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Building Roads to Democracy?

The Contribution of the Peru Rural Roads Program to Participation and Civic Engagement in Rural Peru

Projects involving community participation often give communities responsibility to identify, prioritize, plan and implement small-scale investments. While the approach generates high ownership and relevance, it has often been considered inappropriate for large infrastructure projects with requirements of economies of scale, technical standards and efficiency. The Peru Rural Roads Program (PCR) finds the right balance between the two approaches by integrating community participation in a large-scale rural roads program with best practices, both in terms of flexibility and adaptability in project implementation,, increased ownership and efficient management of road assets. Its positive impacts on rural transport, local economic development and local governance in Peru have earned it best practice awards from Peruvian civil society, from the Inter-American Development Bank and from the World Bank (President's Award for Excellence 2001). This note highlights its innovative design features and focuses on its impact on governance¹. Governance outcomes that are particularly highlighted include strengthening integrated participatory development planning, increasing local institutional capacity, promoting transparency in local governance and fostering civic engagement.

The Peru Rural Roads Program (known by its acronym, PCR) is a best practice example of how community participation in a large-scale rural roads program can contribute to rural transport, local economic development and local governance. The PCR was initiated in 1995 under a central agency within the Ministry of Transport and Communications (*Provias Descentralizado*), to support the decentralization of rural roads management to local governments¹. The first phase invested a total of US\$250 million (of which US\$90 million was a loan from the World Bank Group) in the rehabilitation and maintenance of rural roads in the country's 12 poorest departments, representing about 70 percent of the rural population of Peru. The program is now in its third phase and is scaling up to cover the entire country, investing US\$150 million

(of which US\$50 million is a loan from the WBG), complemented with significant other resources from other donors and municipalities (following ambitious fiscal decentralization reforms since 2002).

Three main *achievements* of the program are:

- **Rural transport:** the program has rehabilitated and maintained 15,000km of rural roads and 7,000km of paths (used primarily by women and children). This has increased the availability of transport services by 150 percent. Quantifiable benefits of increased access to transport include a 10 percent increase in boys' access to secondary education; a 7 percent increase in primary enrollment among girls; 53 percent in time savings, 78 percent lower travel fares for passengers and 18 percent travel fare reduction for freight.

¹ Past experience showed the difficulty of centrally managing a large rural road network, particularly for tertiary roads and paths, most of which are not even identified on maps.



Box 1: Stages of participation in the Rural Roads Program

Citizens participate in identifying and prioritizing roads in several steps. District mayors use local radio (including in *quechua*) to mobilize communities to participate in the **identification** of roads to be rehabilitated and maintained. Communities create maps of local paths and roads, which are communicated to the District mayor for incorporation into the District roads inventory. Workshops are organized between communities and District mayors to **prioritize** investments: a prioritized map of roads to be rehabilitated and maintained is prepared, and an agreement is signed among District and Provincial mayors on the roads to be funded by the program.

- **Local economic development:** 650 microenterprises comprising community members (*Microempresas de Mantenimiento Vial Rutinario*, or MEMV) have been created to carry out maintenance activities on rehabilitated roads. MEMV have generated nearly 6,000 jobs, of which a quarter for women. In addition, in order to multiply the impact of rural roads on local economic development, the program created a mechanism for funding productive activities in areas surrounding the roads, the Local Development Window (*Ventana de Desarrollo Local*, VDL).
- **Local governance:** In the broader context of decentralization reforms engaged in since 2002, innovative institutional arrangements supported by the program over the past decade have promoted a more inclusive and democratic local political culture, resulting more efficient decentralized institutions and increased participation of previously marginal rural communities in local decision-making, particularly among women and indigenous communities.

The program's success in achieving these impacts is due to both design and implementation factors.

Innovative Design Features

1. Community participation in rural roads

PCR was designed in recognition that road construction and rehabilitation require technical expertise, a skilled labour force and equipment that are beyond the scale and capacity of communities. Community control in this case can result in significant efficiency losses and poor technical standards. Prior to PCR, road construction and rehabilitation was generally poorly executed with municipalities often doing the work "in house" with their own civil servants and equipment. Under the program, rehabilitation is contracted out by the central agency (*Proviás Descentralizado*) to private construction firms, through a transparent bidding process (this task is being transferred to Provincial municipalities during the third phase)².

Unlike centrally delivered roads programs, PCR gives communities a key role in two important stages: (a) communities and their local representatives *identify and prioritize* the roads to be rehabilitated and maintained, providing accurate information on which transport routes are important for communities (see box 1); (b)

² Peru has four layers of government, with a total of 1,800 Districts in 200 Provinces and 24 regions ('*departamentos*').

communities, organized into microenterprises (MEMV), carry out the *maintenance* of rural roads. Prior to the program, roads requiring maintenance were neglected and remained impassable for decades. Under the program, communities are provided with training and incentives to directly participate in the maintenance of the roads they use. Unlike rehabilitation, maintenance is labor intensive and does not require a skilled labor force, specific technical expertise or heavy equipment.

Community participation generates ownership and ensures sustainable maintenance (and consequently access) of rural roads, since communities using and living close to the roads have a direct interest in maintaining them. Maintenance is a labour-intensive and continuous activity for which communities have technical capability, with training, supervision and support from the program.

2. Integrated Territorial Approach to Planning

A second distinctive design feature has been the program's support for an integrated territorial approach to local development planning and management, in the broader context of Peru's decentralization reforms (see Box 2). The program created a new institution for Province-wide strategic roads planning, the *Provincial Road Institutes (Institutos Viales Provinciales, IVP)*³. IVP are governed by a Provincial Road Board that brings together mayors at District and Provincial level. IVPs plan, coordinate and manage roads rehabilitation and maintenance across the province. The IVPs establish close cooperation between District and Provincial mayors and facilitate coordination with other local stakeholders (communities, private sector service providers, transport providers etc). This has fostered province-wide strategic planning of roads policy and programs. On a pilot basis, some IVPs are expanding their responsibilities to other infrastructure sectors and could progressively become Provincial Infrastructure Institutes. Through careful institution-building at Provincial level, the project has supported the

³A total of 134 IVP have been created across the country to date, and have elaborated 124 Participatory Provincial Roads Plans

Box 2: Supporting Integrated Territorial Development

The Provincial Roads Institute is an institution created by the program to encourage districts to coordinate level to define and implement province-wide rural transport policies. Its impact has gone beyond transport to the definition of a joint vision for territorial development. By creating a space for coordination among local stakeholders (district and provincial mayors, private sector service providers, transport providers, NGOs etc), the PRI has fostered strategic development planning across the provincial territory which has been replicated in other sectors such as tourism and natural resource planning.

In **San Martin**, the coordinated approach supported by the PRI for a joint vision for roads is being applied to natural resource, tourism and security planning. The provincial mayor of San Martin believes that other stakeholders in the province – including NGOs – can avoid duplication of efforts by using the PRI For coordination. Similarly, the Provincial Roads Institute in **Yungay**, which initially focused on roads planning, is now addressing provincial education and rural electrification, both of which require coordination among districts.

decentralization of roads construction and maintenance, while avoiding the fragmentation between Districts of transport planning and management.

3. Local Development Window (VDL) to Stimulate Local Economic Development

A third distinctive innovation of the program is to stimulate both integrated local planning and *multiply the impact of rural roads on the local economy* through a mechanism to promote the emergence of sustainable productive activities in areas surrounding the roads and help them find a sponsor. The *Local Development Window (Ventana de Desarrollo Local, VDL)* performs the identification and screening of productive activities in areas around the roads. During the second phase, the VDL helped leverage a total of US\$7.2 million in 85 Districts, and identified 850 productive activities with business potential. A business plan was prepared for the 167 initiatives with the greatest potential, of which 72 found a sponsor. The Local Development Window (VDL) has triggered small community enterprises to associate themselves into *cooperatives*, to connect

with other funding sources and exchange experiences and skills (Box 3).

To foster integrated development planning and strengthen the management and planning capacity of local authorities, the VDL also helped district municipalities prepare a participatory district development plan (81 district plans were elaborated under the second phase of the program). PCR partnered with a Peruvian NGO (Caritas Peru) to provide training in project management, work with local communities to develop proposals, organize participatory planning sessions and provide technical assistance during implementation.

4. Supporting the Local Private sector

The program strengthened the institutional and financial sustainability of rural road maintenance by creating *microenterprises for road maintenance*, comprising members of communities using and living near the roads (*Microempresas de Mantenimiento Vial Rutinario*, or MEMV). To date the program has created around 650 MEMV, generating 6,138 permanent jobs. MEMV are formed by temporary workers, contracted on a 3-month basis (to rotate and share benefits among community members) and a core group of permanent members (*socios*) for continuity in technical standards. To increase women's participation, project rules stipulate that at least 10 percent of MEMV members should be women. On-the-job training in technical and business administration skills is provided to MEMV by teams of young graduates contracted for a year (*'monitores viales'*). MEMVs are contracted by local government following transparent procedures for contracting and payment. Contracts are results-based and supervisors verify road maintenance carried out before payment is made. Finally, rehabilitation works performed by private contractors helped create 49,000 temporary jobs. These MEMV now form part of the local private sector, and compete for contracts at the same level as other enterprises.

What Has Been the Impact of PCR on Local Governance?

Historically, rural populations in Peru have been marginalized from decision-making. Electoral participation is lower in rural areas, particularly among women. Relations between citizens and local officials tended to be hierarchical and clientelist, and public expenditure decisions often

Box 3: Multiplying the economic impact of rural roads on local development: *Cooperativa Cristo Rey*

Under the second phase of the program, the Local Development Window (*Ventana de Desarrollo Local*) leveraged US\$8.2 million in 85 districts to promote the emergence of sustainable productive activities in areas surrounding the roads. In **Lamas** province, VDL Pamashto supported a local association of coffee producers. They partnered with a local NGO Caritas and connected with an exporter, *Exportaciones Amazonicas Nativas*, to gain access to export markets. Further financial support from USAID allowed them to diversify production into other export crops. The producers have now formed a cooperative (*Cooperativa Cristo Rey*) with more than 300 members which generates its own resources, which are managed by a committee and provide loans to members. Their increased size and capacity have allowed them to renegotiate the price of coffee per ton, obtain their own brand and create a tasting center. The example of *Cooperativa Cristo Rey* has encouraged other producers in the region to participate in the Pamashto VDL. The president of *Cristo Rey* cooperative says *'the producers see this and believe that if they come together, they can do it to'*.

motivated by electoral concerns. Decentralization is relatively recent, but the respective roles of district and provincial local government is now well defined by municipal legislation. In practice, however, there are still overlapping investments in public works between the various levels of government. This situation has been improved in the provinces where the project has funded a participatory planning framework for roads investments.

In the course of ten years of operation, the unique design features of the PCR have strengthened capacity for participation and civic engagement at local level and fostered province-wide coordinated development planning and management. This has strengthened inclusive democratic processes.

1. Strengthening the Network and Capacity of Local Institutions

The program has increased the density of the local institutional network by supporting the creation of new institutions at Province and community level, strengthening local capacity for collective decision-making. Around 650 microenterprises

(MEMV) and of 134 Provincial Roads Institutes (IVP) have been created under the program. Increased coordination between districts through the IVP triggered the creation of several *associations of mayors* that hold regular meetings on the definition and implementation of joint vision for territorial development.

MEMV participate at District level in the *participatory budgeting* process, and at Province level in the Provincial ‘Councils of Local Concertation’ (*Consejos de Concertacion Local*).

2. *Increased Participation and Civic Engagement*

Participation in local elections increased by up to 10 percent in all of the departments where the project was implemented, particularly among women and in the poorest departments where the program operates.

Previously marginalized rural populations are increasingly making their voices heard. According to a 2007 survey, the number of ‘*revocatorias*’, a mechanism by which local citizens voice their concerns and demand greater accountability of elected officials, rose in districts where PCR operates⁴.

The project has built *local leadership and management capacity*. Skills and management experience gained through the program are being transferred as members of MEMV and IVP go on to be elected to office in local government. The regional president of Ayacucho is a former director of the Provincial Roads Institute, and there are 82 cases of directors of MEMV going on to occupy positions in local public administration.

Technical skills in *participatory budgeting* have also increased under the program as Province-level staff assist local officials to develop projects and technical proposals.

Community ownership over the microenterprises has *increased the contribution of communities to road maintenance*. Communities tend to look

Box 4: Sustainable Maintenance through Community Participation: *Microempresas de Mantenimiento Vial*

The program ensures the sustainable maintenance of rural road maintenance by creating **microenterprises for road maintenance**, comprising members of communities using and living near the roads (*Microempresas de Mantenimiento Vial Rutinario*, or MEMV). To date the program has created around 650 MEMV, which now compete for contracts with local government against each other and with construction firms. In most cases, MEMV win the best bids, due to the experience and training in business skills they have gained under 10 years of the program. This element of competition was introduced progressively. During the first 10 years of program implementation, MEMV were contracted under direct contracting at a fixed price and did not compete. This gave them time to build capacity. Their incentive for performance came from result-based contracts, with penalties if they roads were poorly maintained. Other countries (eg. Chile) tried to have microenterprise compete from the start of the project, but this did not work and private firms won all the contracts. The case of Peru is interesting because competition was introduced very progressively.

after the roads and minimize poor treatment of the roads, particularly in times of flooding.

3. *Supporting a Province-wide Territorial Approach to Rural Development*

The creation of a new provincial institution for roads planning and management bringing together District with Provincial mayors and stakeholders at all levels, has fostered collaboration around a *joint vision for territorial development*. This approach has been replicated in other sectors beyond transport – several Districts are coordinating on joint tourism and natural resource management.

The program fostered a collaborative environment and provided incentives to mayors to work together. In several provinces, *associations of municipal mayors* have been created to prepare joint projects to present at provincial level for roads improvements across several districts.

4. *Increased Transparency and Accountability*

As a result of the project, local authorities are *providing more information to citizens* about

⁴ “Impact of the PCR II in Democracy and Civil Engagement in the Rural areas of Peru”, June 2007, World Bank.

account status and resource use. Some municipalities have invited MEMV to be part of participatory budget sessions. Mayors have organized sessions in *quechua* and Spanish to inform the citizens of the program and discuss wider local development issues.

Transparent bidding processes were implemented, improving efficiency and reducing discretionary behavior. *Predictable, transparent procedures for procurement and contracting* are particularly valued by microenterprises, who have a more stable and conducive environment to compete for contracts through competitive procurement processes that don't favor particular interests.

5. Empowerment of Women

The project supported *specific measures to promote women's empowerment* in a traditionally male-dominated sector. Gender training was provided to project staff, local officials, community leaders and microenterprises; the Local Development Window targeted its support to productive activities to improve women's access; and the monitoring system tracked gender impacts.

Project outcomes illustrate how *mainstreaming gender in a rural transport operation* can contribute to women's empowerment and gender equity. Women's participation in microenterprises for maintenance reached 24 percent, more than double the initial target of 10 percent. For LDW projects, women's participation reached 40 percent.

The project's rural transport interventions increased the safety and access of women to transport, improving their access to product and labour markets. Women's attendance and participation in community meetings is more frequent. As a result of the project, 67 percent of surveyed women said they felt safer traveling, and 77 percent traveled more and further. 43 percent of women reported the project enabled them to increase their income.

Conclusions

The Peru Rural Transport Project is a best practice example of how community participation in a large-scale rural roads program contributes to

the sustainability of services and infrastructure without compromising on quality and standards; and how institutional innovations can have positive impacts on local governance and economic development. A number of factors contributed to its success:

- **Flexibility and adaptability in project implementation:** A thorough monitoring and evaluation framework and three impact evaluations, combined with regular dialogue with project stakeholders, allowed innovation as lessons were retrofitted into implementation and design of subsequent phases. Through this learning process, the participatory approach was re-tooled between first and second phases of the project, to ensure active involvement of the most vulnerable groups and improve the participatory monitoring system. The project has demonstrated during more than a decade a capacity to constantly innovate and build on a thorough evaluation of past achievements.
- **Multiplying the economic, social and institutional benefits of the roads project** – such as those derived from the MEMV, IVP and LDW – was a powerful engine in the drive for sustainability. This was achieved both through the creation of community microenterprises for maintenance, and through investments in productive activities under the Local Development Window at District level.
- **Engaging local institutions in an integrated territorial development approach.** The project strengthened District and Provincial capacity to plan not only roads rehabilitation and maintenance, but also wider development initiatives. Strengthening the province as the appropriate level for planning has enabled the decentralization of responsibilities, without fragmenting transport and development planning.

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