

# EXECUTIVE SUMMARY

## INTRODUCTION

Assessments of Development Results (ADRs) provide an independent evaluation of the contribution UNDP has made to the development of the countries in which it operates.

The objectives of the ADRs are:

- (i) to support the process of reporting to the Executive Board and the interested countries
- (ii) to contribute to learning towards planning of future UNDP activities by generating evidence based on the programme results and the quality of their strategy

This ADR covers the period from 2001 to 2009, which includes the UNDP strategic plans for the 2001-2005 and 2006-2010 cycles.<sup>1</sup> It provides input for the next UNDP strategic document for Peru.

This evaluation takes into account two main aspects: (i) contribution to the achievement of the development results (programme area); (ii) UNDP's strategic position in Peru. The assessment of the programming aspect considered the following criteria: effectiveness, efficiency and sustainability. The evaluation of strategic positioning was based on the criteria of relevance, responsiveness, partnerships and promotion of United Nations values. In order to carry out the study, two missions – preparatory and main – were conducted. They took place in April and June 2009 respectively.<sup>2</sup>

The report took into consideration the comments made by the UNDP office in Peru, the Regional

Bureau for Latin America and the Caribbean (RBLAC), and the Peruvian Government during the presentation of the mission and the initial report. According to UNDP Evaluation Office (EO) procedures, the main report was submitted for internal examination and review by two external specialists.<sup>3</sup> At the end of the evaluation process, a workshop was held in Lima, on 10 November 2009, to discuss the findings and recommendations with 45 representatives of UNDP, the Government, international organizations, non-governmental organizations and academic institutions.

## CONTEXT

According to the latest census (2007), Peru had a population of 28.2 million. The fertility rate has been decreasing steadily in recent decades, with 2.6 births per woman in 2007 against 2.9 in 2000 (World Bank 2009). This, compounded by an increase in emigration, explains a reduction in the population growth rate, which currently stands at 1.6 percent as against 2.6 percent at the beginning of the 1980s. The population is young, almost a third being under 15. Of the population, 72 percent live in urban areas, mainly in the coastal cities. Peru has a high diversity of cultures with 71 ethnic groups of which 10 percent are located in the Andean Area and 90 percent in Amazonia.<sup>4</sup> The National Institute of Andean, Amazonas and Afro-Peruvian Populations (INDEPA) estimated a total indigenous population of 4,137,754 for 2007. The most numerous ethnic groups are the Andean communities, particularly the Quechua and the Aymara, which

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<sup>1</sup> This ADR has been conducted in line with the decision of the UNDP Executive Board (2007/24).

<sup>2</sup> The mission team comprised Markus Reichmuth, consultants' team leader; and Rosa Flores Medina and Elsa Bardález del Águila, consultants. Fabrizio Felloni (evaluation specialist) participated in both missions.

<sup>3</sup> Inder Ruprah, Senior Economist, Office of Evaluation and Oversight, Inter-American Development Bank; Alfredo Stein, economist and university lecturer.

<sup>4</sup> INDEPA, 'Ethnolinguistic Map', 2009.

represent 83 percent and 11 percent respectively of the total indigenous population (INEI 2007).

**Natural risks.** The country is exposed to substantial seismic risks (superposition of tectonic plates beneath the Peruvian coast) and climate change. On 15 August 2007, Peru suffered a strong earthquake in the south, which left around 596 dead and 75,286 destroyed and uninhabitable houses.

Peru was headed by the government of President Alberto Fujimori in the 1990s. The government managed to stabilize the economy and put the country on the path of growth. In addition, to a large extent, it eliminated terrorism from the country. Nevertheless, after corruption scandals, President Fujimori was forced to resign in 2000, which made possible the return of a more democratic form of government.

During the period evaluated, Peru has created institutional structures to strengthen democratic governance. These include participative institutions to attain a consensus and start a long-range decentralization of political authority (e.g., the creation of 25 regional governments in 2002). These efforts took up a good part of the State's political energy during the first half of the decade, leaving little to devote to the creation of effective public sector institutions. Although Peru has shown one of the greatest economic growth rates in Latin America and has obtained a remarkable reduction in poverty, public dissatisfaction with the political parties and public authorities has reached high levels. Social and environmental conflicts have been on the increase (University of Lima, Social Barometer 2008).

## **UNDP IN PERU**

At the beginning of this decade, UNDP reviewed its support programme to Peru. This allowed it to devote substantial attention to the return to a more democratic form of government, a priority that has continued throughout the decade. The move towards greater democracy complied with the Millennium Declaration of the United

Nations setting the Millennium Development Goals (MDGs), accepted by practically all the Peruvian political parties. UNDP has been an important ally of the State, reflected in the fact that more than 90 percent of its programme derives from government resources. The disfunctionality of the public administration prompted UNDP to support the management of major public programmes. In the second programming cycle (2006-2010), the newly elected Government and UNDP (headquarters and country office) recognized the need to lay the bases for a more efficient public administration, which would lead to a gradual reduction in UNDP support for the administration of public resources.

## **EFFECTIVENESS**

UNDP in Peru tackled various aspects of democratic governance.

In the area of human rights and the justice system, this evaluation has studied several national initiatives established and fortified with UNDP support, such as the Truth and Reconciliation Commission, the Defensoría del Pueblo (Ombudsman) and the Special Congressional Disability Commission, as well as the reform of the judicial system. UNDP has effectively helped pave the way for major public policies and concerted action. UNDP support encouraged the contribution of other international cooperation agencies. The Defensoría del pueblo has increased its presence and prestige. The improvements in the judicial system have been remarkable. Still, overall reform – a longer term objective – has not yet been achieved. Structural inertia and resistance have been an issue here.

In the area of State modernization, development results have been mixed. Support to the Congress achieved some infrastructural improvements but had little effect on the performance of parliamentary functions, with but modest advances in some aspects of importance for human rights (e.g. gender representation; MDG Sub-Commission, interrupted). In the early years of this decade, governments faced

the pressing need to reconstitute and extend democracy (including decentralization), leaving reform of the executive authority for later. UNDP was a valuable ally in assisting with the administration of public resources, guaranteeing transparency, although sometimes with a limited substantive contribution. The present Government has begun to address State reform with new legislation for public employment and the recent creation of an authority responsible for civil-service careers over the longer term. This has reduced the demand for UNDP support in the administration of public resources and projects, a change actively endorsed by the organization.

In the area of decentralization, UNDP has made a pertinent change in its initial support strategy by deciding to establish offices in several regions to directly support the respective governments. UNDP support to decentralization has spread over three levels: national (Secretaría Nacional de Descentralización), regional (support to the regions) and NHDR publication. The decentralization of political power is an irreversible fact of enormous importance for human development outside the capital, but it is still at an early stage and requires the long-term creation of skills.

In the area of poverty reduction and the MDGs, the evaluation noted the effect of UNDP support in the formulation of social policies, by facilitating the establishment of ample public poverty-reduction programmes that used the Human Development Index to focus resources. The strategic alliance with the Round Table (*Mesa de Concertación*) to combat poverty, with hundreds of groups throughout the country, has increased awareness and established cooperation mechanisms. The publication of the MDG progress-measurement reports, with the support of UNDP, has helped the public policies involved, including budgetary allocations, to tread the right path. UNDP's promotion of access to microcredit, especially for women, has had a limited effect in contrast to the ample and already well-established microcredit industry in the country.

Crisis prevention and recovery includes three different areas of action: natural-disaster prevention, emergency aid and support to developing mechanisms to cope with social conflicts. UNDP made major contributions to analysing the country's risk profiles and supported the National Civil Defence Institute throughout the decade. As the national response to the earthquake in the south showed in mid-2007, implementation of preventive measures and the capacity to respond to emergencies are still at an early stage. The need to strengthen these capacities is enormous at the local, regional and national levels. The same applies to social-conflict management. Support for the National Agreement between the main political parties and the civil forces of the country to ensure 30 public governing policies continues to be of importance in preserving this mechanism, yet the Agreement is not a "budgetary unit", which limits its influence in the implementation of the policies.

The environment and energy area has been characterized by a small portfolio during this decade. Support for the establishment of the new Ministry of the Environment has, as in many other cases, been much appreciated by the responsible authorities, although it took the form of one-off and precise intervention. The Ministry still needs investment to ensure its capability to act in future. Small environmental-conservation projects for specific zones were supported. Although limited in geographic scope, these projects develop river-basin management models and sustainable, community-based, natural-resource management approaches, with a potential for being replicated if a pertinent strategy is developed. In recent years, UNDP strengthened its internal structure and advocacy initiatives in the theme of climate change.

## **EFFICIENCY**

By reducing the size of its portfolio, the UNDP office in Peru has made progress in reducing the risk of dispersion of the programme. At the same time, it has concentrated the available resources (specially human resources) on a slightly

smaller set of activities. UNDP-Peru managed a programme of \$100 million with approximately 1.4 percent of its own resources and a ratio of programme administration expenses of 4 percent. This refers to the UNDP regular resources: percentages increase when other resources are considered such as those of the GEF and trust funds (in such case, the ratio of total expenditures rises to 11-16 percent, see chapter 3.4). In principle, this is a considerable achievement, although it does largely reflect the weight in the UNDP portfolio of the assistance provided to the management of public resources. The budget compliance attained in implementing the programme has been described as satisfactory according to the balanced scorecard system. The introduction of business and specific management instruments for the country (Atlas system, manuals, follow-up and evaluation systems, etc.) has improved the availability of management-specific information, although (specially in the case of Atlas) it has led to a generalized perception of greater bureaucratization and slowness in the way in which UNDP conducts its administrative practices.

## **SUSTAINABILITY**

The evolution of the political context and policies in Peru has favoured the objectives of promoting democracy and human development over the long term. In the first programming cycle (2001-2005), weaknesses in State capacities induced UNDP to continue providing assistance to public-resource management. Nevertheless, both the Government and UNDP changed strategy in the second programming cycle to establish conditions that favoured the total assumption of management responsibilities by the State agencies, thereby creating more propitious conditions for UNDP exit strategies at the central level. At the regional and municipal level, large unfulfilled needs persist in public administration.

There are still areas (e.g., support for Congress, the justice sector and microcredit and, partially, the area of crisis prevention and recovery) in which UNDP support or the weaknesses of the

organizations concerned have led to insufficient institutional stability. The incipient institutional changes or social benefits may not be able to continue or may be subject to changes in political orientation.

There are also areas of intervention, such as the National Agreement or the Round Table (*Mesa de Concertación*), where it is hard to define a clear exit strategy for UNDP. On the one hand, there is a need for certain mechanisms and processes to remain independent of the Government in order to be effective. On the other, a complete transfer of responsibilities to civil society could limit financial and administrative resources, and thereby diminish their influence, visibility and credibility as an instrument of dialogue between State and society.

## **STRATEGIC THEMES**

UNDP has the complex, multi-sectoral task of promoting human development. The corporate thematic areas are ample. The UNDP portfolio in Peru has been relevant to the implementation of its mandate, but it includes a broad range of activities. As has already been observed, UNDP has endeavoured to focus its efforts more precisely, although it still has to formulate specific guidelines for each thematic area.

Across-the-board activities and themes not necessarily in the form of projects – such as advocacy, interaction with partners, generation and dissemination of important analysis and consultation for the MDGs, and interagency cooperation – have enhanced the image and prestige of UNDP. These activities, unrelated to projects, are tending to gain in importance in an emergent country such as Peru, where national capacities are increasing and the relative importance of external project support is declining.

In Peru, and especially in Lima, there exist capacities and analytical skills to diagnose subjects of public interest, but there are shortcomings when it comes to putting the analysis into practice. The real lack of capacity of the public sector

to implement well-designed proposals has been an important obstacle. UNDP, as stipulated in its mandate, has responded mainly to requests from the Government. The weaknesses of the State agencies initially led UNDP to play an important role in assisting with the implementation of projects and public policies to guarantee transparent management. This tendency is now being inverted. A new area of UNDP involvement is reform of the civil service, a cornerstone in fortifying the capacity of the State to implement programmes and policies. This is one of the activities of highest strategic priority undertaken by UNDP in recent years.

UNDP has provided important support to the Peruvian Agency for International Cooperation (APCI), from its very inception in 2002. The office of the UN Representative has played an active role in bringing the UN agencies together and in tabling subjects of relevance for Peru, highlighting its role as an important partner of the APCI. The UNDP Peru programme also plays an active role in promoting South-South cooperation. It is one of the greatest users in Latin America of the resources offered by the Perez Guerrero Fiduciary Fund, created by the United Nations with precisely this objective.

The UNDP Peru programme is currently in “transition” from primarily supporting the administration of public resources to a configuration that caters to the needs of an emerging country. While not having abundant resources of its own to contribute, UNDP tries to strengthen its image as a cooperating partner that adds value to the human development of the country, with quality services and effectiveness. The programming features that best respond to present and future challenges include:

- (i) the reformulated strategy to support decentralization, with a presence in the regions;
- (ii) the ability to generate knowledge and standards for human development by means of the INDH;

- (iii) the ability to mobilize its regional and global cooperation network;
- (iv) its advocacy in matters of great importance for human development such as climate change or the settlement of social conflicts;
- (v) the strengthening of the APCI’s ability to coordinate international cooperation and to convene the agencies to deal with present and future matters of national importance.

## **RECOMMENDATIONS**

This evaluation generally validates the key strategic directions taken by UNDP in Peru during the past two programming cycles. However, considering the wide range of activities and the Peruvian context, it recommends greater focusing on and tailoring of the programme to the needs of a middle-income emerging country.

## **STRATEGY IN THE THEMATIC AREAS**

1. To sharpen its focus, it is recommended that UNDP in Peru elaborate specific strategic guidelines in each thematic area in the context of the next CPD. This will help better define the contents of and weight between the programmatic areas, as well as linkages with non-project activities, and enhance selectivity in initiatives to be supported in order to further focus on the excluded population. Clearer guidelines for strengthening the focus on matters of gender equity are also to be provided across the thematic areas.
2. In the area of democratic governance, the “seed project” model has been useful to start up new State institutions or parliamentary commissions. UNDP should nonetheless privilege involvement in substantive formulation and ensure that there is clear institutional anchoring and an explicit plan to transfer knowledge and experience to the institutions concerned, in order to improve sustainability prospects. Opportunities should be explored for a line of support to help raise the level of

democratic representation of political parties, drawing from experience in other countries (e.g. Guatemala).

3. Also in governance, and in line with the new internal reorientation of UNDP in favour of decentralization, it is recommended that the rationalization of the legal system within and between the three levels of public administration (municipal, regional, central) be supported in view of improving its capacity to respond to human development challenges and the achievement of MDGs. In particular, there is a great regional and municipal need – and an almost total lack of adequate opportunities – for introductory practical training, including South-South peer learning, to newly elected mayors and regional presidents during the period between the elections and their assuming responsibilities.
4. In crisis prevention and recovery, the 2007 earthquake and several lessons drawn by the National Civil Defence Institute, as well as by the United Nations Disaster Assessment and Coordination (UNDAC), on the national-response capacity underline great needs in articulating a concerted system for making decisions and taking action from the central to local level. A more systemic approach should be adopted and greater continuity in the learning process encouraged so that knowledge on disaster prevention and collective rapid response can be accumulated and systematized.
5. In the area of social conflict management (classified in Peru under CPR), the base of support and intervention should be broadened beyond the Presidency of the Cabinet of Ministers, as UNDP is managing it in 2009. Moreover, in higher poverty areas, it is recommended that interventions in CPR be more clearly linked with those in environment and poverty.
6. In the areas of poverty reduction and MDGs, UNDP has made substantial contributions to the study, promotion, and monitoring

of progress on MDGs. However, to attain the MDGs it is necessary to cooperate with institutions, policies and programmes of different nature. UNDP should identify with better precision the levels, fields and the specific MDGs it should promote concretely. In the specific case of microfinance, UNDP should clarify what value it expects to add in a well-developed sub-sector and decide whether supporting microfinance is actually one of its own priorities.

## STRATEGIC INSTRUMENTS

1. UNDP should further reduce its involvement in administrative support to central State entities, giving more attention to strengthening the capacities of regional and municipal governments. UNDP's commitment in the SERVIR project and in decentralization is a more appropriate strategic option to create a more permanent civil service.
2. It is recommended that UNDP systematize lessons learned and disseminate them among its partners. This includes: (i) experiences in support to administration of public resources; (ii) innovations supported in environment (watershed and natural reserve management) and (iii) initiatives in poverty reduction (issues focusing on excluded populations).
3. Further diversification of partnerships is recommended, not only territorially (more activities out of the capital), but also with respect to sectors (civil society, private sector, academia, etc.), global partners (e.g. mobilizing the UN network to make available South-South policy advice) and funders (global funds, private foundations, etc.). A more diversified partnership can reduce risks and potential vulnerabilities of UNDP such as those observed in the late 1990s. At the same time, it can provide a broader-based support platform – more independent of political changes – to strengthen the negotiating capacity of the poor and thus promote the achievement of the MDGs.

4. In order to gain a broader and more accurate recognition of its commitment to human development, the overall UNDP-Peru communication strategy should be fine-tuned. This should be done by combining quiet diplomacy, where indicated, with broader regular feedbacks from various partners to UNDP and from UNDP to the public at large, particularly in view of the diversification of its presence in the country through the opening of regional offices.
3. New operational instructions from the RBLAC and other headquarter-based bureaux, in both the programming and operational spheres, should be embedded in an early corporate communication strategy so that the country office can foresee its evolution and prepare the ground with national counterparts affected by the changes.

Concerning integration in Latin America, UNDP-Peru should support and strengthen the positioning of the country in the framework of South-South cooperation, taking the opportunity of the existing UNDP networks.

#### **HEADQUARTERS SUPPORT**

1. The definition of UNDP role in an emerging country cannot be limited to the experience of individual country offices. It is recommended that – following the example of the Bratislava consultation of 2009 – regional discussions be encouraged on the changing role of UNDP in such countries and on the means of maintaining and strengthening UNDP's role as a unique, universal cooperation partner. UNDP has valuable lessons to share on the programme's adaptation to an evolving context (growing country capacities, supporting decentralized governments, promoting new broad themes such as climate change effects).
2. UNDP should review and adapt selected corporate-management information instruments (aspects of the Atlas system such as external access, balanced scorecard, executive snapshot, and partnership survey). At present they require considerable resources and time for trouble-shooting, to the detriment of more substantive work and do not always include appropriate instruments to capture what they intend to measure.