requires that many more institutional and organizational mechanisms be in place to ensure that this happens in practice.

Regarding the particular focus of this research, there have been some studies that are important to note down on the issue of participation in Social Funds. A cross-country impact evaluation carried by the World Bank (Rawlings et al., 2004) found that Social Fund projects in six countries largely reflected community priorities. The study goes on to say that

[...] communities tend to be very involved in the identification of investments, and only slightly less involved during the execution. During execution, between one-third and two-thirds of citizens report participating, depending on the country, usually by contributing to the project’s management or by donating labour, materials or cash (Rawlings et al., 2004: xxi).

However, this study notes that participation fell off significantly in the project design phase (Rawlings et al., 2004: 148). It was argued that specialized or technical knowledge was required at this stage, especially since many projects involve the provision of some sort of infrastructure. However, a low degree of participation at this stage could jeopardize the entire sustainability of the project; especially if cultural, social or economic characteristics of a particular local reality are not taken into account.

Another study by the World Bank focuses on the design of Social Fund programs and its impact on participation and demand orientation (Narayan and Ebbe, 1997). The study is based on the review of staff appraisals reports for 51 projects at the Bank. In spite of being limited by the information contained in the appraisals and other information from interviews with task managers at the World Bank, this is a very comprehensive study on Social Funds that has the merit of putting the emphasis in the design phase of these programs. The study notes that Social Funds “score high in the extent to which the sub-project cycle is geared towards community participation”. Unlike Rawlings et al., this study finds that 90 percent of projects “make some attempt to involve community-level actors in the [...] planning of sub-projects”. However, Narayan and Ebbe find that only one third of the projects mentioned “the need to ensure representation of vulnerable groups, including the poor, women and indigenous people”. Very few projects mention mechanisms by which participation of ‘community-level actors’, let alone vulnerable groups, would be achieved. The study concludes that the weakest elements in the design of Social Funds are investment in local organizational capacity, lack of arrangements for monitoring participation, demand and progress in local organizational capacity.

The mentioned studies are different in nature, since the former measures levels of participation whereas the latter addresses issues Social Funds program design without measuring participation in practice. Nevertheless, these studies show that many challenges persist with the Social Fund model. Particular questions remain not only on the study of Social Funds design but also on the influence of that design at the community level. The following section will assess where the main problems of participation in projects may lie, according to different theoretical arguments.

2.3. THE CRITIQUES TO PARTICIPATION

Participation in development interventions is not free from problems. The body of concerns about participation can be divided in those that come from ‘inside’ the field of ‘participation proponents and practitioners’ and seek to adjust participatory methodologies to meet their expected goals, and those critiques that come from ‘outside’ and seek to ‘re-adjust’ the current importance that participation has in the development discipline. On the latter,

McGee has noted that “few of the destructive critiques offer any comparison of outcomes achieved via participatory techniques with outcomes achieved using other techniques; nor do most propose plausible alternatives” (McGee, 2002: p.108). Nevertheless, it is important to analyze what the pitfalls of participation might be, in order to understand how processes and outcomes can be affected by these constraints in Social Funds.

Among the early proponents of PRA/PLA, Chambers has been one of the main authors to warn about the dangers of badly applied participatory methodologies. To this author, the problems lie in the ways participation is implemented, and not in an intrinsic pitfall of the approach itself. His concerns and analysis try to deal with the consequences the rapid spread of these methodologies might have for the quality of participatory processes.

The critiques from ‘outside’ are articulated around various propositions that have been well summarized in the book *Participation: the new Tyranny?* (Cooke and Kothari, 2001a). The word tyranny evokes strong feelings and the authors have justified both its attention-seeking aim as well as its accuracy, since, they argue, tyranny is one of the counter-intuitive potential consequences of participation (Cooke and Kothari, 2001b: 3-4). They identify three particular sets of tyrannies: a) ‘the tyranny of decision-making and control’ by which facilitators would override existing legitimate decision-making processes at the local level; b) ‘the tyranny of the group’ by which group dynamics would lead to participatory decisions that reinforce the interest of the already powerful and c) ‘the tyranny of the method’ by which participatory methods have displaced other methods which might be more appropriate in some contexts (Cooke and Kothari, 2001b: 7-8). Perhaps articulated in a less radical way, the critiques raised in the first two types of ‘tyrannies’ have been identified by many scholars and practitioners from both ‘sides’. They will serve as the as the basis to summarize the main line of this research and will be addressed accordingly in the following sections.

The ‘tyranny of the method’ proposes that the pitfalls of the other two are reinforced by a disregard of alternative methods, since participatory methodologies have become the sine-qua-non of development interventions, and other alternatives have been discarded. This proposition could be considered rather extreme, since it would not be possible to say that, for example, all projects at the World Bank and other MFIs are dominated by the

participatory approach. Furthermore, this ‘tyranny of the method’, as articulated by its proponents, risks confusing the problems in the implementation of participatory methods with the theory of the method itself. This discussion brings to light an intrinsic problem that participatory methodologies critiques face, i.e. there is rarely a clear distinction between the participatory approach’s ‘*theory*’ and the way it is *implemented*. In other words, participatory methods are usually blamed for the pitfalls of the practitioners and institutions that implement them (McGee, 2002: 107). On that light, and being the focus of this study only to assess the role of the ‘external agents’ in making ‘participation more participatory’, this research will not deal with the ‘tyranny of the method’.

2.3.1. Participation and the Implementing Agency’s Perspective

The ‘tyranny’ critique suggests that in practice local knowledge (i.e. community needs, priorities and plans) is structured by the ‘project needs’ and by external planning processes. In addition, it is claimed, “participatory ideals are often operationally constrained by institutional contexts that require formal and informal bureaucratic goals to be met” (Cooke and Kothari, 2001b: 8). In this regard, some have argued that the agency facilitating the participatory process is not impartial and has its own pragmatic policy interest such as cost effective delivery of services or goods (Mansuri and Rao, 2003: 8). Participation would ultimately be used to legitimize the priorities of the external agencies.

Mosse (2001: 16-35) identifies various instances at which participation would be constrained by the external agency. First, he argues that, through participatory processes, ‘outsider agendas’ get expressed as local knowledge. External agencies “own the research tools, choose the topics, record the information, and abstract and summarize according to project criteria” (Mosse, 2001: 19). Consequently, project facilitators are in a position to influence the shaping of needs by local people. Communities then express their needs based on the perceptions of what the agency is able to deliver.

Moreover, Mosse (2001: 24) argues that, as a consequence of organizational and institutional constraints, “people’s planning is manipulated by external agencies”. According to the author, the project would be influenced by the need of the external agency to interact

with a wide range of actors (i.e. the community, donors, and government agencies) and to find 'acceptable' solutions for all of them.

In addition, there are organizational systems and procedures that would affect the work of project managers and facilitators (e.g. budgeting time frames, procedures for approval, etc.). This means that "fieldworkers working under pressure to 'keep up momentum', to meet expenditure targets and to maximize quantifiable achievements may find themselves giving priority to familiar, conventional programs over innovative initiatives where approval may be uncertain or delayed" (Mosse, 2001: 24).

It is important to note that Chambers (1994: 1441-2), in 1994, had already referred to the major dangers that the particular approach of PRA/PLA faced in its implementation, namely: a) 'instant fashion' and the possible discredit of the approach by rapid adoption, followed by misuse, and using the label without the substance; b) 'rushing' in participatory processes; c) 'formalism' and a need to codify and standardize, which is an inherent problem to innovations, specially when they are 'institutionalized' and particularly problematic for an approach that is based in flexibility of application; d) 'routinisation' and a decrease in innovation to find new options to apply participatory methodologies. According to the author, "normal bureaucratic tendencies to standardize, centralize, and impose top-down targets impede or prevent the open-endedness, flexibility, creativity and diversity of good PRA" (Chambers, 1994: 1447).

Acknowledging the role of facilitators and managers at the external agency, Chambers argues that a key element lies in the commitment of this staff towards participation. According to the author,

Training [on participatory methodologies] at lower field levels without higher-level understanding and commitment has proved ineffective. It appears critical for adoption that the middle-level managerial staff in any organization genuinely, and not just verbally, wishes to use or support PRA. If the staff does not, there are many ways in which its lack of support can undermine and finally eliminate the participatory spirit and practices of PRA. [...] The bottom line in organizations has been, however, individual choice and freedom. Much has depended on facilitators who were both committed and free of line responsibilities. (Chambers, 1994: 1447)¹³

¹³ Italics added.

In addition, some of the agency's characteristics, such as organizational culture and implementation styles, would influence the application of participatory methodologies. Chambers (1994: 1447) notes that this problem has proven particularly important in government organizations that are less flexible and require a change in attitudes and behaviours, as well as in their operation. Thus,

More resistance to [PRA's] adoption and spread has been found in organizations with *strong top-down authority and hierarchy, evaluative and punitive styles, and repetitive routines and actions*. Conversely, the most rapid and effective adoption and development of PRA has been in organizations with *democratic management, lateral communication, and flexible and adaptive modes of operation* (Chambers, 1994: 1447, Italics added).

Experience has shown that the organizations in which PRA/PLA has been more easily adopted share common characteristics: a stable leadership committed to participatory approaches; a majority of the staff wishing to use PRA/PLA; little rent-seeking activity by staff; and recurrent reinforcement (Chambers, 1994: 1448).

Thus, the *organizational and institutional* context of the implementing agency could influence participatory processes in a way that alters project design and outcomes, i.e. the real needs or priorities of the community would not be addressed. As external agents 'own' the project and the methods, they would influence 'local knowledge' formation and local people would demand what they think they can get, which might not be what they really need. Moreover, bureaucratic and institutional pressures could lead to the 'external agents' bypassing or 'manipulating' the participatory process in order to achieve measurable results that they can exhibit to donors and other actors. In addition, Chambers suggests that government organizations have more difficulties in implementing participatory processes. Some specific characteristics within the organizational context of the external agency may increase probabilities of success in application of PRA/PLA and other participatory methodologies. These issues are relevant for the study of Social Funds as they might serve to identify institutional and organizational elements that foster community participation.

2.3.2. The Community Perspective: Who participates?

Mansuri and Rao (2003: 10) note that, when the term community is employed, it is usually a simplification made by external actors (agencies, governments, donors) in order to define the “project parameters”. There are, however, two main problems with the indiscriminate use of this term: a) the geographical or conceptual boundaries of a community are not always easy to define, since administrative boundaries can be meaningless when other ethnic, religious or settlement patterns are in place; b) a community is not a homogeneous entity and assuming so may overlook economic, social and gender differences that ultimately define power relations within the community¹⁴.

As noted earlier, the ‘tyranny of the group’ proposes that participation processes at the community level are affected by group dynamics that reinforce existing power differences and deprive the less powerful (that is, in general, the poor and women) of real ‘voice’ in this process (Cooke and Kothari, 2001: 1-15). It has also been argued, “participation might lead to psychological and physical duress for the most socially and economically disadvantaged [...] since genuine participation for [them] may require the taking of positions that are contrary to the interest of the most powerful groups” (Mansuri and Rao, 2003: 8).

Chambers (1994: 1444-8) argues that one of the most important challenges that can compromise the quality and outcomes of participatory process is the belief that participation by itself would empower, regardless of who participate. Participation should not be regarded as intrinsically good; as social and gender differences at the local level could be carried into participatory process. It is necessary to consider who gains from it and if vulnerable and marginalized groups are also able to participate and to ‘be empowered’ in the process. Specific measures might need to be taken to ensure participation of marginalized and vulnerable people.

As noted, participation can refer to ‘*formal* inclusion’, which does not ensure that the people in the process have the possibility of effectively influencing its outcome (‘*substantive* inclusion’). Since, most times, communities are not homogeneous; the access to information or to certain instances of participation might be *substantially*, although not *formally*, voided to some individuals, based in social or gender differences. In this regard, the external agency

¹⁴ ‘Community’ will be used in the context of this research as a ‘target group’ or the group participating in the project, bearing in mind the two caveats mentioned.

implementing the project has a role in the design of mechanisms that allow both formal and substantive inclusion for community members.

Finally, many participatory projects usually require communities to make an in-kind or cash contribution towards it. This mechanism has been praised as a characteristic which contributes to project ownership and sustainability (Dongier et al., 2002: 24). However, if not properly structured, these contributions could be a serious factor hindering participation of the most disadvantaged individuals in the community. If some of the costs of the projects are shifted to the beneficiaries, the poorer could be forced to make “contributions that are far more substantial than those made by the rich” (Mansuri and Rao, 2003: 9). In most cases, an in-cash contribution can be prohibitive while in-kind contributions can discourage participation by requiring to sacrifice present income-generating activities towards future uncertain recompenses. In this line, it is important to look at how those contribution schemes are designed within the project.

Participation could then be influenced by social and gender differences within the community. In turn, this might have consequences for both the way needs and priorities are articulated in projects as well as for the assumption that participation would lead to empowerment of the poor and marginalized. As it has been proposed, it would be necessary that the agency together with the community devise methods to lessen the impact of these differences. In order to assess community participation, it is relevant to keep in mind the mentioned constraints when analyzing Social Funds design.

2.4. CDD/SOCIAL FUNDS PRINCIPLES FOR PARTICIPATION

Within the CDD approach some principles have been identified that can foster participation in community-driven projects. It is useful to examine these principles as a basis for the study of Social Funds this research sets out to do. Dongier et al.¹⁵ argue that relevant principles that should guide policy formulation and program design to enhance the effectiveness and sustainability of CDD interventions are as follows.

1. Establish an enabling environment through relevant institutional and policy reform: refers to the policies, laws, systems, and governance processes that encourage effective

¹⁵ The principles and their descriptions in the following pages follow the general arguments proposed by Dongier et al, 2002: 22-29.

collaboration among government, civil society, service providers, and Community-Based Organizations (CBOs) or community groups.

2. *Make investments responsive to informed demand:* communities should have access to sufficient information to weigh tradeoffs and make realistic choices from a range of options that meet their needs and fit local conditions, culture, values, and available operation and maintenance capacity. Furthermore, community co-financing may be an important factor in building ownership and in helping to ensure that appropriate choices are made and investments are sustainable.

3. *Build participatory mechanisms for community control and stakeholder involvement:* Communities that have ownership of a project or program would be more likely to sustain outcomes. This implies providing inclusive community groups with knowledge, control, and authority over decisions and resources throughout all phases.

4. *Ensure social and gender inclusion:* CDD needs to be responsive to the priorities of all poor groups and to be designed to be socially inclusive, giving voice and decision-making responsibility to disadvantaged groups

5. *Invest in capacity building of CBOs:* The impact of CDD programs is directly related to the strength of the CBOs or community groups driving the process. Training and capacity building of CBOs through “learning by doing” should thus be an important component of CDD programs.

6. *Develop simple rules and strong incentives, supported by monitoring and evaluation:* Community access to resources needs to be governed by simple rules that are easy for participating communities to interpret and apply. In addition, key actors at all levels should be rewarded for performance through objective evaluation based on clear criteria. Systematic monitoring and evaluation of program processes and outcomes are critical to ensure that programs continue to grow and adapt to changing conditions.

7. *Maintain flexibility in design of arrangements:* Flexible program planning and decentralized decision-making mechanisms, situated as close to the community as possible, facilitate quick response to change.

These principles are important since they point out to ‘ideal’ elements that Social Funds and CDD projects should aim at. It is clear that it is far more complicated to implement

programs that can actually fulfil all these requirements as there might be dynamics on the implementing agency side, as well as in the community side, that have to be addressed beforehand. Nevertheless, they are a theoretical guide to the practice, and will be relevant in the design of the empirical part of this research.

2.5. SUMMARY OF KEY CONCEPTS

The main theoretical arguments described so far will be summarized here with two purposes, i.e. to distil some of the key conclusions from the concepts discussed above in the form of a more coherent theoretical framework; and, to serve as the basis for the research objectives and questions that will be developed in the following chapter.

Community participation is understood here as the process through which people from a target local group influence and share control over priority setting, design, resource allocation and implementation of a development intervention. The involvement of the target group might aim to ensure project sustainability and improving overall project results (*instrumental participation*) as well as to create greater empowerment and project ownership at the local level (*transformative participation*).

It is proposed here that local groups participate in interventions that are framed in a program located at an instance outside the community (*external development agency*). This translates into an active role of the external agency for devising the mechanisms for participation. These mechanisms can be more or less inclusive, ranging across a continuum that goes from *Information-sharing*, *Consultative* or *Joint Assessment* mechanisms to *Shared-Decision*, *Collaborative* or *Empowering* mechanisms. Moreover, any participation mechanism can entail two forms of inclusion: one that is *formal* and refers only to the possibility of entering the participation spaces; and, another one that is *substantive* and refers to the possibilities of expressing opinions and influencing the process.

The Community-Driven Development (CDD) approach to participation originated at the World Bank and serves as the 'theory' to Social Fund interventions. The CDD approach proposes that communities have control over key project issues as well as the management of resources in development interventions. Under this scheme,

the aim of participation is to ensure *project sustainability*, *improve effectiveness* and *empower* local people by reducing the information gap between the project facilitator (external agent) and the beneficiaries (local agent), and strengthening local capacity for collective action.

Social Funds programs rely on the CDD model to accomplish their goals by financing small projects whose priority, design and implementation are controlled to a certain degree by local populations. In this sense, it is relevant to look at the scrutiny that participatory approaches are undergoing. Some of these arguments identify two main dynamics within the external agency context that might affect participation processes. First, it is claimed that the external agency as well as the facilitators have their own priorities and ‘own’ the participatory tools and the project. They can influence the planning process at the community, whose members ultimately shape their needs according to what they think they can obtain from the agency.

The second dynamic that constrains the implementation of participation refers to *formal and informal bureaucratic goals* within the agency’s organizational and institutional context. Some *organizational and system pressures* might affect the job of managers and facilitators and they might end up privileging methods that are not participatory, but can accrue some quantifiable results. Lastly, within its institutional context, the agency has to find acceptable solutions for all of its stakeholders, which might compromise its work with the community.

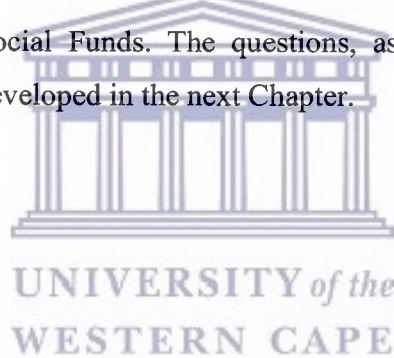
According to Chambers, the organizational culture and the implementation style of the external agency have an influence in participatory projects implementation (Chambers, 1994: 1447). Bureaucratic tendencies to standardize, centralize and impose top-down targets hinder a correct application of participatory methods; and, organizations that are less flexible and have strong top-down authority and hierarchy styles might have a greater tendency to these problems (Chambers, 1994: 1447).

Lastly, another challenge to the implementation of participatory processes lies in the community itself. Communities are not homogeneous entities that are easily defined within geographic borders. Differences within the community might hinder possibilities to participate for some individuals. Here, the external agency also has a role in devising

mechanisms that lessen the possible negative effect of these problems within the communities.

Some principles have been identified that might help counteract the effects of faults in design and implementation. It appears that the organizations where PRA has been more easily adopted have shown to have a stable leadership committed to participatory approaches and a majority of the staff wishing to use the method (Chambers, 1994: 1448). On a similar line, CDD proponents have also pointed out some principles for program design that might help counteract the problems of implementation. Some of these key principles are: a) Establish an enabling institutional environment; b) Make investments responsive to informed demand; c) Ensure social and gender inclusion; and d) Maintain flexibility in design of arrangements.

This research intends to assess the incidence of the mentioned constraints on community participation in Social Funds. The questions, assumptions and goals on which this research relies are developed in the next Chapter.



CHAPTER 3. RESEARCH DESIGN

3.1. RESEARCH OBJECTIVES AND QUESTIONS

One of the main principles on which the Social Funds model rests is the design and implementation of projects by the community. This type of participation is expected to contribute to development interventions that more accurately reflect the needs of the beneficiaries (specially ‘the poor’ and vulnerable) by meeting the community’s priorities (i.e. a more accurate preference targeting), and by generating greater project ownership and sustainability. Overall, this would lead to better project performance.

However, as noted in previous chapters, community participation processes might face challenges arising from the organizational system, implementation style and institutional environment of the Social Fund agency. If these challenges become constraints for the application of participatory processes, they could jeopardize the presumed benefits of such processes.

This research draws from these arguments and has the main objective of *assessing the role of the Social Fund agency’s organizational system and institutional context in community participation processes*. By doing so, it aims at identifying key organizational and program design characteristics and institutional context elements that can influence the implementation of participatory processes in Social Funds. The research expects to answer the following questions:

- Do the Social Fund agency’s organizational and institutional contexts influence community participation in Social Funds?
- If so, which key organizational and institutional characteristics have a greater influence on participation processes?

In order to answer these questions, the research will look at three aspects of the organizational and institutional context and will focus on some specific questions within those aspects:

- a) The **Organizational System and Procedures** might be designed in a way that affects overall possibilities for communities to participate in Social Fund projects. Are Social Funds’ program design and organizational procedures geared towards

supporting community participation? Are Social Funds' organizational policies and systems flexible and adaptive?

b) **Social Fund Staff** might not be prepared, have incentives and/or be committed to design and implement community participation processes, thus affecting community participation in Social Fund projects. Is the Social Fund staff¹⁶ trained, committed and/or motivated to design and implement participatory processes at community level?

c) **Institutional Environment.** How do key actors in the institutional environment of the agency influence community participation processes? Specifically, do local authorities and local indigenous institutions influence participation in Social Fund projects?

This research will also analyze **Community Participation in Social Fund Projects**, defined as the degree of influence and control by the target group over priority setting, design, resource allocation and implementation of a Social Fund project. The analysis of this aspect will take into account that there are different levels of participation that range from access to information, opportunity to express opinions, and possibilities to take part in decision-making and/or in representation spaces. These levels can refer to formal or substantive inclusion and may differ according to individual or group differences within the community (social and gender inclusion).

Finally, it is important to note that this research assumes that *participatory methods have a positive impact on project outcomes*. As it was discussed in the theoretical part of this study, community participation may increase the odds that a project will more accurately target the beneficiaries' needs and priorities (*preference targeting*) and increase *ownership* and *sustainability*. This research assumes that the problems of community participation lie in implementation pitfalls and not in the method itself. However, as the research will mainly use a qualitative data collection approach, these effects will be considered within the interview questions. This will be done in an exploratory manner, with the purpose of supporting the

¹⁶ The term 'Staff' will be used indistinctly in this research to refer generally to all levels of the organization's employees, including field staff. The term *Managers* will refer to mid- and higher levels of management staff. The term *Field Staff* will be used only when referring to the personnel working in projects at community level.

stated assumption and to get anecdotic data on it. The research will not seek to scientifically verify for the effects of community participation on project outcomes.

3.2. OPERATIONALISING KEY RESEARCH CONCEPTS

In order to assess the questions posed by this research, it is necessary to differentiate the various elements that conform the Social Fund *Agency's Organizational and Institutional Context*. Each of these elements will be analyzed in this section following the different areas the research questions and objectives seek to study.

3.2.1. The Organization's System and Procedures

The Organizational Systems and Procedures of the Social Fund will be analyzed in terms of the agency's organizational structure, roles, and formal and informal procedures. The objective is to analyze in which ways the organizational system is geared towards participation. For that, selected key indicators will be identified and assessed:

- *Project Cycle*: the design of participation spaces and the instances at which community can participate throughout the Social Fund project cycle.
- *Structure*: the characteristics of the organization's structure will be analyzed in order to assess its *authority and hierarchy style*, as well as *the mechanisms for community to access Social Fund's officials and Social Fund's decision-making instances*.
- *Standardization and Flexibility*: The extent to which the procedures are adaptive and flexible. This indicator will look at ways by which formal procedures and project criteria can be altered to incorporate innovative ideas and suggestions, or to adjust to particular project circumstances.

3.2.2. Social Fund Staff

As noted, the degree of understanding, commitment and motivation that the external agency's staff has towards participatory methods may influence community participation. It is relevant to analyze different aspects related to personnel's knowledge of community issues, their influence in the process and the commitment of the organization to motivate and equip its

personnel and field staff to implement participation processes. The research will look at these aspects:

- *Staff involvement at Community-level:* the involvement and roles of middle management and field staff at the community level will be assessed.
- *Staff Academic Background and/or Technical Expertise:* This indicator aims to understand the personnel's background in relation to participation methodologies and community issues. It is assumed that there are two broad categories where the educational background of the personnel might fit: a) social disciplines background, and b) technical disciplines background. The perception of the staff on the relevance of both categories with regards to community participation in projects will be analysed.
- *Training:* This indicator will assess the frequency with which staff receives training on participatory methodologies, the content of the training, and the perceptions of staff on relevance and adequacy of training.
- *Incentives and Motivation:* This indicator seeks to understand ways in which the organization promotes the staff's commitment towards participatory project design and implementation. Specifically, the research will look at: a) *material incentives* for the personnel to get involved with communities and apply participatory methods (travel and mobility allowances for field staff, salaries, and bonuses); and, b) Staff's perception of *motivation and commitment* towards the organization and community participation.
- *Personnel's Influence on Community Participation:* This indicator intends to have an insight on the level to which personnel and field staff working at community projects can influence priority setting, planning, decision-making and implementation processes in Social Fund projects. Although this is a challenging category of analysis, it is important to make an attempt at understanding their influence at both a formal and informal level.

3.2.3. Institutional Environment

As noted earlier in this study, the institutional context of a project might influence priorities and project implementation. This is caused by either: a) the need of the organization

to interact with donors and different government levels with different development agendas, or by b) a direct influence of these actors and institutions over community participation processes. This research will focus on the latter, by analyzing two key actors selected on the basis of their close links to the community.

- *Local Government:* This indicator will attempt to analyze the local governments' (LGs) influence on the Social Fund's operations that might have an effect on community participation process. Furthermore, local governments are at a level where they directly interact with communities. It is then relevant to assess the effect that these interactions might have on Social Funds projects.
- *Local Indigenous Institutions:* The role of local indigenous institutions within the Social Funds' project cycle and community participation processes.

3.2.4. Community Participation

As noted, in the context of this research, community participation in Social Fund projects is defined as the degree of influence and control by the target group over project priority setting, design, resource allocation and implementation. For the purpose of this research, resource allocation will be considered as contained within the other three categories, and not considered as a separate category of analysis¹⁷.

The 'degree of participation', as mentioned in the definition above, refers to the levels of 'intensity' of participation that were described in section 2.1. Table 3.1 summarizes the indicators that will be used to assess community participation in the Social Fund projects. Participation of the community at the different stages of the project cycle can differ; the continuum of levels of intensity ranges from access to information, to opportunity to express opinions, to opportunity to take part in decision-making and finally, to opportunities to be part of management instances. These levels may refer to a) formal inclusion, when the possibility to enter those participation instances is formally recognized; or, b) substantive inclusion, when the individuals are able to actively participate within the formal instances. Furthermore, the analysis of these aspects of participation will take into account that levels of inclusion may

¹⁷ Generally, different decisions over resource allocation are made during priority setting, project design and project implementation.

vary between individuals in the community. The research will control for gender and social differences.

Table 3.1 Indicators for Community Participation

OPPORTUNITIES TO PARTICIPATE	PROJECT PHASE		
	Priority Setting	Project Design	Project Implementation
Access to Information	<i>Community members are informed about opportunities to define their development projects priorities</i>	<i>Community members are informed about the design features of the project</i>	<i>Community members are informed about the progress in the implementation of the project</i>
Express opinions	<i>Community members can express their preferences for development projects</i>	<i>Community members can express their preferences for the design of the project</i>	<i>Community members can contribute suggestions and opinions about the implementation of the project</i>
Take part in decision-making	<i>Community members can influence the election of the development project</i>	<i>Community members can influence the design of the development project</i>	<i>Community members can influence decisions about project implementation</i>
Take part in management instances	<i>Community members can decide their development priority</i>	<i>Community members design the projects themselves.</i>	<i>Community members implement the projects themselves.</i>

(Source: Author)

3.3. RESEARCH METHODOLOGY

3.3.1. Design and Data Analysis

The case study

The research intends to study specific aspects of participation in Social Funds based on the research objectives and questions posed above. Towards this goal, and given that the universe of Social Funds is extensive, the research privileges a case study methodology in order to explore the linkages proposed by the research questions. According to some authors (Yin, 2003; Baxter and Jack, 2008), the case study methodology can be considered best suited when the purpose of the study is to understand processes and to “answer ‘how’ questions”

(Baxter and Jack, 2008: 545). This is particularly relevant given the richness and depth of information expected from this research. According to these authors,

[...] Qualitative case study is an approach to research that facilitates exploration of a phenomenon within its context using a variety of data sources. This ensures that the issue is not explored through one lens, but rather a variety of lenses, which allows for multiple facets of the phenomenon to be revealed and understood. (Baxter and Jack, 2008)

Although the nature of the case study and the individual characteristics of Social Funds might make generalizations difficult, the use of this methodology allows getting an insight into deep complex realities that might uncover issues that would be otherwise overlooked. In the words of Flyvberg (2006: 220),

Case studies often contain a substantial element of narrative. Good narratives typically approach the complexities and contradictions of real life. Accordingly, such narratives may be difficult or impossible to summarize into neat scientific formulae, general propositions, and theories [...] To the case study researcher, however, a particularly “thick” and hard-to-summarize narrative is not a problem. Rather, it is often a sign that the study has uncovered a particularly rich problematic.

The Peruvian Social Fund, FONCODES, has been chosen as the case study scenario where the fieldwork will be conducted. FONCODES is one of the largest Social Funds in Latin America and its participatory model has been praised by many experts in the region (OEA, 2002: 22).

Data Collection

FONCODES Central Office is located in Lima. The Social Fund also has 26 regional offices across the country. The data collection for this study was carried out at the Central Office in Lima and at the Abancay Regional Office, located in the Apurimac region¹⁸. The field research was carried out over a period of seven weeks between October and November 2007. Five weeks were spent in Lima and the remaining two weeks in the town of Abancay and its surroundings¹⁹.

¹⁸ Both regions are highlighted in the map of Peru provided in Section 4.1 of this study.

¹⁹ A more detailed description of the country context and FONCODES' background will be provided in Chapter 4.

The research relies on a qualitative data collection and analysis approach. This approach was considered appropriate due to the nature of the variables and indicators in the research. The approach allows for collecting perceptions from different actors at various levels and for triangulation of the data collected. In this way, it is expected to achieve a greater level of depth and detail in the information obtained, which would allow answering the research questions in a more comprehensive manner. By dealing with open questions, the interviewees will be able to discuss issues that are important to them, thus signalling the degree of relevance that certain organizational and institutional issues have for them. The possible limitations of the qualitative data collection approach were considered in the research design. However, given the nature of the research as well as its scope, it was deemed appropriate to have a smaller sample and less aggregation of data, while privileging richness of anecdotic data.

The research uses primary and secondary data. Primary data has been collected from several sources such as semi-structured and open interviews, group discussions, programme documents and observation. Secondary data is quantitative in nature and has been obtained from two evaluations of FONCODES. The first evaluation is a cross-country study of six social funds, in which special indicators were set for community participation (Rawlings et al., 2004). The second one is a statistical study of community participation in FONCODES using data from an impact evaluation of the organization (Alcazar and Wachtenheim, 2002).

Semi-structured interviews with FONCODES personnel and community members were conducted. A total of 20 members of the personnel were interviewed at the organization, in interviews that lasted 35 minutes in average. Of these, 10 were managers at the central office in Lima, 4 were managers at the Abancay regional office and 6 were external agents at the same office. Abancay office has 4 mid-level managers and 1 regional manager. Only one line manager was not interviewed at the regional office since his role was out of the scope of this study. At the community level, there were important limitations to the research that will be detailed in the following sub-section. Thus, only 4 semi-structured interviews were conducted. Additionally, one informal, open discussion was held with a group of 5 women from one of the communities.

The interviewees were selected through non-probability sampling. Accidental and Snowballing techniques were combined for the selection of FONCODES staff and

community members for interviews. These sampling techniques were considered adequate, taking into account their potential limitations, given the logistic limitations faced in carrying out the field research, especially in interviewing community members (see following subsection). Three key informants at FONCODES guided the researcher in contacting staff and community members for interviews.

The semi-structured interviews were based on a series of pre-determined open and closed questions (See Annex I). This research tool was also valuable to allow new questions during the interviews according to the respondents answer. During the interviews with the managers, the researcher intended to assess issues related to FONCODES' organizational and institutional context and their influence on community participation. In addition, the interviewees' views on community participation dynamics were obtained. On the other hand, the interviews with community members intended to analyze their views on issues related to priority setting, participation in project implementation and design, and community contributions. Some questions were included in an attempt to gain an insight on sensitive issues such as gender inclusion.

Also, six un-structured interviews with experts on different topics were conducted in order to explore some issues more in-depth. Although the interviewer had defined the general lines prior to the interview, the questions were open and developed as a conversation. Experts were selected through non-probability, judgement sampling relying both in accidental and referred introductions. Interviewees included three local government experts, two experts in FONCODES processes at national and local level (one high-level FONCODES manager and one outsider) and, lastly, an expert in international organizations (IDB and World Bank). Thus, experts' interviews were held on topics such as project cycle, local government and decentralization, and general issues regarding FONCODES functioning and impact. Most of the data relevant to the *Institutional Environment* indicator was obtained through the interviews with experts.

FONCODES operational documents were also analysed. In addition, some processes were observed during the time the researcher spent at the Social Fund's offices in Lima and Abancay as well as at some of the community meetings in the Apurimac province.

The research was conducted primarily in Spanish, which is the researcher native language. Only the open group discussion with women from a community was conducted partly in Quechua, a language spoken by indigenous communities in Peru. However, in this case, the translator was one of the participants in the discussion and the impact the translation on the reported findings is considered minimal.

Data Analysis

The data collected through these several techniques has been analyzed according to its qualitative nature. Data analysis was mostly based on the processes proposed by Seidel (1998) and the IPDET Handbook (2007). As Seidel (1998) notices, analyzing qualitative data is mostly a “process of noticing, collecting and thinking” that is iterative and progressive as well as recursive, where noticing and thinking brings us back to previous parts of the research and to a renewed process. For this research, the semi-structured interviews were transcribed and then coded under each of the research indicators. The answers to each question were compared across all the interviews, which allowed highlighting patterns in the interviews’ sample. The relevant topics and patterns found through this analysis have been used as the general lines for most of the findings of this research. This data has been crosschecked with the data found through the analysis of FONCODES’ documents and the answers from the experts, where appropriate. In addition, some notes on observations made by the researcher during the stance in Peru have been added when relevant. The secondary data has mainly been used as support for findings under the analysis of community participation and to assess issues related to project outcomes and impact. The result is a set of findings that reads as a recounting of FONCODES’ complex reality, which is privileged by the chosen case study methodology.

3.3.2. Research Limitations

The research encountered some limitations on its practical implementation that have had consequences for the sampling and the scope of this study. The greatest limitation during data collection was the impossibility to spend the desired time at the community level, due to logistics and time constraints. Most of the communities in which FONCODES’ projects are implemented are very remote. In addition, Peru’s geographical characteristics and, in some

cases, the lack of transportation infrastructure, make these communities even less accessible. Due to the short period of time spent at the regional level, the researcher had to depend on FONCODES managers' schedule of visits to communities as well as on their transportation arrangements. The majority of the visits to the communities were for inauguration ceremonies of projects. Due to the nature of these visits, the interviews with community members were difficult to plan and schedule. Furthermore, it was not possible to focus the research on two specific communities, as initially planned, which would have presented more opportunities for comparison and provided greater depth of information. In particular, these limitations greatly constrained the collection of data that would have provided evidence towards some of the aspects of the variable *Community participation in Social Fund Projects*. The constraints are mainly reflected in the findings that refer to substantive inclusion of communities in social fund's projects.

Although FONCODES personnel were extremely helpful in making the arrangements that ultimately allowed achieving the sample of community members' interviews, logistics prevented that the intended number of interviews was fully completed. On a brighter side, the time spent with FONCODES' managers and community members at the communities allowed for observation and some valuable insights. Furthermore, the long distances shared with the managers in our way to the communities (and the informal talks) were valuable to understand the nature of their job as well as the complex reality of Peru.

On a separate note, it is also relevant to note here that a research might sometimes be affected by the position of the researcher and the context of the study. In this case, the researcher had no previous connection with FONCODES or its staff and was only introduced to them for the purpose of this study. However, one of the constraints to the research came from the researcher being perceived as part of FONCODES by community members and as part of the Inter-American Development Bank (IDB) by FONCODES' staff. The former situation happened due the need to visit the communities together with FONCODES's personnel. The latter situation was more relevant at the Central Office, since the researcher had first contacted the IDB office in Peru to gain access to the social fund's key informants. When a research is conducted in a foreign country, having helpful key informants and 'insider privileges' is probably a great advantage. However, this might turn into a problem when the

interviewed individuals feel they have to gear their answers towards the interviewer's interests. However, it is expected that the possible consequences of this problem were reduced by the specific clarification of the researcher's neutrality at each interview conducted.

Finally, it is important to mention that ethical considerations were taken into account. Clearance to interview staff and project participants was obtained from FONCODES. In addition, the researcher has kept interviewees and key informants' personal information and opinions strictly confidential and anonymous. For that reason, interviews in the present study are coded and do not show any personal form of identification.

This chapter has dealt with the theoretical layout for this research. It has presented the research goals and questions and has operationalised the key categories of analysis. Furthermore, it has presented a detailed account of the methods used to conduct the research on the field and an overview of the main limitations the researcher encountered. The following chapter will provide background information on Peru as well as the Social Fund to be analyzed, FONCODES. The chapter intends to provide context and situate the research findings that will be described in Chapter 5.



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CHAPTER 4. CASE STUDY BACKGROUND

4.1. COUNTRY CONTEXT OVERVIEW

4.1.1. Peru's Demographic and Development Indicators

Peru's diversity is evident in its geography as well as in its population. Located in the Western coast of South America, its territory covers 1.2 million km² of plain arid coast, high mountains and tropical forests. Peru's population is multi-ethnic and more than a third of its 27 million inhabitants belong to the Amerindian²⁰ ethnic group whereas 40 percent are 'mestizos'²¹. Around 12 percent of Peru's population speaks Quechua, a pre-colonial language (INEI, 1993). More than two-thirds of the population lives in cities (INEI, 2004).

Peru's Human Development Index was 0.773 in 2005, placing it in the 87th position, as a medium development country. In 2006, an estimated of 53% of the population were below the national poverty line (Peru Data and Statistics World Bank Website, 2008). However, the poverty is deeper in rural areas of Peru, where 73% were considered poor (extreme and non-extreme poverty) in 2004 (INEI, 2004).

According to the IDB²², in spite of an increase in public social spending over the 1990s, access to basic services such as drinking water, sanitation and electricity are still beyond the reach of many Peruvians, especially in rural areas. National coverage for potable water is 74.1 percent, although urban coverage reaches 90.7 percent while rural coverage covers less than 60 percent of households (combining households with connections and those with access to public taps). As for sanitation, 61.3 percent of the total population has access to a sewerage system, but in rural areas the figure falls to 13 percent. About 22.4 percent of the country's households do not have electricity, with the figure climbing to 56 percent in rural areas.

Access to health services by the most vulnerable population continues to be limited. In 2000, the infant mortality rate was 20 per thousand live births in metropolitan Lima, while the figure was nearly 80 per thousand in some rural provinces. In education,

²⁰ Also called Indigenous People of the Americas, this term is used to refer to native populations living in the Americas before the arrival of the Spanish colonizers.

²¹ This term is used to define a person's mixture of European and Amerindians origins.

²² The following data has been obtained from: (IDB, 2002a).

although general coverage has risen over the decade, there were still major differences between urban and rural areas, especially in school services. In 2000, 94 percent of schools in urban areas had drinking water and 89 percent had electricity. However, 46 percent of schools in rural areas had water and only 16 percent had electricity.

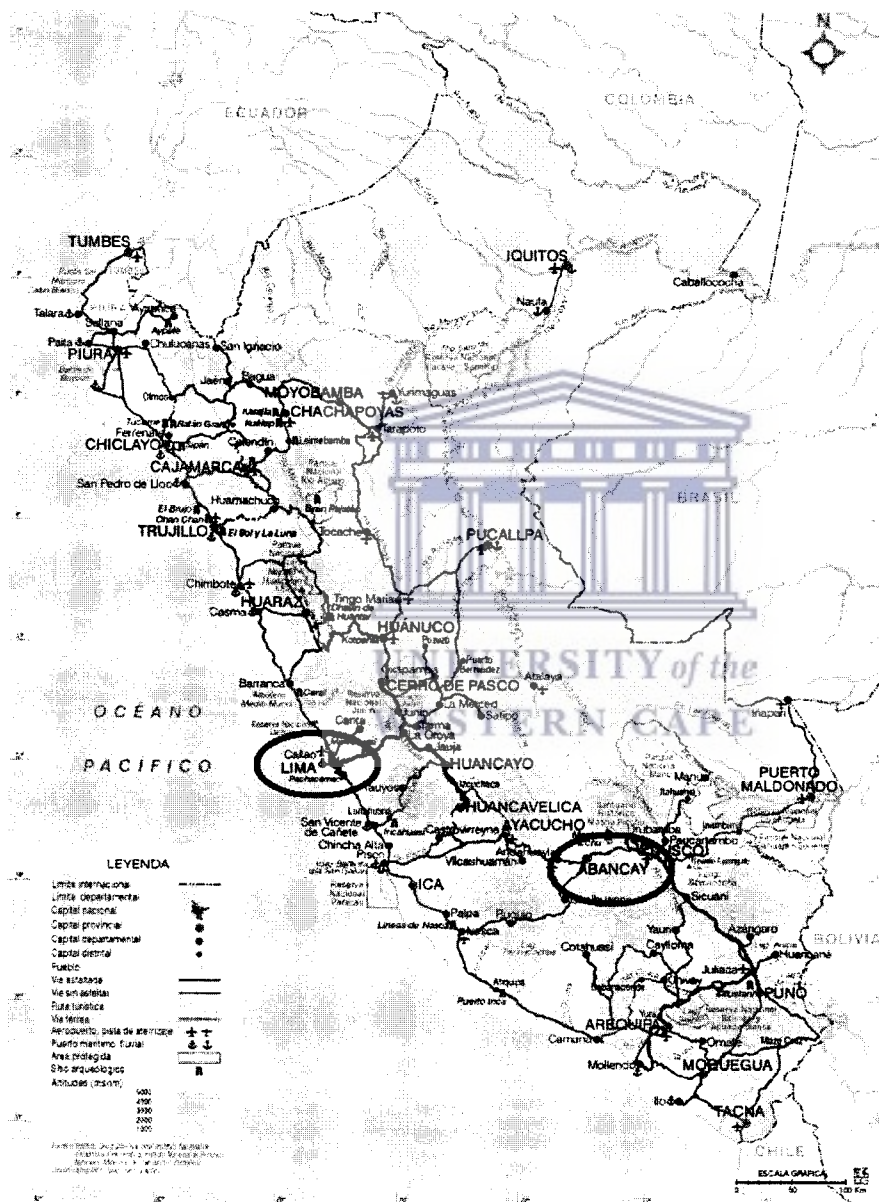


Fig. 4. 1. Physical Map of Peru. (Source: Panorama Peru). The regions where field research was carried out have been highlighted in red by the author. Abancay is the capital city of the Apurimac Province.

4.1.2. Peru's Political Context (1990-2008)

Peru's political scenario in the early 1990s was characterized by a worsening economic situation and mounting political violence. The 1980s economic crisis had left the country in a deep recession (Velazco Portocarrero, 2004: 3) and two insurgent groups had emerged in the rural areas of Peru, rapidly spreading across the country, including Lima ('Sendero Luminoso' -Shining Path- and the MRTA- Tupac Amaru Revolutionary Movement). Although these groups were initially considered as popular movements, they lost most of the early support they had from peasants and rural population as their practices became more violent. The government launched a counteroffensive against these groups, which contributed to an increase in violence, as paramilitary groups emerged. The "dirty war" between Sendero Luminoso, the MRTA, paramilitary groups and the Armed Forces resulted in around 30,000 dead, mainly in the rural areas (Velazco Portocarrero, 2004: 4). The most affected regions were in the central and south high Andes, specially Ayacucho, Junín, Huancavelica, *Apurimac*, Puno, Pasco and the capital, Lima (Velazco Portocarrero, 2004: 5).

Confronted with this economic and political scenario, the newly elected government of Alberto Fujimori decided to apply a more aggressive approach. In 1992, Fujimori suspended the Constitution, dissolved the congress and arrested the opposition leaders as well as the Supreme Court members (Taylor, 2007: 7). The insurgency leaders were captured 1992 after a violent counteroffensive, thus putting an end to one of the darkest periods in the history of rural communities in Peru. In the following years, he proceeded to build a 'neo-populist' or 'militarized' democracy, characterized by presidentialism and a greater role for the armed forces (Taylor, 2007: 7). FONCODES was created early during Fujimori's administration and it was aimed to palliate the negative effects of the structural adjustment programs implemented by the country. The Social Fund was an instrument for the government to reach the rural areas that were hardly hit by the violence.

Fujimori resigned the presidency in 2000, after his government had been discredited by a high degree of corruption. After a one-year transition government, Alejandro Toledo narrowly won the presidential elections in 2001. He ran a highly

unpopular administration until 2006, when Alan Garcia was elected president. The legacy of Toledo showed a steadily growing economy and good macro-economic indicators. However, it seems that this economic progress did not translate into benefits for the poorest sectors of the Peruvian society (La Nacion, 2006). Nevertheless, an important legacy of Toledo's administration was to kick-start the decentralization process in 2001.

4.1.3. The decentralization process

Peru has been a centralized country throughout most of its history, with Lima holding one-third of the country's population and controlling half of the economic input (Forero, 2002). In the 1990s, this trend was further consolidated by the concentration of power in the hands of the national government.

The decentralization process initiated in 2001 created entirely new regional administrations²³ and transferred new functions and responsibilities to them and the local governments in education, health services and other social areas (Felicio and John-Abraham, 2004: 1). In addition, the decentralization law mandated the use of participatory budgeting and planning at the local and regional levels. By 2003, 40 percent of the regions had completed participatory budgets and had included local governments and civil society organizations in their planning (Felicio and John-Abraham, 2004: 2).

Some have argued that the decentralization process has not moved at the desired pace and that the national government has sought to obstruct its development (Chirinos, n.a.). However, "in spite of the difficulties and resistance [...] the participatory budget and concerted development plans mechanisms have taken the necessary steps towards legitimacy" (Chirinos, n.a.).

4.2. FONCODES' BACKGROUND

4.2.1. An Overview of FONCODES' History

²³ Peru's territory is now divided into 25 regions. These regions are subdivided into provinces, which are in turn divided into districts. There are 195 provinces and 1833 districts in Peru (INEI, 2002). Each province and district has its own municipality, that is, there are two levels of local government level: Provincial Municipalities and District Municipalities.

FONCODES was created in 1991 by the Fujimori government under the name of 'Fondo de Compensación y Desarrollo Social' (Social Development and Compensation Fund). It was established as a decentralized public institution (DPI), and provided with technical, administrative, economic and fiscal autonomy. It was part of the Ministry of the Presidency from 1992 until 2002, when it was relocated as one of the DPIs of the newly created Ministry of Women and Social Development (MIMDES) (FONCODES, 2001). The Program was initially financed by the national government, with no financial input from international donors until 1993.

FONCODES was created in an attempt to lessen the impact of the macroeconomic stabilization program on the poorest sectors of the population. At the time of creation, it was thought to be good option to palliate the effects of the limited institutional capacity of the ministries to implement such programs and an effective tool to reach the most remote rural areas that were out of the scope of the state (FONCODES, 2001: n.a.).

FONCODES' basic objectives were: a) to be an instrument to provide fast and effective response to poor sectors, the most affected by the adjustment program; and, b) once the macroeconomic stabilization was achieved, FONCODES should support the socio-economic development of the poorest sectors of the social strata and economic development, especially in rural communities (IDB, 2002b: 10). One of FONCODES' most innovative characteristics was the use of a demand-driven approach to achieve its objectives, leaving the priority setting of its projects in the hands of local communities.

FONCODES was first funded by international donors in 1993, when the IDB and the World Bank granted loans for US\$100 million each to help finance FONCODES I, which had a total cost of US\$495 million. The Peruvian government financed the remainder US\$295 million. FONCODES I was mainly concerned with providing social assistance and basic social infrastructure to rural and marginal urban communities. Some economic infrastructure projects, such as basic local roads and small irrigation works, were financed (IDB, 2002a: 14).

FONCODES II, approved in May 1996, had a total cost of US\$430 million and was co-financed by the two Banks, each contributing US\$150 million. The funds were

used to finance about 15,500 projects. According to program documents, this stage sought to consolidate community participation throughout the project cycle, strengthen the gender approach, and promote community participation in maintaining the works (IDB, 2002a: 14). The sphere of action was limited to remote rural areas (villages with between 40 and 400 families). During this stage, 23 regional offices were established with the authority to process and approve projects.

From 1991 to 2001, FONCODES spent around US\$1.5 billion on around 40,000 small projects, reaching 99% of the districts considered in poverty (IDB, 2002a: 14). The IDB and World Bank contributed a total of US\$ 500 millions to these operations.

FONCODES III is the current stage of the Program, which was funded by the IDB and the Peruvian government in 2001. The IDB contributed US\$150.0 million out of a total project cost of US\$187.5 million. FONCODES III was designed by paying special attention to the initial objective of supporting the social and economic development of poorest sectors in the country, especially in rural communities. This stage was scheduled to finish in 2008²⁴.

New financing had not been pledged as FONCODES was, at the time of research, facing the possibility of being closed-down. In spite of several reforms, many consider FONCODES as a Fujimori-era institution. The institution's claimed autonomy and independence have not been sufficient to convince the subsequent administrations into keeping the program within government lines. Evidence of this can be seen in the drastic reduction of national funds in the third stage of the program. The implications of the program extinction for the purpose of this study will be further analyzed within the research findings and conclusions.

4.2.2. Impact of FONCODES II

According to program documents, five evaluations were performed during FONCODES II. The main results of these evaluations are discussed below according to their outline in the IDB Loan Proposal²⁵.

²⁴ Field research for this study was carried out in October 2007.

²⁵ The data for this section is cited from IDB, 2002a.

- a) *Targeting*: two-thirds of the total investment benefited poor or extremely poor communities with just 3 percent going to non-poor communities. Another study by Paxson and Shady (2002) determined that the focalization of FONCODES was better than that of other social programs in Peru, while Goodman et al. considered it to be among the best in Latin America (IDB, 2002a: 17).
- b) *Impact on Education*: Compared with a control group, there was an increase of one classroom per school, enrolment increased by 34 students per school and the retention rate showed an average increase of 0.08 years of schooling. The number of schools with drinking water grew by 35 percent.
- c) *Impact on Drinking Water*: In communities that received FONCODES assistance, diarrhoea in children 10 years of age and under has fallen by 2.8 percent and severe diarrhoea by 1.7 percent, both being highly significant. Mortality among children five and under fell by 2.4 percent, being also econometrically significant. The water collection time fell by 66 percent in cases where household connections were installed and by 59 percent for families using public taps.
- d) *Impact on Sanitation*: Sewerage projects did not show significant results and no relevant changes were detected in the incidence of diarrhoea or mortality. According to the evaluations, the main reason for this low impact is probably that the projects did not include the provision of connections; and, due to their high cost, over half of the families have not connected to the system.
- e) *Impact of Economic Infrastructure: Irrigation and Roads*. In irrigation projects, arable land increased by an average of 33 percent and production per hectare increased between 7 and 50 percent, depending on the crop. As for roads, the beneficiary communities began to have access to public transport two or three times a week, which presumably has allowed them to connect more easily to local markets and to obtain other basic services.
- f) *Sustainability*: Problems with sustainability have not been observed in schools or health facilities, since the ministries have taken up this responsibility

after project completion. However, there were sustainability problems with the water and sewerage systems: 7 percent of the water systems and 6 percent of the sewerage systems were not working. An additional problem was the lack of funds for project maintenance since half the communities did not have funds to devote to operation and maintenance.

4.2.3. FONCODES III: Objectives and Structure

FONCODES III is the stage of the program this research has focused on. According to program documents, the main objective of the program is to “help improve the quality of life and promote socioeconomic development in the country’s poorest rural communities” (IDB, 2002b: 10). The specific stated objectives are: “(i) increase access by the poorest groups to basic social and economic infrastructure services; (ii) build capacity to permit poor families to raise their income; (iii) include participation by local governments in the project cycle; and (iv) strengthen the positioning of FONCODES in the government’s social, poverty-alleviation and State modernization plans” (IDB, 2002b: 10).

The program expects to achieve these goals through three main components (IDB, 2002b: 10):

- a) **Investment:** This component includes three sub-components, namely, basic social and economic infrastructure projects, consolidation of productive projects and rehabilitation of existing works.
- b) **Training and Institution Building:** This component includes training and strengthening of community management, institutional strengthening and equipment for FONCODES and training in social management²⁶.
- c) **Follow-up, evaluation and auditing.**

The Investment component planned to finance around 4,325 small projects for an amount of US\$ 173 million. Of this, US\$115 million were directed towards basic social and economic infrastructure projects, the sub-component on which this research has been focused. Within this sub-component, FONCODES finances the projects that are

²⁶ The training component will be analyzed more in-depth within the relevant indicators in the following chapter.

implemented by the community as well as the costs of community training. Projects financed include: rehabilitation or construction of educational infrastructure (Education), primary health posts (Health), potable water systems (Water), basic roads (Roads), and irrigation and access to markets (Economic Infrastructure). Additionally, projects in the areas of Sanitation and Electrification are also financed. Projects on each type of investment follow a specific set of guideline and eligibility criteria. These guidelines are contained in the Operations Guidelines, which also establish the roles and functions of the different actors.

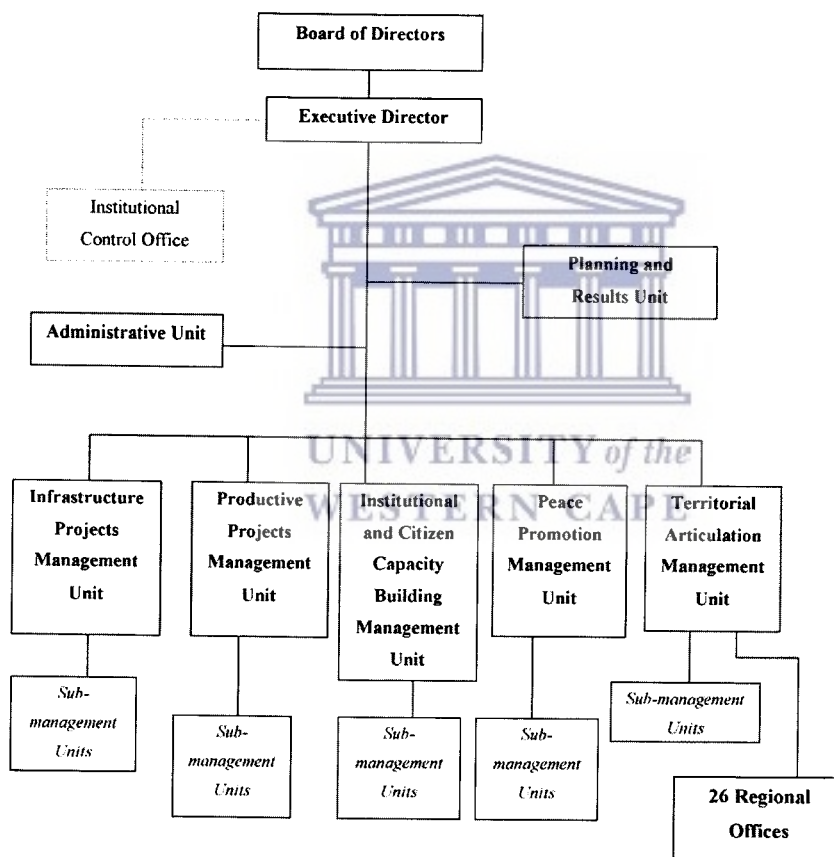


Fig. 4. 2 FONCODES Organizational Chart (Source: MIMDES. Adapted by the Author)

A five-person board of directors appointed by the President of Peru sits atop FONCODES' organizational structure. This board defines institutional policies and strategies and supervises the general operations of the organization. One of its members acts as FONCODES Executive Director, who is at the same time the Social Fund's legal

representative. The organization's structure includes seven management offices and fourteen sub-management offices that report to the Executive Director.

FONCODES has also a decentralized structure composed of 26 regional offices (ROs). Each of these offices is headed by a Regional Manager, who supervises the work of three main regional managers: the Evaluation Manager, Supervision Manager, and Promotion and Training Manager.

The next chapter will present the findings from the data collected during field research in Peru.



CHAPTER 5. RESEARCH FINDINGS

5.1. ASSESSING THE SOCIAL FUND ORGANIZATIONAL AND INSTITUTIONAL CONTEXTS

As noted elsewhere, this research set out to assess the role the organizational system and institutional context of the implementation agency play in community participation processes in Social Fund projects. The evidence shows that some characteristics of the organizational and institutional context might have an impact on community participation processes. However, the results are not straightforward. The evidence from the *Organizational Systems and Procedures*' indicators shows that the project cycle is highly geared to the formal inclusion of the community; and that communication channels between communities and the Social Fund seem to work relatively well. The procedures seem to be flexible, allowing to adapt the projects to the characteristics of the community.

The data obtained for the *Social Fund Staff* sub-variable seem to indicate that technical personnel tend to have more problems when facilitating projects at community level than personnel with a background on social disciplines. The evidence also suggests that no training on participation models has been consistently offered by the Social Fund to mitigate this effect. In addition, although personnel have tended to be motivated to apply participatory processes, the Social Fund does not offer incentives for field staff to get more involved with communities. Lastly, evidence was found that supports the notion that field staff has some influence on community participation process. If this is indeed so, the problems with personnel and field staff's qualification, training, and incentives might compromise the quality of participatory processes in the community.

Regarding FONCODES' *Institutional Environment*, the research found that the role local governments have recently taken up within the Social Fund's projects has an impact on priority setting by the community as well as on project targeting. In addition, local indigenous organizations might be used as channels to legitimate the intervention of the Social Fund in the community. These findings will be described in-depth in the following sections. Evidence to support them will be provided and brief concluding remarks will be given on each of them.

5.1.1. The Organization's System and Procedures

Project Cycle

FONCODES project cycle has been analysed based on programme documents and can be divided into four broad phases: Pre-Cycle, Pre-Investment, Project Design and Project Implementation. Table 5.1 illustrates the several stages included at each phase, as well as the role of the community in each of them. Furthermore, the table details the activities that FONCODES agents²⁷ on the field have to carry out at the different phases as described below.

- *Pre-Cycle*

This stage involves the District and Local Targeting steps. District Targeting is done through poverty maps. The poverty map is a tool to identify variable degrees of poverty among districts, thus helping to focalize FONCODES' activities on the poorest locations²⁸.

Local Targeting aims to identify the specific communities where FONCODES will work. After the decentralization process was initiated, the Local Government (LG) increased its participation at this stage and the demands of the communities are now collected in a Local Development Plan (LDP) and included in participatory budgeting. Local Governments have the primary responsibility for identifying the locations where FONCODES projects will take place.²⁹

- *Pre-Investment*

The steps within this phase are many and aim at assessing project feasibility and community mobilization. A Project Promoter – *Promotor*, in Spanish- is in charge of initiating the project at community level by informing the community members on project issues and facilitating the process for electing a community Representatives Committee (RC). Within FONCODES projects, the entire community is considered as the Implementing Group (IG). The Representatives Committee is the body that

²⁷ The term *Agents* refers to the facilitators involved directly with the project. There are six types of Agents with different roles: a Project Promoter, a *Proyectista* (Project Designer), *Evaluador* (Project Appraiser), a Resident Expert, a Project Supervisor and a *Capacitador Social* (Social Trainer).

²⁸ The targeted districts should be within the three poorest quintiles identified by the poverty map.

²⁹ FONCODES initial project cycle utilized self-targeting (by having the communities submitting project proposals). At a later stage this method was changed to a type of local targeting done by FONCODES in collaboration with a coordination board formed by local governments, community authorities and civil society organizations.

represents the Implementing Group or community³⁰, and, together with FONCODES' agents, is responsible for project issues.

The Feasibility Assessment consists of two different stages. First, a *Proyectista* ('Project Designer', in Spanish) visits the community in order to assess the technical, social and environmental feasibility of the project. This agent must rely on asking community members (especially the members of the RC) and observing the situation in the location to carry out the feasibility assessment. The *Proyectista* has also to evaluate alternatives and choose the option with the smaller cost, taken into account the characteristics of the community. During the second stage of the feasibility assessment, an *Evaluador* (similar to 'Project Appraiser' in Spanish)³¹ reviews the design chosen by the *Proyectista*. The *Evaluador* has to base the review on the social and technical issues observed at the local level.

- *Project Design*

The *Proyectista* prepares the Technical Profile based on a follow-up visit to the community. The *Evaluador* then reviews the Technical Profile as detailed in Table 5.1. After this agent's approval, the Technical Profile is assessed by a manager at the Regional Office (RO) and finally approved.

- *Project Implementation*

The Representatives Committee (RC), FONCODES and the Resident Expert (equivalent to a 'project manager') sign a Funding Agreement for the Project Implementation phase. The Resident Expert agent is responsible for the project execution together with the RC. Thus, the community executes the project with the Resident Expert's technical guidance. A Project Supervisor has the role of overseeing implementation progress as well as any problem that may arise during this stage. A *Capacitador Social* ('Social Trainer' in Spanish) provides community training at this stage. After the project is completed, the infrastructure is transferred to the appropriate ministry or government level for its maintenance.

³⁰ The RC is formed by four members: a President, a Secretary, a Treasurer and an Overseer. The Overseer is a municipal employee designated by the local government. The functioning and roles of this committee are explained under the community participation variable in Section 5.2.

³¹ This term is used in this research as an equivalent to *Evaluador* in Spanish which is the term used by FONCODES

Project Cycle Phase	Phase Steps	FONCODES involvement	Community Involvement
A. Pre-Cycle	1. District Targeting	Targeting according to Poverty Map	n.a.
	2. Local Targeting	Community Targeting according to LDP	Community brings its priority to the local government and negotiates its inclusion in LDP
	1. Promotion	<i>Promoter</i> informs community about conditions for financing and assists them in electing a RC and elaboration of Funding Request	Community is informed about the project, selects its Representatives Committee and elaborates priority and Funding Request
B. Pre-Investment	2. Funding Request	n.a.	RC submits Funding Request to RO
	3. RO Prioritization	Regional Office ranks the project within its portfolio	n.a.
	4. First Funding Agreement	RC and RO sign the Agreement to carry out feasibility assessment and project design	
	5. Feasibility Study	Besides other technical issues, <i>Proyectista</i> verifies that project is a priority for the community, that the RC is legitimate and that there are no conflicts in the community. A project alternative is selected.	Community members express their opinions to the <i>Proyectista</i> on project priorities and needs. They are informed about the documents they must submit.
	6. Feasibility Study Review	<i>Evaluador</i> reviews the assessment made by <i>Proyectista</i> . He also verifies that the community is informed about FONCODES' projects requirements, that they accept the selected alternative and are committed to participate at training sessions and community contributions.	Community members are informed and consulted on the selected alternative. They have to commit to attend training sessions and to contribute to the project.
	C. Project Design	1. Technical Profile Design	<i>Proyectista</i> designs the project technical profile, ensuring that community participates on the fieldwork for the design, and provides information on project design to community.
2. Technical Profile Review		<i>Evaluador</i> assesses technical profile, and the motivation and commitment of the community.	The RC is informed about the following stages of the process.
3. Project Approval		<i>RO</i> assesses the Inspector report and approves the project.	n.a.
D. Project Implementation	1. Funding Agreement	RC and RO sign the Agreement to finance the project	
	2. Project Execution	<i>Resident Expert (RE)</i> is responsible together with RC of the execution of the project. Supervisor assesses the progress of the project and RE and RC's activities.	The RC keeps the community informed of project progress and funds disbursement. Community contributions are implemented
	3. Community Training	<i>Capacitador Social</i> organizes training sessions during project execution. They have to organize at least three sessions.	Community members attend training sessions.
	4. Project Completion and Transference	Once the project is finalized, it is transferred to the corresponding ministry or government body.	

Table 5.1 FONCODES Project Cycle (Source: Author)

In general, the project cycle reflects the spaces for *formal inclusion* of communities within the Social Fund. It is possible to observe that, in FONCODES, the project cycle is geared towards community involvement in a way that matches the project cycle proposed by the theory³². However, the participation of the community seems to decrease greatly on project design, which might have negative consequences for project ownership and sustainability. Formal inclusion of the community in the project cycle will be analyzed more in-depth under the *community participation* indicator of this research³³.

Organizational Structure

By assessing FONCODES structure, this study aimed at understanding the organization's level of decentralization, hierarchy and mechanisms for community access to the Social Fund. The main sources for analysing the social fund's structure were programme documents and interviews with managers and experts.

FONCODES has 26 Regional Offices (ROs) across the country and they have decision-making power over project approval and funds disbursement. Some of the interviewees considered that the RO's autonomy make them more efficient than many other public institutions. They also argued that the regional offices contribute to legitimize FONCODES at the regional and local level.

When FONCODES started operating, it was a centralized agency that depended directly from the President's office and it was seen as a way for the Executive to reach the most remote areas directly. In practice, however, this meant that the local governments were bypassed by the centralized social fund agency, without being able to provide services (given their limited resources) or to obtain technical assistance from the national government. In addition, the social fund was a distant organization in Peru's capital that was hard for communities to reach. The research findings suggest that Regional Offices and a decentralized structure may contribute to engage FONCODES at the regional level with local authorities and communities, and thus, help legitimize the social fund's role in their eyes, as well as in front of the public opinion and international

³² See Chapter 1.

³³ See Section 5.1.4 of this study

donors. Thus, as it is explained in more detail below in this chapter, regional offices would not only be a mechanism available for communities to reach the social fund directly but also would engage local governments in service delivery and provide them with capacity-building at the local level.

As one manager indicated,

I believe that the central office is an information centre to channel resources through FONCODES. The utilization of regional offices is essential because they represent the legitimization of FONCODES in the region. The beneficiaries can turn to the regional office to introduce their demands (SI-LI-01).

In general, the interviewed staff considered that FONCODES decentralized structure was appropriate. Communication channels between the central and regional offices seem to work well, and managers from the central office carry out monthly visits to the regional offices. One manager mentioned: “We are in permanent and fluid communication with the regional office” (SI-LI-07).

Due to the characteristics of their selection and hiring process, the external agents at FONCODES projects are accountable to both the regional office and the community’s Representatives Committee. The regional office selects the agents based on criteria that assigns credits to their qualifications and ranks them in a priority list. Then, the community’s Representatives Committee for the project hires the external agents. The Representatives Committee pays for the agents’ services from pre-assigned project funds and has, accordingly, ‘employer’ rights. During the project cycle, the external agents are in constant communication with the regional office, to which they provide updates on the project.

In general, it was observed that external agents have a close relation with the regional office. During the researcher’s stance in the Abancay office, it was observed that the agents reported to the office constantly and met with top and mid managers. The agents confirmed that the communication between them and the regional office was constant and efficient, which contributed towards the support role the office has in the field for these agents. One of the interviewed agents explained,

Our communication with the regional office is excellent. We are pleased with the managers' attention and support to our problems at community level. The Regional Office has always tried to raise the professional quality standards. We have a tight coordination with the office (SI-EA-02).

Little evidence was collected on the hierarchical relation between communities and the agents. Some of the managers interviewed at the regional office mentioned that the communities are sometimes afraid of demanding the fulfilment of the contract requirements by the agents. When conflicts arise, the community members would not make their complaints public because of fear of losing the funds for the project. According to one of the managers, "the Representatives Committee sometimes avoids complaining about the agents' lack of attendance [to the project site] because they fear that the project will be stopped or the funds will have to be returned" (SI-AB-01). However, no evidence from the community members was obtained on this issue.

The communication channels between the community and FONCODES' structure were also analyzed. In this regard, there is an established mechanism through which the claims or suggestions made by the community can reach FONCODES. The first and closest instance for the community to make claims or suggestions is the Resident Expert. If the community does not find a solution at this instance, they can turn to the Project Supervisor, and after that to the Regional Office managers. Normally, the Regional Office has the biggest discretionary power on project issues. However, it is also possible for the community to take its problems to FONCODES' Central Office in Lima, and even to their political representative instance at the national level. When the personnel were asked about the functioning of this mechanism, they reported that the community constantly utilizes it to channel their problems to Social Fund's officials. Their problems normally find solution at the Regional Office level. However, sometimes community members travel to the central office to bring these problems to the table (SI-LI-06).

During the researcher's stance in Lima, it was observed that a group of representatives from communities and municipalities from Arequipa (a region 1030 km South of Lima) had come to the office to complain about a problem with funds disbursement. They had exhausted the claims' instances at local and regional level, and

thus, had decided to come to the Central Office in Lima to have their voices heard. They were received by FONCODES' Executive Director. When the researcher consulted them, they did not seem to blame FONCODES about the delay on the disbursement of the funds, but attributed it to a problem with the international donors. They had worked with FONCODES in many projects and were satisfied with their experience and the outcomes of the projects.

At the regional office level, it was also observed by the researcher that community members (especially the Representatives Committee) frequently visited the office. The reasons for these visits seem to be related to signing documents and attending some training workshops. However, it was also observed that they could meet with regional managers at all levels to discuss issues related to project implementation.

At the community level, the Representatives Committee members that were interviewed said that they had frequent opportunities to talk to the agents. At one of the projects, they seemed confident they could express their views to the agents, either at public meetings or at the RC meetings. When asked about this issue by the researcher, one Representatives Committee (RC) member stated: "We (the RC) talk to the Resident Expert quite a lot. And [this agent] talks to the Supervisor, who then takes our problems to FONCODES".

In general, FONCODES' structure is decentralized and the roles, responsibilities and decision-making power are highly distributed along the organization. The middle-line at the central and regional level seems to hold great level of discretionary power and freedom of action. A question for further research lies on the hierarchy between communities and agents, as evidence of some conflicts was found. Finally, the communities seem to have channels to access FONCODES officials and decision-making spaces. They seem to utilize those channels to introduce their demands or claims, as well as to access information on project issues.

Standardization and Flexibility

As noted in the theoretical discussion in previous chapters, it is possible for bureaucratic tendencies to standardize and impose top-down targets to become

impediments for organizations to adopt participatory methodologies. On the contrary, it is more likely that flexible and adaptive norms and procedures enhance the effectiveness of the organization for implementing participatory processes. Rigid system pressures might affect the job of managers and facilitators by diverting their attention to bureaucratic goals instead of prioritizing participatory processes. These processes were analysed based on FONCODES' operational documents and interviews with managers, agents and experts.

It is important to note that FONCODES norms and procedures have been reformed several times over the past 16 years. According to the interviewees, these changes reflect the learning process the organization has gone through during its life. However, one of the consequences is that the level of standardization of procedures at the organization is high. This becomes clear by looking at the organization's operational regulations, where each step in the project process is systematically detailed. Every activity that agents ought to carry out is carefully described and the agents must attach several documents to each submission.

Some elements that might tend to make processes more inflexible were observed at the level of operational procedures and project criteria. Thus, some of the requirements for project eligibility, appraisal or execution could become a barrier for project targeting and community participation. In this line, the project eligibility criteria states that projects must fall within the investment lines of FONCODES, which can be seen as an impediment to target the *real needs* or *priorities* of the community. Another eligibility criterion requires that the targeted community must have between 40 and 700 families. This could mean that a 39-families community be ruled out from the benefits of the project, even after it has been selected as a priority area of intervention by the local government or FONCODES. Another example of norms that might affect project targeting can be found in the cost-benefit appraisal criteria that the project approval depends on. Without taking into account community needs or cultural and local characteristics, this can be a serious factor hindering the preference targeting of the community.

It was then important to look at the relevance of these seemingly negative elements in the implementation of FONCODES projects. Interviewees were asked how flexible they considered the organization was and then asked about the specific criteria mentioned above. A majority agreed that, in general, the procedures are flexible and can be altered to take into account specific situations or characteristics of the community. Most of them said that the procedures could be changed with the approval of the central office, if the changes were duly justified. However, at the regional level, it was mentioned that sometimes it is necessary to change things during the project cycle that cannot wait for the central office's approval. One of the managers said: "Sometimes we can not follow all the rules. There are informal processes inside the office that permit to by-pass them. The changes are formalized later. Sometimes we cannot wait for a response; we have to take the risks and move forward" (SI-AB-02). Although the manager expressed the possibility of bypassing the procedures at exceptional situations, he made clear that they risked being sanctioned by doing that. This comment suggests that the level of bureaucracy might affect project efficiency. However, this situation should be evaluated vis-à-vis issues of transparency and control to obtain a more comprehensive idea of it.

In general, FONCODES' personnel mentioned that there were some procedures or rules that could be changed whereas others were 'non-negotiable'. Thus, there is flexibility for altering projects where the prioritization is wrong, proven that the priority set is in conflict with the community's wishes or needs. Furthermore, the requirement for a minimum or a maximum of families mentioned above was not considered a strict requirement, as long as the benefit to the community justified funding the project. Managers also pointed out that sometimes the projects need to be adapted to diverse realities across different geographic areas, which implies minor changes in the procedures. More importantly, it was understood that when the project privileges local non-qualified labour or in-kind community contributions, the project execution might take longer than it would take with experienced labour. However, the use of local labour for its execution would be privileged over strict timelines. According to one of the managers,

[The norms and procedures] are totally flexible and they have been done in this way based on FONCODES experience. It is very difficult to set homogeneous rules that can be applied to communities in the country's coast and to communities in the mountains. They have different perspectives on community work. [...] We also have to be flexible about the performance of communities. We may take one or two months longer to complete a project that [the community members] have been waiting for ten or twenty years. I think that a short delay is well worth the price of having their participation in the project (SI-LI-07).

On the other hand, among the norms and procedures that were 'non-negotiable', staff mentioned the requirement for a minimum of participants in community meetings or workshops. In addition, FONCODES cannot intervene in a community where social conflicts are observed. Lastly, the project proposed by the community has to fall within one of the program lines of investments. One interviewee pointed out that,

There have been specific cases where we could not intervene because there were conflicts in the community. Also, we can only work with communities whose priorities fit our investment lines. The project cycle and the procedures have greatly changed since the creation of FONCODES. This was intended to improve the projects, to which it has indeed contributed a lot. (SI-LI-02)

In general, managers agree that the system is flexible and that contributes positively to project outcomes, as the projects can be adapted to specific situations or characteristics of the community. Their opinion was that those elements that were not flexible also helped to keep the projects manageable.

Based on the staff's comments, it seems that FONCODES' system is balanced between some procedures that are flexible and others that are not. This seems to help in keeping the projects systematized while at the same time considering particularities of the community or the project. Some evidence was found that community participation might be privileged over strict timelines, for instance, in the issue of community contributions. However, these comments were not assessed from the community members' perspective and further evidence would be necessary on that matter.

5.1.2. Social Fund Staff

Staff Involvement at Community Level

This section will give an introduction to the analysis of the Social Fund staff characteristics and will assess the structure of FONCODES personnel in relation to their work at community level. Information on this indicator has been analysed from FONCODES' documents and from interviews with managers, agents and experts.

As noted, FONCODES external agents are the main project facilitators at community level³⁴. In addition, a great majority of management personnel at FONCODES central and regional offices are in constant interaction with projects at the community level. The central level managers often visit Regional Offices and monitor projects in the community. Regional managers, it was observed, are constantly visiting and supervising community projects. For the purpose of this research, Field Staff will refer here to all the staff that is in contact with the community on a regular basis. This includes mainly external agents and regional managers, and central level management when specifically working at the community level.

In 2002, FONCODES had a staff of 294 technicians, with 145 at headquarters and 149 at the zone offices (IDB, 2002). This figure does not take into account the number of external agents. It is difficult to estimate the number of active external agents at any given time. However, the 2006 register of qualified professionals at the Abancay Regional Office contained around 500 professionals. This figure refers to *Proyectistas*, *Evaluadores*, Resident Experts and Project Supervisors³⁵. At the time, the Abancay RO had 371 projects at different phases.

Staff's Academic Background and Technical Expertise

This indicator aims to assess the relevance of the staff's background on participatory projects implementation. It is based on the argument that facilitators might influence these processes and hence, their training on and commitment to participatory methods might be relevant to community participation in Social Fund projects³⁶. The broad categories that this indicator uses to categorize staff's backgrounds are a) social disciplines background, b) technical disciplines background and c) experience at

³⁴ For a description of these agents activities see Project Cycle indicator on section 5.1.1.

³⁵ No register for Social Trainers was accessed.

³⁶ For a discussion on these issues see section 3.3.1 in this study.

community level. The findings for this indicator are mainly based on interviews with managers and agents as well as programme documents.

A great majority of FONCODES personnel and field staff have a technical background. Out of 14 interviewed managers at central and regional level, two of them had a degree in social disciplines, one in Economics and the other one in Education. The remaining 12 had a degree in different branches of Engineering or in Architecture. The external agents were all Engineers, except for one who had a degree in Education and another one who had both a degree in Engineering and in Education. From the register of external agents for the RO Abancay, all the listed individuals had a background on Engineering or Architecture. However, this register did not include *Promotores* and *Capacitadores Sociales*, who, in general, have a background in social disciplines and the researcher did not have access to a list for those agents.

The information obtained can be explained by two main factors. First, the nature of the projects makes it necessary to have expertise on technical disciplines (most projects are for small infrastructure) for the tasks of *Proyectista*, *Evaluador*, Resident Expert and Supervisor. This does not hold for the *Promotores* and *Capacitadores Sociales*, who are more often associated with social disciplines. Additionally, the guidelines for contracting are clear about the qualifications required for managers and external agents. Technical background is mandatory for most of the operational tasks, whereas social science background is not mandatory in any case, but preferred for those tasks that imply sensitizing, mobilizing or training the community (the *Promotor* and *Capacitador*, roles which are usually performed by the same person). Although it is clear that the nature of the projects requires in most cases professionals from technical disciplines, it was relevant to explore if this had any effect in the personnel's activities at the community level. The interviews sought to obtain the staff's perception on this matter.

When asked what skills or background they considered to be more relevant in the work with the communities, a majority of the interviewees said that it was important to have both technical and social disciplines background. A minority singled out social skills as the most relevant background. None mentioned technical skills as the single

most important background for working in community projects. This is probably due to the fact that the technical knowledge required for the type of infrastructure projects that FONCODES executes is relatively simple. As one of the managers noted,

The type of infrastructure financed by FONCODES does not require a specialized technical knowledge. They are small- and medium-sized civil works that any engineer is prepared to do. I think it is important to strengthen the staff's social skills... how the professionals first contact the community. It would be necessary to strengthen the initial phase so the project addresses both [social and technical] issues during its life cycle. (SI-LI-02)

According to some managers, there were some problems that technical field staff would tend to have more often than staff with social background when dealing with communities. The single most mentioned problem referred to communication difficulties between staff and community members. According to the managers, this could be due to the fact that technical staff tends to focus more (or only) on the technical issues of the projects. In addition, a few managers mentioned that this type of staff could tend to have an authoritarian attitude, or disregard the opinions from the communities because "they believe they are the professionals and know best how to do [the project]" (SI-LI-02). As one manager at the regional office said,

As engineers, we only have technical training and, hence, the engineers who work at the community level carry out a purely technical work. We haven't been sensitized about social issues. I think in general we do a 'cold work'; the agents go to the community, finish their work and leave. They don't look at the needs of the community (SI-AB-02).

According to the interviewees, the apparent lack of communication between technical staff and the community might have an impact on the project. First, the community will tend to participate less and therefore will not be willing to fulfil the initially agreed community contribution. Furthermore, the community will not be sensitized about the importance and maintenance of the project. In consequence, project ownership feelings will be low, which in turn will negatively affect project sustainability and overall project success. Various managers at central and regional level articulated these important claims.

When asked about the relevance of the technical background vis-à-vis social background, one of the managers said,

[Communication with the community] contributes to sustainability and ownership of the project by the local population. Sometimes the social issues [in the community] are disconnected from the technical issues of the project, and it is as if each person were speaking a different language. That affects people's participation. Sometimes they do not fulfil their contribution commitments because there has not been a good communication between them and the agents (SI-LI-08).

Another manager commented,

If [technical staff] gets more involved with the social issues, they can then talk to the community members and learn about their needs and their traditions. In addition, they can see if the project being financed is the right one. Sometimes [the project prioritization] is wrong but the engineer goes to the community and carries out the project as it is stated in the paper; he does not evaluate if the prioritization has been correctly done (SI-AB-02).

From a slightly different perspective, one manager recognized the importance of 'social skills' for implementing the projects, but said that the organization's priority is to have technically qualified personnel. He argued that technical staff tends to be more efficient at reaching goals whereas the impact of social work is difficult to measure.

I think FONCODES has always worked towards achieving targets and results. The social aspect, albeit important, it is not measurable in the short term. There is always a need for having the minimum staff and this leads to the organization keeping the people who are more related to the operational part (SI-LI-06)

This comment points out at different ways of measuring efficiency, one that focuses purely on measurable results and another one that considers overall project outcomes.

When analyzing the external agents' responses separately, they show a somewhat different perspective. Most of them hinted that each professional must perform different tasks and therefore needs a different academic background or skills set. Thus, the background is only relevant depending on the position that the professional has in the project. There seemed to be a consensus that technical staff has to do technical tasks, and 'social staff' has to do social activities. Nevertheless, a few agents acknowledged that technical staff had to 'get involved' with the community too. One of them said that if

they received more social training they could coordinate and enhance the work of the Social Trainer and the Promoter.

I think we could all share the responsibility for [providing] training to the community, not only the staff that is in charge of the social work. The technical agents can have that role, since we have the advantage of spending more time in the community during project execution. The *Capacitador* only goes to the community a few times during the project life to facilitate specific meetings. Maybe we [the technical staff] can assume part of the *Capacitador's* role as a complement to our tasks. I do not think it will take much of our time (SI-EA-03).

Finally, and although it was not explicitly considered in the initial research design, it became evident throughout the interviews that the experience of field staff with participatory processes was a relevant variable. Thus, this issue is analysed here based on the importance given to it by interviewees during open questions in the semi-structured interviews. Further research might be necessary to more fully understand these linkages.

A majority of the managers mentioned that the staff would acquire some of the necessary skills when directly interacting with the community. Thus, they tend to become more aware and experienced on social issues by the very same work with community projects. "We have had problems with the way in which the professionals approach the community for the first time. But they have learned during the process and have left aside that 'inherent authoritarian attitude'" (SI-LI-02).

However, two of the managers also pointed out that some field staff might not be interested in learning new skills to deal with communities. In their opinion, they would only focus on the technical elements of the project and would not pay attention to social issues.

One of the problems is that some of the technical professionals that go to the community for the first time have problems with the initial contact. However, another aspect of this problem is that technical staff does not pay attention to social matters. They only focus on the infrastructure part and do not look at the social aspects. That leads to problems with the completion of the project because there is not a relationship with the community (SI-AB-03).

A majority mentioned that beyond any particular pre-acquired expertise, it is more important that personnel and field staff a) know how FONCODES works or b) have some personal traits that can help the person in better communicating with the community. As a manager at the central office said,

I believe I am a person with social sensitivity and that people working at FONCODES should have [this type of sensitivity]. We do not need all engineers or all teachers; we need people who are concerned with social issues when they go to the community [...] Our projects are not complex engineering systems; but we do contribute in a different way, by solving social problems. We do not need the best technicians; we need trained technical staff that has social sensitivity. Sometimes, this is much more important than the technical aspects (SI-LI-03).

The evidence collected under this indicator reveals that, due to the nature of FONCODES' projects, a great majority of the personnel has a technical background. This may have some effects on field staff's relationship with the community. Thus, some problems in the way these professional communicate and contact community members might have an impact on community participation and contributions towards the project. These problems can influence project ownership and sustainability. Nevertheless, there seems to be a positive relationship between experience of the field staff at community level and an impact on community participation. Further study is required to contrast this finding by evaluating the dynamics on the field.

Training

The design of FONCODES III includes a component for training and capacity building³⁷. This component involves three sub-components, namely, training for communities, institutional strengthening of FONCODES and training in social management. The institutional strengthening of FONCODES refers to training for FONCODES' personnel at headquarters and in the regional offices mainly in the areas of the strategic vision of program intervention, national rules on investment projects, gender, environment, decentralization, and ethics and institutional integrity. In addition, activities that are carried out individually -such as attending special courses- may be financed by FONCODES (IDB, 2002: 9).

³⁷ See Section 4.2.3.

The sub-component for training in social management was intended to reach professionals and technicians from all levels of government, NGOs, academics and others. The courses would stress policy design and good practices in financing, organization and management of the delivery of social services. The Inter-American Institute for Social Development (INDES) executed this subcomponent (IDB, 2002: 10).

When asked about whether they had received any training, a slight majority of managers at central and regional office said that managers and field staff received training. A minority of managers said that they had not received any training or could not recall receiving it. A few mentioned that they had obtained some kind of training individually at external instances. Some managers had taken part in post-graduate courses, which sometimes were financed by FONCODES. Some had enrolled in the Social Management course offered by INDES.

When asked about the content of the training offered by FONCODES, most of the staff said that it was mainly related to technical aspects of projects. None of the managers at central level recalled having received any training on participatory methodologies. Overall, FONCODES seems to have consistently prioritized training in technical aspects of the projects over training in social aspects (participation, capacity building and others). One manager commented: "I am aware of participation issues, but it has not been a priority for the organization to give training on this issue to its personnel" (SI-LI-01).

When analyzed separately, all the external agents stated that they received training at monthly workshops organized by the regional office. The topics covered in these workshops were mostly related to technical aspects of the project. Five out of six interviewed agents confirmed they had not received training on community participation issues or participatory methodologies. The remaining agent was a *Capacitador*, and therefore she had received training related to social aspects of projects, such as community capacity building and participation.

At the regional office, one manager said that they have the obligation of offering an introductory course to external agents. However, the training in social issues has usually had less relevance compared to the importance given to training on technical

aspects of the projects. “We do not address social sensitivity issues in depth; we should do it. We pay more attention to technical issues because if there are technical problems, they can have legal consequences. But social problems do not ‘transcend’” (SI-AB-02). This points out to the fact that there are not only no legal consequences to ‘social problems’ but also to the fact that social aspects are probably not a measure of efficiency for the projects, and hence they would not transcend.

Another manager at the regional level raised a different perspective. He mentioned that the regional office offers training on participation and other social issues, but the problem lays in the fact that the external agents do not pay attention to these topics. According to him, they have to work these topics only with the *Capacitadores*.

The regional office offers training on participation and other social aspects to the agents. The problem is that they do not attach importance to it. When we schedule a one-day training workshop, many of them just come for half the day and leave. The training does not have a relevant effect on them (SI-AB-03).

The personnel was also asked whether they considered important to have training on community participation aspects, to what a majority answered positively. They considered that this training could have the effect of generating a greater awareness of social aspects on technical personnel. This was considered as especially important for the staff that has not worked in the field for a long time, as it would improve their project management skills. In turn, this could contribute to generate more participation from the community, positively affecting overall project outcomes. One of the managers who had taken the course in social management offered by INDES mentioned that it had been very relevant to his career and he wished he had had that training earlier in his professional career (SI-LI-04).

[Training on community participation issues] is relevant for all the personnel. With this training, the technical staff would learn about social aspects and would acquire better management skills. Ultimately this could contribute to the final objective, which is an improvement of the local people’s lives (SI-LI-02).

A minority of the managers and field staff answered that they did not consider this training important for managing the projects at community level. The main reason

for this was that the project cycle is already participatory and the very knowledge of the functioning of FONCODES projects by managers and field staff would suffice.

Anyone who works at FONCODES should know about participation, and should know that the community meetings are at the core of the projects. Even if there is not any training on participatory methodologies, the facilitator incorporates the basic notions of community participation by learning FONCODES project model (SI-LI-01).

To sum up, on the question of the existence and contents of training, it was clear that there had been some opportunities for managers to get training in social aspects of the projects, but there has not been a consistent system to offer this opportunity by FONCODES. Training in social aspects of the projects and community participation issues has not been a priority for the institution. Even if FONCODES project model is geared to community involvement, a majority of personnel considered that some training on participation issues could contribute to their tasks at the community level.

Incentives and Motivation

The incentives the Social Fund offers and its staff's motivation may serve to assess the degree of commitment staff has to facilitating participatory projects. The material incentives analyzed here focused on those elements that might foster the commitment of staff towards getting involved with communities. The motivation issue was explored in a more general way and issues related to job stability were assessed.

The documents reviewed for this research did not make specific mention of any kind of incentive or benefit systems for personnel and field staff. At the central office level, a majority of the managers mentioned that, when working in the field, they received allowances to cover travel expenses. Many of them also mentioned that they believed the field staff, especially the agents, received some sort of extra monetary reward for working in remote communities. A few considered that such a system had no influence on the field staff's job performance as they worked for FONCODES for other non-material rewards. When asked about the influence of incentives on her tasks, one of the managers commented: "I do not think it is influenced by economic incentives. It is related to being part of this model... being part of FONCODES" (SI-LI-08).

However, all the agents interviewed at the regional level confirmed that they did not receive any kind of additional benefits or incentives for their tasks. Thus, they do not receive per diems or incentives for working in remote locations. The community hires them under a contract for non-personal services, which is established for a pre-set payment for the agent's services. That payment takes into account the activities and field visits the agent will have to carry out during her/his involvement in the project. They also commented that they did not receive any other type of job benefits such as health coverage or accident insurance. Initially, many of them stated that this system did not affect their motivation towards their job, since they know and accept the conditions of the contract beforehand. However, when asked more in-depth about this issue, some of them hinted that they had ways to cope with it. Thus, one of the agents mentioned that sometimes, if the conditions of the project were too harsh, it would not be possible for them to fulfil the entire contract requirements, and sometimes they might make less field visits. "We have to set our own conditions to remain in the places we are assigned to. If we cannot fulfil all of FONCODES' requirements, then we will have to meet 75% of what the contract requires" (SI-EA-02).

One of the agents said that her contract would stipulate a certain amount of field visits and cover the costs for them. However, sometimes the community's schedule would make it impossible to have the required training hours fulfilled, and new meetings would have to be scheduled. She said that she would still go to the meetings because she had made a commitment with the community. However, if it were up to her, she would not go to those extra meetings she was not being paid for (SI-EA-04).

When asked what they would change in the incentives and benefits system, the majority of the agents mentioned they would like to have insurance and to have an allowance for travel expenses.

When asked whether FONCODES' personnel were motivated to perform their job, a slight majority of the managers interviewed at the central and regional level answered positively. According to them, the main reason for the staff to be motivated was to be part of the FONCODES' model. They considered that FONCODES is a legitimate model that works with and directly helps poor communities, thus contributing

to the overall development of their country. In this regard, one of the managers commented: “My motivation is not only based on material incentives; it is also related to the fact that I feel good to do something for my country and to help the poorest people” (SI-LI-06).

Other reasons for motivation were that FONCODES’ staff has a relatively good level of salary. “Compared to other government organizations, FONCODES pays good salaries to its employees” (SI-LI-01). However, the fact that FONCODES give its personnel relatively good salaries was unrelated to the fact that the job stability is relatively low. It seems that most of FONCODES’ personnel are hired on a temporary basis on a ‘professional services’ category. This means that they act as ‘external consultants’ for the organization and their contracts are renewed on a monthly or bi-monthly basis. At the central level office, the researcher was able to observe that the uncertainty attached to this kind of arrangement creates some levels of anxiety on the organization’s personnel. One of the managers mentioned,

In no way are work conditions a factor that influences our motivation. Our contracts are renewed each month, and we only get twelve salaries per year. We do not have social security. I have been at the organization for seven years and have never had a contract for more than two months. Eighty percent of the personnel is in this situation. I do not think those conditions are a factor for somebody to stay at the organization. There has to be a more altruist factor... working for FONCODES is more fulfilling in a personal sense than working for another organization (SI-LI-01).

In addition, at the time of research³⁸, FONCODES was facing the possibility of being phased-out, as it has been discussed elsewhere. No new funds had been committed for a follow-up stage to the program. Moreover, the political signature of the organization has been a burden and post-Fujimori administrations have not fully committed to keep the organization running³⁹. By the time the researcher was in Lima, the government was evaluating the possibility of closing down the program in the following months, without waiting until its formal completion date in September 2008. The tensions that the possible extinction of the institution generated were evident. When asked about staff’s motivation towards their jobs, one of the managers answered, “I

³⁸ The research was carried out in October 2007.

³⁹ For a discussion on this see Chapter 4 of this study.

think that nobody is motivated under these circumstances. I keep going to my colleagues' offices to find out the latest news... we are in a very difficult moment for the organization" (SI-LI-04). Another manager commented: "We cannot talk about motivation today. Maybe six or twelve months ago, it was different..." (SI-LI-02)

In this line, those who answered that the staff was not motivated were, in general, making reference to the particular circumstances the organization was going through as the cause for this lack of motivation. They made clear that they thought people had been motivated before.

When analyzing the responses of the external agents separately, they showed different factors of motivation. They were asked what motivated them to do their jobs and their answers were varied. Thus, they mentioned that: a) they needed the job because they have to support their families, b) they liked their job because it allows them to use what they have learned, or move forward, in their careers, b) they liked the job because they can travel to different communities of Peru and meet different people. Of the six interviewed agents, only two mentioned that they obtained some satisfaction from helping 'the poor'. One of them said that he had a great affection for FONCODES and the work they had done (SI-EA-06).

Overall FONCODES does not have a clear system to provide incentives for agents to attend to communities other than the conditions of the contract. As a consequence some of these agents might seek mechanisms to cope with this lack of incentives and benefits by not fulfilling the required activities, i.e. by 'underperforming'.

There seems to be a difference on the factors that foster or hinder motivation between managers and external agents. Thus, management at central offices claimed to be motivated by altruistic goals. Job stability is also a great factor of influence on motivation, especially with regards to the particular situation FONCODES is undergoing. External agents seem to obtain their motivation from more 'material' goals such as career and job security.

Staff's Influence on Community Participation

The previous indicators attempted to analyze how the tasks of the personnel and field staff were influenced by several factors such as qualification, training, incentives and motivation. In addition, this research proposed to evaluate whether the personnel working at community level might actually have an influence on participatory processes. This is indeed difficult to assess without an in-depth immersion in the Social Fund's projects dynamics. Based on the empirical work carried out for this research, it is not possible to have strong evidence on this issue that would allow making more general conclusions⁴⁰. However, some evidence obtained from the interviews with FONCODES' personnel and experts can hint at some issues of importance within this matter.

As it was already evidenced in previous sections, FONCODES' personnel seem to think that field staff may influence community participation in some ways. It is worth noting that there are two forms by which field staff could influence the project at community level: a) by fostering or hindering community participation and b) by influencing project aspects directly (priority setting, project design, etc). On the former, it seems that lack of communication with community members tends to affect participation and community contributions. This may hinder possibilities of more accurate preference targeting in cases where the priority of the community has not been correctly identified. Overall, these factors may have consequences for project sustainability. One of the managers commented that the attendance to meetings by community members is related to the "level of understanding [the agent] has with the community authorities". He noted,

We need to have a strategy to reach the community. If we just extend a formal invitation, we might not have a successful meeting. If we first try to reach the community authorities, get to know the community, learn what their needs are and raise awareness about the project, they will attach more importance to it. Then people will attend the meetings (SI-AB-03).

Findings from previous sections point out at an indirect influence of the project facilitators and field staff. They may indirectly provide a positive or a negative incentive for participation of community members, depending on several factors, such as personal traits, background, training and motivation to implement participatory process. This

⁴⁰ Given the logistic limitations faced in this research (see section 3.3.2), further, more in-depth study would be necessary to better understand these linkages.

should be further assessed at the community level and by following up and controlling specific projects in order to have more conclusive evidence.

On the other hand, the claim is made that project facilitators influence the articulation of demands and priority setting in the community (Mosse, 2001). This study found no strong evidence regarding this possible situation. The main reason for this is that projects are now being prioritized at the local government level, within the Local Development Plans (LDP). The consequences of this will be assessed in the next section.

However, it is important to note that some of the interviewees mentioned that during FONCODES initial years, it was common that the agents influenced the selection of the project and its execution more directly. However, it was argued that a learning process from both, communities and field staff, has contributed to make the projects more participatory. One of the managers commented,

When FONCODES started, there was little knowledge of this participatory model within the government agencies and in the communities. There was little input from the communities... the project proposed by the [external agent] was generally executed without any objections. That has changed and now the local people participate in a more representative way. They have learned that they can participate and make decisions. And the staff has also learned [to let them do it] (SI-LI-02).

In the same line, an assessment of FONCODES conducted by Rawlings et al. (2004: 146) found that 6% of the surveyed community members identified the *Proyectista* as the person who had determined which project was selected. However, when asked whether the *Proyectista* had first suggested the project, one-third answered positively, while a third said no and the rest did not know. Rawlings et al. conclude that “even where the [agents] may have provided an important impetus by informing the community of the program, in a majority of the cases community members did not perceive them as having determined project selection” (2004: 147). This evidence suggests that facilitators can indeed have an influence on project issues that are ought to be decided by the community.

5.1.3. Institutional Environment

Local Governments

The decentralization process initiated in 2001 gave local governments⁴¹ a whole new range of competencies. Among these, local governments (LGs) are now required to execute participatory Local Development Plans (LDPs) and Participatory Budgeting (PB). LDPs and PBs are carried out through a process where civil society can articulate and prioritize their demands at the local level. LGs rank those demands according to a established priority criteria.

For FONCODES, the changes brought about by the decentralization process have translated into a closer coordination with Province and District Municipalities. The priorities of the communities are now articulated through LDPs. FONCODES coordinates the targeting and execution of the project with the municipality (which in many cases co-finances the projects), according to the priority established by the LDP. Municipalities can choose to either use FONCODES' project model (where the project is executed directly by the community) or to manage the projects themselves (Direct Administration). FONCODES is involved in both cases, acting as a 'technical consultant' for those projects that are implemented directly by the municipalities. This research has focused only on projects that are managed by the community. Thus, this indicator aims to assess the implications of the participation of LGs within FONCODES' projects as well as the LG's influence at community level. The findings for this indicator are mainly based on interviews with experts and, to a lesser degree, on interviews with managers, agents and community members.

The interviewed managers mentioned some positive outcomes from the inclusion of LGs at project targeting and implementation. The process is now more 'democratic' and LGs do not feel as if they are being by-passed by the national government anymore. FONCODES had long been seen as a tool from the national government to intervene directly in the community, and the inclusion of LGs has helped legitimize its image vis-à-vis lower levels of government. In turn, this has helped FONCODES to obtain the

⁴¹ The term *Local Government* will be used indistinctly to refer to the two lower levels of the Peruvian government structure, the Province and District Municipalities.

commitment of the municipality for the maintenance of the infrastructure after project completion. One of the managers noted,

One of the positive consequences [of including the LGs in the process] is that we are not ‘by-passing’ them anymore. Before, when we transferred the completed works, they did not feel responsible for them. [With the new model], they have to commit resources for maintenance even before the project is executed (SI-LI-06).

Another manager commented that the LDPs have allowed a comprehensive understanding of communities’ needs and priorities at a district level, rather than the isolated community. With the previous model “we went to one community without knowing what happened in the community next to it” (SI-LI-02).

However, some of the problems identified by the managers were related to the local government’s willingness (or lack thereof) to use the FONCODES project model. Several managers mentioned that the LGs refuse having the projects implemented by a community’s Representatives Committee because they are afraid of the political consequences this might carry for them. LGs may see the RC as a political instance that contests the power of the District Municipality. One manager reported,

Some of the municipalities see the RCs as possible political opponents, because there have been cases of RC members that have later become elected officials to the local government. Then, there has always been a tacit fear from some Mayors [...] that FONCODES is creating a ‘leadership school’ and that those leaders will be running for elected positions (SI-LI-07).

Finally, the majority of the interviewees referred to a negative influence that the articulation of communities’ priorities through LDPs might have on FONCODES’ projects. They mentioned that, in practice, LDPs might not reflect the needs or priorities of the local populations. The reasons for this are varied, and, according to the managers, closely related to the LGs form of operation. Thus, LGs may affect priority setting by a poorly performed LDP process (e.g. a process that it is not participatory) or by altering those priorities when the projects are executed (i.e. deliberately changing the priority). One manager noted that “sometimes the Mayor prioritizes the project at the municipal level but it has not been a demand introduced by the beneficiaries; when [FONCODES’]

Evaluador gets to the community, he finds out that the project was not a need articulated by the community” (SI-LI-02). Another manager expressed that

Sometimes the municipality does not carry out its LDP correctly, for example by not fulfilling the procedures or attendance minimum that are required [...] sometimes even the Mayor can choose the priorities based on how many voters a community has (SI-LI-06).

This comment reflects a possible political manipulation of project targeting for the benefit of the LG. One of the managers said that “[LGs] are not interested in projects that have a low number of beneficiaries” (SI-LI-06).

It is important to note that the majority of the managers mentioned that they have a good working relationship with many municipalities. Many municipalities have utilized FONCODES’ execution model and are strong proponents of it.

One caveat is that this indicator did not obtain the views of the beneficiaries or LG officials. However, the findings are relevant to show the perception of the managers on how one component of FONCODES’ institutional context might affect its model.

Local Indigenous Institutions

Peruvian social organization has strong roots in traditional community structures. This is particularly important at the indigenous communities located in the Andes Mountains. FONCODES prides itself in having built up its implementing model following-up on existing and long-standing traditions of community organization. Thus, both FONCODES’ project cycle and model would be based on these ancient traditions. Although, due to the mentioned research limitations, this research did not collect enough evidence to assess the role this traditional organization plays in community participation in Social Fund projects, some interviews with experts on this topic will be briefly referred here (UI-01 and UI-02).

There is a long-standing tradition of participation in the Andean culture that is based in strong concepts of group and community. This tradition is substantiated in determined organizational structures such as the *community ‘assembly’* (meeting) and the *community ‘directorate’* (authorities). The *community assembly* is the instance at which decisions are made. This *assembly* periodically elects the community authorities.

All the matters of importance to the community are discussed and decided at this 'assembly'. On the other hand, the community 'directorate' is legally recognized within the formal structure of the Peruvian State. The *directorate* has legal capacity to act and keeps a registry of the decisions made at the meetings.

The Representatives Committee (RC) for FONCODES' projects is chosen at the 'community assembly'. The RC is thus legitimated at this meeting within the local organization. According to one of the experts interviewed, this means that the RC is held accountable by the community and will have to use the established mechanisms for the participation to be considered legitimate (UI-02). One of the possible consequences of these institutional arrangements within the community is that sometimes the RC becomes a parallel instance of power and might distort the community organization. It was argued that this could happen because the RC administers project funds, which gives it more power vis-à-vis the community's authorities. The role of this local indigenous institution will be further analyzed in section 5.2.

5.2. COMMUNITY PARTICIPATION IN SOCIAL FUND PROJECTS

This variable aims to assess the level of participation of the community in Social Fund projects' priority setting, design and implementation, according to the opportunities to participate at those stages. As noted in the previous analysis, the Social Fund project cycle and other design elements are indeed geared towards the inclusion of the communities. However, it has also been found that several characteristics of the Social Fund and its environment influence the way in which people participate in the projects. Community participation in Social Fund projects will be assessed at two different levels, namely, *formal* and *substantive* inclusion. The findings in this section are based on programme documents, secondary data from FONCODES evaluations and interviews with experts, community members and FONCODES staff.

5.2.1 Formal Inclusion: Designing Spaces for Participation

Formal inclusion will be analyzed here by assessing the instances at which communities are 'allowed' to enter Social Fund projects. At FONCODES, these

instances can be observed throughout the project cycle phases. Key instances are the Community's Representatives Committee (RC), Community Meetings, Training Workshops and Community Contributions. The opportunities to participate at project stages is summarized in Table 5.2, according to the indicators proposed by the research.

Community Representatives Committee⁴²

FONCODES' model considers the community as the project implementing 'agency'. This implementing group is represented by a Committee of four people elected by the community at a general meeting. A President, a Secretary, a Treasurer and an Overseer form the Representatives Committee. In recent years, the position of Overseer is filled with a municipal employee designated by the local government, which now many times co-finance the project. Furthermore, it is recommended that one of the members of the RC be a woman.

The RC is responsible for executing the project and administering the funds. They do so with the guidance of two external agents, the Resident Expert and the Project Supervisor. Among other functions, the RC has to hire the workers for construction, provide information to FONCODES agents, and pay their salaries. The RC has the responsibility of providing information to the community on the project's implementation and funds administration at monthly meetings.

Community Meetings⁴³

Community meetings must be held throughout the entire project cycle. They have to be representative (more than 51% of families in the community have to attend), and the participation of women is encouraged. During the initial phases of the project, the meetings are the main instance where community members get information on project requirements and design. Here, they express their preferences and make the commitment for their contribution and participation towards the project. During project execution, the community meetings have to be organized by the RC to inform about project implementation activities and decisions.

⁴² The information on this section has been collected from FONCODES Operational Guidelines, 2006.

⁴³ This information has been collected from FONCODES Operational Guidelines, 2006

Table 5.2 Formal Inclusion: Opportunities to participate (Source: Author)

	PROJECT PHASE		
OPPORTUNITIES TO PARTICIPATE	Priority Setting ⁴⁴	Project Design	Project Implementation
Access to Information	This instance has been relocated under local government control, through Local Development Plans. This research did not find evidence on how the community access information about opportunities to define its priorities.	The <i>Proyectista</i> and <i>Evaluador</i> inform the community about the design of the project	The Community RC and the Resident Expert have to inform the community on the progress in the implementation of the project at monthly meetings.
Express opinions	Community members should be able to express their preferences for development projects in Local Development Plans.	The <i>Proyectista</i> and the <i>Evaluador</i> have to ask community members (especially the RC) on issues that influence project design.	The project cycle design does not address this issue. Evidence was found that community members can express suggestions and opinions during the implementation of the project at community meetings.
Take part in decision-making	Community members should be able to influence the election of the development project through LDP. Evidence was found that this might be hindered.	The project cycle design does not address this issue. No specific evidence was found on any direct influence that the community might have on project design	The community RC and Resident Expert share responsibility for all the decisions about project implementation.
Take part in management instances	Community members should be able to decide their development priority through LDPs. Evidence was found that this process might be hindered.	Community members do not design the projects themselves. No evidence was found that suggested otherwise.	Communities implement the projects themselves, through a RC. The responsibility is shared with the Resident Expert.

Training Workshops

Every FONCODES project includes a training component for the RC and the community. According to program documents, this training has the objective of

⁴⁴ For approximately three years now, Priority Setting has been taken up by the local government through the implementation of Local Development Plans and Participatory Budgeting. It was out of the scope of this research to assess this process, which is now 'outside' FONCODES. However, evidence on the influence of Local Governments can be found in Section 5.1.3. of this study.

“building up capacity in the community and its leaders to strengthen community management processes” (IDB, 2002: 24). There are two types of training:

a) Technical training, which is offered according to the type of project and focuses on construction, utilization and maintenance of works and on their management, administration and sustainability. The Resident Expert or the Supervisor normally give this training to the members of the RC.

b) ‘Social’ training that is “crosscutting, [and focuses] on community participation, gender equity, the environment and community organization” (IDB, 2002: 24). This training is offered to the entire community and is implemented by the *Capacitador Social* (Social Trainer). The community has to make an initial commitment to attend these training workshops, since it is one of the requirements for project financing.

Community Contributions

Every project requires a commitment by the community to contribute at least 10% of the project’s unskilled labour. Water and sanitation projects require 50% minimum contribution⁴⁵. These contributions are included in the project’s budget as part of the total cost.

5.2.2. Substantive Inclusion: Assessing the Evidence

This category of analysis aims to assess the substantive participation of community members at the formal participation instances detailed above. One caveat regarding this evidence is that the sample of interviewed community members was greatly limited by logistic problems during field research⁴⁶. Therefore, the issues raised here need more extensive examination at the community level. The stated findings are based on observation, comments from community members and experts, as well as other empirical studies.

⁴⁵ This requirement was recently decreased from the 100% unskilled labor contribution the projects used to require.

⁴⁶ A more extensive description of the research limitations and its consequences for these findings can be found in section 3.3.2.

In their research, Rawlings et al. (2004) found that, in a study conducted between 2000 and 2002, around 62% percent of community members surveyed confirmed that they had participated in the assembly to *select the project* and 59% of those had spoken at least once at the meeting. The study also finds that local governments played a role “in identifying community needs and drafting project proposals”, as 7% of those surveyed said that the LG had selected the project. This evidence does not include data from recent years, when the role of LG has become more relevant in project identification and priority setting. The study does not comment on any evidence of community participation during *project design* in Peru, but it states that participation at this stage fell dramatically for the programs covered by the study. Lastly, the study finds that 83% of those surveyed said the community had participated in *project implementation*. Of those, about 67% said that they had participated directly, most commonly by providing labour (90%). The evidence collected by the present research will be detailed below.

Community Representatives Committee

The majority of interviewees at community level were part of the RC. They confirmed that the community elects the RC members at the community meeting. In communities that had executed more than a project with FONCODES funding, the RC members change with every project, which allows more people to take the responsibility for the project and the funds (SI-CO-04).

However, it was observed that in some cases the RC members had been chosen at an external non-representative instance. Thus, a woman who was a member of the RC for a school improvement project commented that the school principal had selected her because the person that was initially elected had declined the position (SI-CO-02).

Furthermore, in spite of what is required by operational documents, it was noticed that some RCs did not include women among its members. When prompted about that fact, one interviewee commented, “we should have a woman [in the RC] but no woman wanted to accept the position” (SI-CO-01). Some informal talks hinted that one of the reasons for a low degree of women participation at the RC is that they usually have lower levels of schooling. In

Peruvian indigenous communities, a lack of schooling correlates with not being able to speak Spanish. Thus, women might feel they will not be able to fulfil the responsibilities of a position within the RC because they are not able to read or write the documents or speak the language.

FONCODES staff was asked if they thought that community members who are not part of the RC participated during project implementation, to which a majority answered positively. They said that in general people participate at community meetings, training sessions and by contributing to the project. However, one of the managers said that they do not participate actively or the degree of their participation is not relevant. According to him, some of the reasons for this were that people might not have been interested in the project or that the project prioritization was not adequate (SI-AB-01).

Community Meetings

Community members confirmed that they participated at community meetings. They usually receive the first information about the project at these meetings. During implementation, they can get updates on project activities and budget administration at the monthly meetings. When asked about the opportunities to express opinions at these meetings, one woman commented: “We have meetings every week and we all participate at them... We [the women] also have the right to attend the meetings and to give our opinions” (UI-07). In general, community members stated that they could express opinions at community meetings. However, the language barrier for the participation of women seemed to be a constant in the visited projects. One woman said,

Women participate and talk [at meetings]... but not all of them, because the [school] Principal and the [Resident Expert] speak Spanish and the majority of [the women] do not understand or speak Spanish. And men speak Spanish more often. Sometimes, as a woman, I have to translate for the women and explain to them [what it is being said at the meeting] (SI-CO-02).

Additionally, when they were asked if they talked to FONCODES’ external agents, some women answered negatively. They commented that they express their opinions to the men in the community (mainly to their husbands), who then express them before the agents (UI-07). This comment suggests that this is a mechanism utilized

by women to mobilize their opinions without breaking some of the rules assigned to their traditional roles.

FONCODES personnel were also asked about these issues. Their perceptions were that men tend to participate more at community meetings. In some communities, women stay on the side and do not express opinions. The language is in many cases the main barrier for them to express opinions.

Training Workshops

Some evidence collected on the 'Social Training' aspect shows that the majority of the interviewees at community level gave great importance to the training workshops as a space of participation. These instances were also utilized as a space to get information about the project. It is interesting to note that, of the interviewees, women tend to mention the training workshop as an instance for participation more often than men. This correlates with the perception of FONCODES' staff that the attendants to these workshops are mostly women. The reasons for this seem to be twofold. First, men are the ones who spend the day outside the community working on the farms, being the women who are 'available' for these workshops. Second, as one of the Social Trainers mentioned, women seem to be more interested in the topics offered at these trainings (SI-EA-04).

In addition, it seems that participation at this instance might be highly affected by 'seasonality'. Thus, participation tends to vary according to the day of the week the meeting is held as well as with the agricultural season.

Community Contributions

FONCODES' sub-projects usually require a community contribution, which is generally fulfilled through labour. In order to meet their commitment, communities usually organize days of collective work, called *faenas* ('work-day'). The *faenas* require that all the families in the community contribute towards the project with labour and other support tasks. Since most of the sub-projects are for small scale infrastructure (schools, health posts, water taps, latrines, feeder roads), it is customary that men

provide heavy labour while most women participate in a support role, i.e. by cooking, fetching water, taking care of the children.

The community is usually 'summoned' to the *faena* either by the traditional authorities or the RC. The role of the community authorities seems to be stronger at this instance, which suggests that participation at *faenas* might need their legitimization.

Some interviewees mentioned that they organize community meetings after the *faenas* since more people can attend the meetings then. Thus, this instance seems to work as a space for community gathering where information or decisions on the project can be made. They also represent an opportunity for communal sharing of food and work, and are seen as an extension of the community's traditions.

One of the questions explored referred to the willingness (or actual attendance) of community members towards this type of contributions. Community members expressed that generally a majority of the people attended the *faenas*. When asked if local people complained about this requirement, the majority of the interviewees answered negatively. Some said that people understood the project was beneficial for the community and thus, they had to contribute to it. One of the interviewed community members commented,

We are always ready to contribute when it comes to the betterment of the community. It is the way in which we are organized. We have to fulfil our commitment to the community. It is a right that we have for being part of the community... and a tradition that comes from our grandparents (SI-CO-04)

This comment reveals how the local tradition of participation in the indigenous communities of Peru is still strong and serves the purpose of FONCODES model.

Nevertheless, the perception of the community members contrasted with that of the interviewed staff. A majority of the personnel thought that community members would tend to complain about having to make contributions. According to them, this depended on many factors. First, it seemed to be related to the type of the project and the interest the community has on it. An example of this is found in electrification projects, which, according to one of the agents, are of great importance for communities and therefore they tend to participate more in them (SI-EA-01). Another important factor was the fact that community members do not want to sacrifice present income in order to

contribute to the project. One of the managers commented that when the requirements for community contributions are too high, the locals privilege other activities that have a more direct benefit to them (SI-LI-02). In the same line, 'seasonality' is again an important factor on community contributions, according to the managers. "If they are busy with their agricultural tasks, there is a greater tendency to fail in fulfilling their commitments [towards the project]" (SI-LI-08). More research would be necessary to find out how the issue of ownership affects the contributions by the community.

5.2.3 A Note on Community Participation's Impact

The issue of preference targeting was explored in this research and evidence is available from primary and secondary data. On the latter, Rawlings et al. (2004: 144) find that 90% of the respondents (and 92% of women) said that the project selected was the highest-priority investment. The evidence from primary data shows that a great majority of the interviewed community members considered the project as the investment they needed the most. Only one interviewee said that she would have liked to have other project, but she said that the community was satisfied with the project selected (SI-CO-02). Due to the size of the sample, the evidence is insufficient to make conclusions, but combined with the data obtained from Rawlings et al., it can be argued that the preference targeting of the investments tends to be high.

Some of FONCODES' personnel also thought that community participation increases the commitment towards the project, which has an influence on project sustainability. One of the managers said,

The more the community participates, the higher it is their commitment [towards the project]. This has an influence not only on community contributions but also in the project sustainability. I see projects sometimes that are very well maintained and the reason for that is that [the local people] feel it as their own project and maintain it (SI-LI-07).

A different issue raised by the managers was that participation increased managerial capacities at community level. The community members also hinted that there had been some effects on this sense. One caveat is that this effect might be

circumscribed to individuals who have been part of the RC. One of the RC' members that were interviewed stated,

As part of the RC we have had a nice experience. A Trainer has come and taught us how to manage and maintain all these works. It has been very useful for us because, when other projects are brought to the community, we can make suggestions. And although we are not going to be [in the RC], there will be other people and we will be on their side, helping them (SI-CO-04)

Overall, a study from a FONCODES' impact evaluation found that "community participation has the effect of increasing the probabilities of project success [...] although the size of the effect depends on community and project characteristics." (Alcazar and Wachtenheim, 2002: 30). However, this research did not verify these effects at community level and more in-depth research would be necessary to assess this issue.



CHAPTER 6. CONCLUSIONS

Within the Social Funds model, community participation is expected to contribute to project success by eliciting development priorities directly from the beneficiaries and by giving them a certain degree of control over project management and resources. However, current critiques to participation approaches have argued that participatory processes might be ‘manipulated’ by external agencies that are constrained by their own organizational needs and procedures as well as by their institutional environment. This research has aimed to empirically assess these postulates by analyzing the influence of the Social Funds’ organizational context and institutional environment on community participation processes.

Some authors have suggested that certain characteristics have to be present in the organization as well as in project facilitators for the participatory processes to have more chances of success. This research has sought to explore which specific elements within the organization’s system may have an effect on community participation, bearing in mind the differences between formal and substantive inclusion of individuals in participatory processes. For the empirical study carried out at FONCODES, a qualitative approach has been privileged, seeking to obtain the different actors’ perceptions on these contested matters. The choice of a case study research approach has generated a great amount of complex data, which is difficult to summarize within a few general lines. However, some conclusions can be obtained that have been hinted by the evidence described in this study.

6.1. ASSESSING THE EVIDENCE

The general findings of the research can be grouped following the lines proposed by this study. The overall evidence shows that the *organizational context and institutional environment* influence community participation in FONCODES projects. The direction of this influence depends on how particular areas of the organizational context are structured as well as on political variables in the institutional environment.

In general, the *organizational systems and procedures* as structured at FONCODES seem to be geared towards *formal inclusion* of communities in projects. The *project cycle* is designed in a way that offers many instances for communities to participate, such as community meetings, representative committees and community contributions. Overall, FONCODES structure is decentralized and the procedures are fairly flexible. This translates into communities being able to introduce claims and suggestions at different levels of the Social Fund. It also makes it possible to adapt some of the procedures to specific characteristics of the communities and/or the projects. This evidence is consistent with the theoretical argument that proposes that participatory methodologies can be more easily adopted in organizations with more flexible structure and hierarchy styles.

The evidence from the analysis on the role of *personnel and field staff* shows that FONCODES staff's influence on community participation can be negative when they are not qualified, trained or motivated to facilitate participatory processes, as well as when the organization does not offer incentives for these personnel. This influence might indirectly hinder *substantive inclusion* of communities within project process by affecting the communication between the facilitator and the community members. The consequences of this problem can have an effect in the willingness of the community to participate, contribute and maintain the project. It can also translate into projects that do not address the real need or priority of the community. However, no strong evidence was found that project facilitators directly influence the shaping of needs or demands by the community (priority setting), since the local government is now responsible for collecting that information from communities and prioritizing the projects at the district level. Some evidence was found that suggests a greater direct influence by facilitators on project decisions during FONCODES' initial years. This might have happened due to a lack of knowledge about the process on the community and the facilitators' side. This evidence is insufficient to assess if project facilitators 'shape the needs' of the community as proposed by one of the critiques to participation.

The findings on the influence of the *Social Fund's Institutional Context* show that the Local Government has indeed an influential role on the application of

participatory processes as well as in priority setting for FONCODES' projects. Fear of contestant power from community leaders might hinder political will to implement projects that are managed by local populations. Moreover, priority setting and ranking might be skewed towards projects that bring political benefits. These effects largely depend on the particular characteristics of the specific municipality. On the other hand, the analysis of local indigenous institutions shows that these instances can be successfully used to legitimize the Social Fund's interventions and, especially, to obtain the commitment of the community for contributions to the project. Following the theoretical postulate proposed in this study, it can be argued that the need to interact with some actors within its institutional context can be a factor that influences FONCODES' implementation of participatory processes. However, these actors can foster or hinder participation depending on their specific organizational and political context.

Finally, some evidence was found on formal and substantive opportunities to participate at different project stages. Overall, FONCODES does well at designing formal instances of participation at promotion and project implementation stages. Project design seems to have little input from communities. This seems to be a general characteristic of Social Funds, and, as noted, it could hinder the design of projects that might overlook specific traits of the community and the problem itself. This could ultimately affect project sustainability. However, further assessment of this issue is necessary. On the other hand, there are few design characteristics in FONCODES project cycle and procedures aimed at ensuring a substantive inclusion of women and non-Spanish speaking people in the community. Due to the limitations encountered by this research, this issue needs further examination at community level in order to have more conclusive evidence.

It is important to stress that there are reasons to believe that this analysis cannot be extended beyond FONCODES to the study of Social Funds in general. Although Social Funds share some basic principles and characteristics, their organization and structure vary from country to country. Furthermore, FONCODES has some particular characteristics, especially with regards to the use of local traditional models of

organization as well as to the extent of control that grants to community committees, which make difficult to derive generalizations from its study. Therefore, the findings can serve as guidance for other Social Funds and to unveil the complex reality of Social Fund design⁴⁷.

6.2. RECOMMENDATIONS

The evidence obtained suggests that certain elements within the organizational and procedures design of FONCODES can be improved in order to minimize (or revert) their negative impact on community participation. The case study presented here may indeed provide some lessons for organizational design of Social Funds, especially on the issue of Social Funds personnel and field staff as well as for some project cycle issues:

- Training in social management and participation topics should be encouraged and prioritized by the organization. This type of training is even more relevant for organizations that require a high level of technical personnel. It could provide instances for the facilitators to reflect on their influence on the process.
- The role of the external agents should be clearly defined within the hierarchy structure. This would provide more means of control on the performance and fulfilment of their commitments towards participatory processes. Additionally, by receiving clear information on this matter, communities should be more aware of the demands they can place on the external agents.
- Some incentives geared towards generating a greater involvement of the field staff with the communities should be provided by the organization.

This study has dealt with complex interrelated issues that have consequences for community participation as well as for project outcomes. The scope for further research is great. The influence of personnel and field staff on community participation processes needs to be further assessed. An analysis of the dynamics at community level could help

⁴⁷ See section 4.2 of this study.

to identify this in greater depth. Furthermore, the role the organization might play on substantive inclusion of community members within participatory processes should be further analyzed. Finally, the effects of reduced levels of participation during project design projects in Social Funds should be further evaluated in order to identify alternatives that allow a greater inclusion of the community at this stage.

In general, it can be argued that the critique of participation has opened a wide range for future research. Its value does not lie in discrediting the participatory approach, but rather in the identification of principles, strategies and procedures that can help to improve its implementation.



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A LIST OF CONSULTED WEBSITES

- INEI, Instituto Nacional de Estadística e Informática del Perú: www.inei.gob.pe
- Mahbub ul Haq Human Development Centre: www.mhhdc.org
- Panorama Peru: www.panorama-peru.com/mapas.asp
- Quest-net.org Website: <http://www.quest-net.org/glossary.asp?dictionary=9&alpha=e&mode=list>
- World Bank Participation and Civic Engagement Group Website: <http://go.worldbank.org/FMRAMWVYV0>
- World Bank Website, Peru Data and Statistics: <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/LACEXT/PERUEXTN/0,,menuPK:343629~pagePK:141159~piPK:141110~theSitePK:343623,00.html>
- World Bank Social Funds Website, Social Protection Unit: <http://go.worldbank.org/L9RM4DVGPO>

ANNEX I: INTERVIEW GUIDES

A. INTERVIEW GUIDE FOR MANAGERS AT FONCODES' CENTRAL AND REGIONAL OFFICES

1. Personal information

1.1. Time working for the organization:

1.2. Position/s:

1.3. Educational Background:

2. Organizational Procedures

2.1. Training

2.1.1. Has the staff of FONCODES received training in participatory methodologies/participation (in general)?

If yes:

2.1.1.1. To whom has this training been addressed to?

2.1.1.2. What contents have been included in the training?

2.1.1.3. How often has it been offered?

2.1.1.4. In your opinion, how does the training in participation contribute towards accomplishing the tasks performed by the staff?

2.1.1.5 Do you think that influences the projects at the community level?

2.1.1.6. Do you think it would be necessary to change something in the current training system? What?

If not:

2.1.1.7. Do you consider this training would be necessary for the staff?

If yes:

2.1.1.7.1. In your opinion, in which way would that training contribute to the tasks of the staff in relation to the projects?

2.1.1.7.2 Among the staff, who would be more benefited by this type of training?

If not: 2.1.1.7.3. Why not?

2.2 Field Level Staff

2.2.1. What type of educational background or skills do you consider are necessary in the staff that works directly with communities? (Group into technical or social)

2.2.2. Do you consider these background or skills have an effect in the projects? Which one?

2.2.3. In your opinion, which skills/background are more important?

2.2.4. Do you consider that there is enough staff in the field with these skills/background?

2.3 Flexibility

2.3.1 Are there common procedures that every project must follow, according to pre-established rules?

If yes:

2.3.1.1. How have these procedures been established?

2.3.1.2. Can these procedures be changed if the situation (in the community or the project itself) requires it?

2.3.1.3. Do you think this system has an effect in the participation of the community? Which one?

2.3.1.4. Do you think this system has an effect on the projects' outcomes? Which one?

If not:

2.3.1.5. How do you think this affects the work of the staff with the communities?

3. Incentives and Motivation

3.1. In your opinion, is the staff sufficiently motivated to apply participatory processes in sub-projects?

-If yes:

3.1.1. What is in your opinion the main reason for the staff to be motivated?

If not:

3.1.2. Why do you think this happens?

3.2. Does the staff in contact with communities receive financial/material benefits? (Travel/Mobility allowances, Bonuses, Other)

3.3. In your opinion, how do these incentives affect the job of field staff in contact with communities? (In general and regarding participatory processes)

3.4 Do you think there is a relation/link between the participation of the community and the performance of the field staff?

4. Institutional Context

4.2. How do local governments influence the participatory processes in FONCODES' projects? (Especially in relation with the setting of priorities by communities)

4.3. Do you consider that the decentralization of tasks and functions to FONCODES' regional and local offices is appropriate? Why?

4.4. Do you think that the claims and suggestions the community makes can be channelled to the regional offices? And to the central office? Do they find solution?

5. Socio-economic differences within the community

5.1. Do you think that people outside the executing group (RC) have the ability to make suggestions and to be heard? (by the RC and by FONCODES' agents)

5.2. Do you think that the (mainly) in-kind contributions the community is bounded to make affect the possibilities of certain individuals to participate? How?

B. INTERVIEW GUIDE FOR EXTERNAL AGENTS

1. Personal information

1.4. Time working for the organization:

1.5. Position/s:

1.6. Educational Background:

2. Organizational Procedures

2.1. Training

2.1.1. Have you received training from FONCODES?

If yes: 2.1.1.1. What kind of training have you received? (participatory methodologies?)

2.1.1.2. How often?

2.1.1.3. In which way do you feel this training has contributed to perform the tasks related to the project?

2.1.1.4. Do you think it is necessary to make any changes in the training system?

If not: 2.1.1.5. Would you like to receive training from FONCODES? What kind of training? Why?

2.2 Field Level Staff

2.2.1. Which of the following background/skills do you consider are more relevant for the job of the agents in contact with communities?

- Social background/skills (i.e. social scientists, teachers, etc. name a few)

- Technical background/skills (i.e. engineers, architects, etc. name a few)

2.2.2. Do you consider these background or skills have an effect in the projects? Which one?

2.2.3. Do you consider that there is enough staff in the field with these skills/background?

2.3. Flexibility

2.3.1. How do FONCODES' rules or procedures affect your tasks?

2.3.2. Do you feel there is room for extraordinary situations to be considered within the projects?

2.3.3. Do you think this system benefits or harm your work with the community?

3. Incentives and Motivation

3.1. Do you receive any material benefits when working with communities that are far away from the main towns? Which one?

3.2. What other types of benefits or incentives do you receive from FONCODES?

3.3 How does this affect your job?

3.4. What would you change in the system?

3.5 What is your motivation to do this job?

4. Institutional Context

4.1. Do you consider you have good channels to communicate with the regional office of FONCODES?

4.2. Do you think the communities have good communication channels with the regional office?

4.3. Do you think that the regional office has 'freedom of movement' vis-à-vis the central office?

5. Socio-economic differences in the community

5.1. Do you think that the beneficiaries' opinions and suggestions (outside the RC) can be taken into account?

5.2. Does the in-kind contribution asked to the community affect their participation? How?

5.3 What happens with those who cannot contribute?

C. INTERVIEW GUIDE FOR COMMUNITY MEMBERS

1. Personal information

1.1. Gender: W/M

1.2. Age:

1.3. Activity: (What do you or your family do for a living?)

1.4. Schooling:

1.5. Have you been part of the Representatives Committee (RC)?

2. Participation in Meetings and Decisions

2.1. How did the community find out about the project?

2.2. Have you been part of meetings concerning the project?

2.3. Do you feel that your opinions or ideas were heard and taken into account?

2.3.1. If not: Why not?

2.4. How have the decisions about the project been made by the community?

2.5. Do you think this is an appropriate system to make the decisions? Why?

2.6. Did you have a system like this before the project?

2.7. If asking a woman: Do you think women participate enough? Are their opinions taken into account?

2.8. If asking a man: What do you think of the fact that women are part of the IG?

3. Participation in Implementation

- 3.1. When the project was being executed, have you had information about progress in the works or the expenses?
 - 3.1.1. If yes: who gave you the information?
 - 3.1.2. If not: why haven't you received such information?
- 3.2. Have you contributed labour or money towards the project?
- 3.3. Do you consider that is fine that you have to make this contribution?
- 3.4. Are there people who cannot contribute? What does the community do in those cases?
- 3.5. Do you feel you can find and talk to the Engineer and the Supervisor when you need them?
- 3.6. And the people from FONCODES?
- 3.7. Do you think the fact that the municipality was part of the project made a difference? Which one?
- 3.8. Do you think the fact that the community was part of the project made a difference? Which one?

4. Preference Targeting

- 4.1. Do you think this project is what the community needed most at the time?
 - 4.1.1. If not: What other project would you have preferred?
 - 4.1.2. Why was not that project executed?

ANNEX II: LIST OF INTERVIEWS AND DOCUMENTS

A. LIST OF SEMI-STRUCTURED INTERVIEWS

SI-AB-01- Regional Manager 1

SI-AB-02- Regional Manager 2

SI-AB-03- Regional Manager 3

SI-AB-04- Regional Manager 4

SI-CO-01 Community Member 1

SI-CO-02 Community Member 2

SI-CO-03 Community Member 3

SI-CO-04 Community Member 4

SI-EA-01- External Agent 1

SI-EA-02- External Agent 2

SI-EA-03- External Agent 3

SI-EA-04- External Agent 4

SI-EA-05- External Agent 5

SI-EA-06- External Agent 6

SI-LI-01- Coordination Manager 1

SI-LI-02- Evaluation Manager 1

SI-LI-03- Evaluation Manager 2

SI-LI-04- Evaluation Manager 3

SI-LI-05- Evaluation Manager 4

SI-LI-06- Supervision Manager 1

SI-LI-07- Supervision Manager 2

SI-LI-08- Supervision Manager 2



SI-LI-09- Transference Manager

SI-LI-10- Training Manager

B. LIST OF UN-STRUCTURED INTERVIEWS

UI-01 Topic: Project Cycle

UI-02 Topic: Local Governments 1

UI-03 Topic: Local Government 2

UI-04 Topic: Local Government 3

UI-05 Topic: Program Impact 1

UI-06 Topic: Program Impact 2

UI-07 Community Members

C. LIST OF CONSULTED OPERATIONAL DOCUMENTS⁴⁸

OD-01 Operational Guidelines 2006

OD-02 Operational Guidelines 2003

OD-03 IDB-FONCODES- Loan Proposal 2002



⁴⁸ The following documents have been cited in the Bibliography.