



USAID
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GOVERNANCE IN ACTION

Annual Performance Report

FY2024

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ACTIVITY SUMMARY DATA

- Activity name: Governance in Action
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- Budget: \$12,000,000.00
- Subawardees: Centro de Información y Educación para la Prevención del Abuso de Drogas (CEDRO); C230 Consultores.
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ABBREVIATIONS AND ACRONYMS

AMELP	Activity Monitoring, Learning, and Evaluation Plan
AMPE	Association of Municipalities of Peru
ANGR	National Assembly of Regional Governments
ANIN	National Infrastructure Authority
APEA	Applied Political Economic Analysis
C230	C230 Consulting Group
CEDRO	Centro de Información y Educación para la Prevención del Abuso de Drogas
CEPLAN	National Centre of Strategic Planning
DRG	Democracy, Human Rights and Governance
EITI	Extractive Industries Transparency Initiative
FONCOMUN	Municipal Compensation Fund
GESI	Gender equality and social inclusion
IEP	Instituto de Estudios Peruanos
OCA	Organizational Capacity Assessment
REMURPE	Network of Rural Municipalities of Peru
RBP	Results Based Budget
SIGA	Sistema Integrado de Gestión Administrativa
TGLs	Territorial Governance Landscapes
TPI	Transparent Public Investment Project
USAID	United States Agency for International Development

1. EXECUTIVE SUMMARY

Covering the period from May 13th to September 30th, 2024, this Annual Performance Report for Fiscal Year 2024 (FY 2024) details the progress of the Governance in Action Activity. The project is led by the *Instituto de Estudios Peruanos* (IEP) in partnership with the *Centro de Información y Educación para la Prevención del Abuso de Drogas* (CEDRO) and C230 Consulting Group (C230), in collaboration with the United States Agency for International Development (USAID). Since the Activity only began in the penultimate quarter of FY2024, this report also includes the Q4 FY2024 Quarterly Report.

This Annual Performance Report is submitted in accordance with Cooperative Agreement No. 72052724CA00003, which was modified on August 7, 2024 (Modification No. 001) to: (1) revise the Activity name from ‘Governance for the People’ to ‘Governance in Action’; (2) update the substantial involvement section, specifically the key personnel subsection; and (3) add the approved Branding Strategy and Marking Plan.

Additionally, this report provides an overview of Peru's economic and political context, in which the Activity is developing. Key deliverables completed include the Year One Work Plan, Capacity Development Plan, Climate Change Strategy Plan, Branding and Marking Plan, and Communications Strategy Plan. Although the AMELP was completed and delivered during this period, final approval is expected in October 2024. These documents, designed in alignment with USAID standards, frame the Activity’s strategy for enhancing governance and service delivery in prioritized regions.

An early success in FY 2024 was the launching of the Cycle of Governance Roundtables, which foster collaboration between public and private stakeholders around governance initiatives. Participants included prominent figures like Vice Minister Juan Haro and former President Francisco Sagasti, reflecting the Activity’s commitment to fostering multi-sector partnerships that address governance challenges.

Adjustments to the Activity’s strategy, implemented following USAID’s request for an expedited rollout in the territory, involved revising the Territorial Governance Landscapes, and refining the A/PEA methodology. These adaptations underscore the project’s commitment to addressing governance issues and enhancing service delivery in target regions, paving the way for effective progress in FY2025.

2. INTRODUCTION

Instituto de Estudios Peruanos (IEP), in association with sub awardees *Centro de Información y Educación para la Prevención del Abuso de Drogas (CEDRO)* and *C230 Consulting Group (C230)*, and in collaboration with the United States Agency for International Development (USAID), embarks on the implementation of the Governance in Action Activity under Cooperation Agreement No. 72052724CA00003. The Cooperative Agreement, signed on May 13, 2024, and resulting from Notice of Funding Opportunity Number 72052723RFA00002, has a total investment of \$12,000,000.00. During FY 2024, there has been a modification to award No. P0001 to (1) revise the Activity name from ‘Governance for the People’ to ‘Governance in Action’, (2) revise the substantial involvement section, specifically to update the key personnel sub section and (3) add the approved Branding Strategy and Marking Plan.

Governance in Action comes against a backdrop of significant challenges for Peru. Local governance faces difficulties posed by economic and political instability, both of which have been negatively impacted by the COVID-19 pandemic and a persistent political crisis. The Activity aims to strengthen the institutional capacity of selected subnational governments to improve the delivery of public services that respond to the local needs and priorities of citizens. It also seeks to strengthen the capacity of civil society, including the media and the private sector, to foster oversight and participation on public budget execution and decision-making in the regions of Loreto, San Martín, Ucayali, Huánuco, Madre de Dios, Puno, and Cusco.

The Governance in Action activity comprises three programmatic objectives:

- **Programmatic Objective 1 (PO1):** Improved capacity of the targeted subnational governments to deliver public services efficiently and effectively to reduce social and economic disparities within the community.
- **Programmatic Objective 2 (PO2):** Strengthened capacities of Civil Society Organizations to engage in oversight and decision-making processes, to ensure that the targeted subnational governments better respond to the population's needs.
- **Programmatic Objective 3 (PO3):** Increased collaboration between the private sector and targeted subnational governments to promote local governance and sustainable development initiatives.

An important milestone in FY2024 was the initiation of working meetings with the Ministry of Economy and Finance (MEF)¹. These sessions laid the groundwork for launching Technical Roundtables in Fiscal FY2025 and provided crucial feedback on the Activity. Following these interactions, USAID requested an accelerated rollout of the intervention in the target areas, prompting strategic adjustments to the Activity's overall approach. Territorial Governance Landscapes were reconfigured into four, encompassing 60 districts across seven regions. Of these, 39 districts will receive direct intervention, while 21 districts will receive indirect support, including both virtual and in-person activities.

As of the cut-off date for this report, the AMELP and its indicators have not yet been approved by USAID. On September 4, the implementing team met with the AOR and USAID’s MEL team to review the

¹ On June 18, 2024, a Memorandum of Understanding (MOU) was signed between the MEF and USAID to align efforts towards the shared goal of promoting inclusive and sustainable development in Peru.

https://www.mef.gob.pe/contenidos/transparencia/doc_gestion/MOU_MEF_USAID_18062024.pdf

Activity's Theory of Change and Results Framework. The AOR pre-approved both on September 12. Further details on the submission and review status of the Plan are provided in the AMELP section. Due to this circumstance, there are no indicators or targets to report for the Activity during this reporting period, both in the Annual Report and in the DIS. Once the AMELP and indicators are approved by USAID, they will be integrated and reported in the corresponding quarterly report.

The purpose of the Annual Performance Report of FY 2024 is to inform USAID of the progress made in the implementation of the Governance in Action Activity between May 13 to September 30th, 2024. The project's actions started in the penultimate quarter of FY2024. As a result, due to the short amount of time available for intervention, this report includes the Q4 FY2024 Quarterly Report. Per USAID regulations, this report does not include financial statements that are not public information. USAID might also share this report with Government of Peru counterparts.

CONTEXT

Several recent legislative and political shifts in Peru have implications for the Activity. A May 2024 constitutional reform reintroduced subnational authority re-election and restricted regional elections to national political parties, which could either drive visible short-term projects or foster a longer-term governance approach from incumbents. However, excluding regional movements raises legitimacy concerns, as they are more trusted in certain areas.

Nationally, President Boluarte and Congress continue to face low approval² but remain aligned through a strong coalition³, securing 95 out of 130 congressional votes in August. During the National Independence Day celebrations on July 28, Boluarte announced the creation of the Ministry of Infrastructure. Based on the existing National Infrastructure Authority (ANIN)⁴, the Ministry of Infrastructure is expected to address the country's \$100 billion infrastructure gap by centralizing efforts and reducing bureaucratic hurdles. However, the initiative has not been part of the government's agenda in the past two months, and if set in place, its impact would not be felt immediately, as its full establishment and execution of mandates are expected to take over a year and a half.

Additionally, in September 2024, the Ministry of Economy and Finance (MEF) attempted to introduce adjustments to the budget's Annual Commitment Programming (PCA) in order to restrict spending and mitigate the fiscal deficit. However, the measure was ultimately reversed after various government entities at the national, regional, and local levels reported challenges in certifying and committing their budgets in a timely manner, thereby hindering the delivery of goods and services⁵. This failed attempt highlights ongoing difficulties in managing budget execution and ensuring alignment with fiscal rules.

² According to an IEP survey, Dina Boluarte and the congress registered only 5% approval by September 2024.

<https://iep.org.pe/wp-content/uploads/2024/09/IEP-Informe-de-opinion-septiembre-2024-Informe-parcial-1.pdf>

³ This has been stated by some congress members, the main media outlets, and the Finance Minister.

- <https://www.infobae.com/peru/2024/10/11/patricia-chirinos-aseguro-que-congreso-controla-a-dina-boluarte-y-no-descarta-vacancia-podria-salir-de-un-dia-al-otro/>
- <https://elcomercio.pe/opinion/editorial/en-vez-de-hacer-valer-su-voz-el-mef-y-el-gobierno-en-general-se-allanan-a-los-desproposito-s-del-congreso-por-puro-calculo-politico-jose-arista-dina-boluarte-minedu-rolex-noticia/>
- <https://rpp.pe/economia/economia/jose-arista-afirma-que-no-observaran-retiro-de-afp-porque-era-una-batalla-casi-perdida-con-el-congreso-noticia-1548582>

⁴ The most important messages from Dina Boluarte in her "Mensaje a la Nación":

<https://elcomercio.pe/politica/gobierno/fiestas-patrias-dina-boluarte-que-son-los-anuncios-mas-importantes-en-su-mensaje-a-la-nacion-28-y-29-de-julio-dia-de-la-independencia-del-peru-congreso-gobierno-fiestas-patrias-de-peru-ultimas-noticia/?ref=ecr>

⁵ MEF will nullify the modification of the Annual Commitment Programming for entities:

<https://www.tvperu.gob.pe/noticias/economia/mef-dejara-sin-efecto-modificacion-de-la-programacion-de-compromisos-anual-para-entidades>

Meanwhile, over 800 recall efforts were directed at local and regional officials, with 76 still active, and rising crime and insecurity issues are influencing public sentiment, which may shape voter priorities. Additionally, the increasing prevalence of organized crime, often linked to illegal economic activities, has affected local authorities' capacity to respond to citizen demands. Insecurity could have a significant impact on the upcoming electoral process, as “mano dura” (hardline) policies may gain traction among single-issue voters, potentially shaping the political landscape in the lead-up to elections.

During the reporting period, the implementing team closely monitored the evolving political and legislative landscape in Peru. The potential re-election of subnational authorities and the exclusion of regional movements, as well as the rise in insecurity and recall processes targeting local officials, have underscored the importance of strengthening local governance and promoting political legitimacy. Moving forward, the Activity will remain agile in addressing these challenges, ensuring that governance reforms are effectively implemented to support long-term stability and development in the targeted subnational governments.

3. PROGRESS ON PROGRAMMATIC OBJECTIVES

3.1 PROGRAM OBJECTIVE 1 (PO1): GOVERNANCE AND DELIVERY OF PUBLIC SERVICE

3.1.1 FISCAL YEAR 2024 RESULTS

- **Building relationships with the MEF:** Meetings with the MEF initiated with an introductory session on July 25th, where the "Governance in Action" Activity was presented to representatives from the General Directorates, under the framework of the Memorandum of Understanding between the MEF and USAID. The meeting was led by Mrs. Rosalía Álvarez, Advisor to the Minister's Advisory Cabinet, representing the MEF. Following this meeting, preparatory meetings were held to define the roadmap for the Technical Workshops to be implemented in FY2025. Preparatory meetings enabled the implementing team to gather key information on public service delivery and capacity-building at the subnational level. Eight in-person meetings and one virtual meeting were conducted with specialists from various MEF General Directorates, along with three virtual meetings with the CONECTAMEF team in the targeted subnational governments by the project: Cusco, Huánuco, Loreto, Madre de Dios, Puno, San Martín, and Ucayali.

On September 16, the implementing team presented the work agenda, proposing two Technical Working Groups. The first Group will work exclusively with the MEF on a prioritized agenda focused on strengthening territorial coordination, and the second Group will work with the Sectors, centered on public services and sustainable finances. For the Technical Working Group with sectors, initial meetings have been held with the Vice Minister of Territorial Governance Juan Haro. These topics will be addressed in the Technical Workshops with the goal of discussing and resolving technical and administrative challenges at the territorial level, which will be identified during the Activity's implementation. As a result of these actions, fluid communications and coordination mechanisms have been established with the MEF, a key actor for the Activity.

The following table provides details of preparatory meetings. Attendance lists can be found in the following [link](#).

Exhibit 1. Meetings with the General Directorates of the MEF

General Directorate	Date	Format
Direcciones Generales	07.25.2024	In-person
Oficina General de Servicios al Usuario (OGSU) y Oficina de Gestión del CONECTAMEF	08.08.2024	In-person
Dirección General de Presupuesto Público (DGPP)	08.13.2024	In-person
Dirección General de Tesoro Público (DGTP)	08.13.2024	In-person
Dirección General de Abastecimiento (DGA)	08.15.2024	In-person
Consejo Nacional de Competitividad y Formalización	08.15.2024	Virtual
Gestores de Centro (CONECTAMEF)	08.19.2024	In-person
Dirección General de Programación Multianual de Inversiones (DGPMI)	08.20.2024	Virtual
Especialistas en Presupuesto Público	08.23.2024	Virtual
Analistas SIGA y Especialistas en Abastecimiento	09.04.2024	Virtual
Direcciones de Línea de la DGA: Dirección de Planeamiento Integrado y Programación + Dirección de Bienes Muebles	09.05.2024	Virtual
Dirección de Calidad de Gasto Público (DCGP)	09.12.2024	In-person
Direcciones Generales	09.16.2024	In-person

- Mapping of capacity-building initiatives:** Important progress has been made in identifying initiatives currently being implemented in the activity's intervention territories. To this end, a series of meetings have been held with key actors in International Cooperation, such as the Swiss Economic Cooperation (SECO) and the International Finance Corporation (IFC). Additionally, meetings have been conducted with Chemonics International, a USAID implementing partner, regarding its Transparent Public Investment (TPI) Activity, as well as with the local organization Escuela R. All these entities have initiatives at the subnational level in strengthening the capacities of public managers. The purpose is to understand their progress, achievements, and implementation challenges, as well as the lessons learned, resources and methodologies, and best practices that have emerged following the completion of their interventions.

Exhibit 2. Meetings with key actors in Capacity-building

Institution	Date	Key highlights for PO1
Grupo Propuesta Ciudadana	06.27.2024	Through the EITI Activity, coordination is carried out with subnational governments, civil society, and the private sector to improve governance in the extractive sector. Technical assistance is provided to various ministries and levels of government to adapt their systems to EITI standards. Additionally, citizens are trained to monitor EITI reports, enabling companies and the government to be held accountable for their commitments to the local population. The technical assistance and training materials from EITI serve as a reference and support for our upcoming tasks.
NEWS Project (USAID, Government of Canada, and Forest Trends)	08.22.2024	Extensive experience in providing training and technical assistance to municipal officials to enhance their management capacity and decision-making regarding natural resource governance. Their work in creating spaces for the exchange of experiences and best practices among various municipalities is particularly noteworthy, as it contributes to mutual learning and the establishment of a collaborative network.
Swiss Economic Cooperation (SECO)	09.03.2024	It is relevant to collaborate with universities in conducting training sessions and to address the issue of anti-corruption as a cross-cutting theme with public managers. Additionally, it is essential to plan in advance for the institutionalization of the information generated, taking into account the high turnover of public officials. Building on this, a joint training plan can be coordinated with SECO, and the co-financing of materials can be explored.
Escuela R	09.04.2024	The importance of conducting training that is not only theoretical but also practical within the local context was emphasized. Furthermore, it is essential to have peers who are knowledgeable about municipal management to support officials and facilitate the completion of the training program.
International Finance Corporation (IFC)	09.06.2024	Leverage the systematization reports containing relevant local experiences, as well as their methodological documents, to develop a tailored guide that defines standards and assesses the situational status of the municipalities in TGL1.

Institution	Date	Key highlights for PO1
Chemonics International	09.11.2024	Learn from TPI's experience in coordinating with the public sector to develop training programs and recommendations that will enable us to formulate strategies to promote the institutionalization and effectiveness of the training processes offered through our activity. Additionally, utilize their knowledge resources regarding a culture of integrity in public management.

3.1.2 ANTICIPATED RESULTS FOR FY2025

For the following fiscal year, the implementing team will focus on conducting Technical Workshops with the Ministry of Economy and Finance (MEF) and sectors of the Executive Branch. Additionally, alliances will be established with prioritized Subnational Governments in TGL1 and TGL2. A municipal diagnosis process will be carried out, followed by a Capacity Building Strategy to address the gaps identified in 26 districts of TGL1 and TGL2 through training and technical assistance.

3.1.3 SUMMARY OF RESULTS IN THE FY2024

Summary of the status of each component task:

Exhibit 3. Summary of Objective Programmatic 1

TASKS	RESULTS THIS YEAR	PLAN FOR NEXT YEAR
N/A	Implementation of preparatory meetings to build Relationship with MEF	Implement Technical Workshops with MEF and sectors of the Executive Branch
N/A	Mapping of capacity building initiatives	Implementation of capacity building strategy in TGLs 1 and 2

3.2 PROGRAM OBJECTIVE 2 (PO2): CIVIL SOCIETY AND LOCAL STRENGTHENING

3.2.1 FISCAL YEAR 2024 RESULTS

- Fostering Collaboration and Identifying Best Practices in Citizen Engagement:** During FY2024, the implementing team engaged in meetings with various organizations focused on enhancing citizen participation at the local level. These discussions identified opportunities to align efforts aimed at promoting and strengthening oversight mechanisms and coordination between civil society organizations and both the public and private sectors. These meetings led to the identification of synergies that support oversight initiatives and improve collaboration among civil society, public authorities, and private entities.

Additionally, the implementing team was able to identify best practices for engaging civil society effectively.

Exhibit 4. Meetings with key actors in Citizen Participation

Institution	Date	Key highlights for PO2
Escuela R	09.04.2024	Escuela R aims to empower local communities to identify needs and propose solutions, with a focus on local leadership. The organization runs an environmental program with a participatory approach.
International Finance Corporation (IFC)	09.06.2024	Proposed organizing information fairs to enhance access to public information and showcase municipal work to civil society, within the framework of accountability.
Chemonics International	09.11.2024	Emphasized the importance of identifying leaders from youth, women, and vulnerable groups to highlight and promote ongoing work in the territory.
International IDEA	09.20.2024	Stressed the critical role of media in amplifying the impact of municipal hearings through effective dissemination and coverage.

3.2.2 ANTICIPATED RESULTS FOR FY2025

For the following fiscal year, the implementing team will conduct an awareness-raising campaign to promote citizen participation in TGL1 and TGL2, utilizing a multi-channel approach in public spaces and digital platforms. Additionally, local citizen participation training experience will be implemented, and mentoring will be provided to strengthen the capacities of local organizations in municipal spaces. The FY2025 will culminate with events for the exchange of experiences.

3.2.3 SUMMARY OF RESULTS IN THE FY2024

The following is a summary of the status of each component task:

Exhibit 5. Summary of Objective Programmatic 2

TASKS	RESULTS THIS YEAR	PLAN FOR NEXT YEAR
N/A		Implementation awareness Raising Campaign in TGL 1 and 2
N/A	Fostering Collaboration and Identifying Best Practices in Citizen Engagement	Implementation of training experience, and mentoring for local citizen participation in TGL1

3.3 PROGRAM OBJECTIVE 3 (PO3): PRIVATE SECTOR AND OUTREACH

3.3.1 FISCAL YEAR 2024 RESULTS

- Development of Private Sector Engagement Matrix:** During September 2024, a comprehensive systematization of data was conducted to evaluate the level of engagement from businesses and corporate entities in TGLs. This analysis focused on their contributions to public service provision and collaboration with the state and civil society. The process involved a detailed review of corporate annual reports, sustainability initiatives, Corporate Social Responsibility (CSR) programs, and related media coverage. The findings will help identify private sector actors that are actively addressing local challenges and are potential partners for future activities.
- Cycle of Roundtables on the Territorial Governance Agenda:** The first Roundtable took place in Lima on September 10th, with a total of 68 attendees. Subsequently, the roundtables moved to TGL1. On September 18th, a Roundtable was held in Pucallpa, Ucayali, with 50 participants. A subsequent Roundtable took place on September 25th in Tingo María, Huánuco, gathering 60 attendees. The Table below shows the details of the most relevant participants from the roundtable discussions, highlighting the diversity of organizations and experiences. Attendance lists can be accessed through this [link](#).

Exhibit 6. Relevant participants from Roundtables

Name	Institution	Location	Date
Juan Haro	Vice Minister of Territorial Governance	Lima	09.10.2024
Darío Zegarra	President of Alianza para Obras por Impuestos (ALOXI)		
Tovar Espinoza	Mayor of Municipalidad de Huipoca	Ucayali	09.18.2024
Jacqueline Odicio	President of Federación de Mujeres de Kakataibo		
Micaela Tuesta	Head of Sustainable Natural Investments Operations Department		
Percy Soncco	Mayor of Municipalidad de La Morada	Huanuco	09.25.2024
Sergio Ríos Solís	President of the Cámara de Comercio, Industria y Turismo of the Province of Leoncio Prado		
Flor Fernández Sánchez	President of the Comité de Gestión para la Defensa de la Ribera Izquierda del Río Huallaga, Aucayacu		

Below are photographs of the Roundtables held in Lima, Ucayali, and Huánuco as evidence:

Figure 1. First Roundtable in Lima (09.10.2024)



Figure 2. Second Roundtable in Ucayali (09.18.2024)



Figure 3. Third Roundtable in Huanuco (09.25.2024)



Upon the conclusion of the roundtables, the intervention team conducted a thorough systematization of the collected data. This process provided a deeper understanding of regional dynamics and served as a guide for tailored interventions moving forward. This database included key indicators such as the total number of participants, gender distribution, contact information, and the organizations they represented. The matrix is now a central tool for the systematization of event information, facilitating the monitoring and evaluation of participant engagement.

3.3.2 ANTICIPATED RESULTS FOR FY2025

For the following fiscal year, the implementing team will strengthen its alliance with Perú Sostenible to enhance their interactive map “Unidos en Acción” by incorporating local data on private sector investments, which will be shared with regional *Cámaras de Comercio* in TGL1 and TGL2. Forums and workshops will facilitate collaboration between private companies and local governments, fostering coordinated investments. Knowledge exchange will also be conducted to enable municipal staff and private sector employees to share insights, thereby improving mutual understanding and cooperation.

Furthermore, training will be provided to local media outlets and journalists on governance topics. Simultaneously, partnerships with universities will support research and the dissemination of best practices in public-private collaborations. The FY2025 will conclude with the expansion of Governance Roundtables in TGL2 and the initiation of the design phase for the Territorial Governance Incubator (TGI) model.

3.3.3 SUMMARY OF RESULTS IN THE FY2024

The following is a summary of the status of each component task:

Exhibit 7. Summary of Objective Programmatic 3

TASKS	RESULTS THIS YEAR	PLAN FOR NEXT YEAR
N/A	Cycle of Roundtables on the Territorial Governance Agenda - National and 2 regions	Cycle of Roundtables on the Territorial Governance Agenda - Puno and San Martín
N/A		MoU with private sector alliance Unidos en Acción
N/A	Development of Private Sector Engagement Matrix	Workshops with Commerce Chambers, Media, and Academia organizations

4. PROGRESS ON CROSS-CUTTING THEMES

4.1 RESEARCH AND KNOWLEDGE PRODUCTION

Early rollout of actor map: In August 2024, the implementing team initiated a series of preliminary outreach visits to the cities of Pucallpa, Puerto Inca, Huánuco, Tingo María, and Monzón. These initial visits, conducted from August 12 to 14 and August 19 to 21, provide essential input for the stakeholder mapping process, enabling the team to establish initial contacts with relevant actors for the Activity.

During the first round of visits, the implementing team met with the Regional Governor of Ucayali, the Mayor of the Provincial Municipality of Puerto Inca, the Ucayali Chamber of Commerce, Industry, and Tourism, the Colpa de Loros Cooperative, the Federation of Native Communities of Puerto Inca and Tributaries, among others. Subsequently, in Huánuco, the team held initial conversations with representatives from the Regional Government of Huánuco, the Provincial Municipality of Leoncio Prado, the Mayor of the District Municipality of Monzón, the Regional Roundtable for the Fight Against Poverty in Huánuco (MCLCP-Huánuco), the National Commission for Development and a Drug-Free Life (DEVIDA), the Alto Huallaga Special Project (PEAH), and the Leoncio Prado Chamber of Commerce, Industry, and Tourism, among others⁶.

A/PEA methodological framework: The implementing team designed the methodological framework for the Applied Political Economy Analysis (A/PEA), incorporating tools like stakeholder mapping, social and economic contextual analysis, and field data collection instruments. The framework also outlines essential variables and provides an initial list of stakeholders to analyze social interactions in territorial governance landscapes.

Following adjustments to the Activity's intervention schedule, the submission of the A/PEA methodology to USAID has been rescheduled from September to October 2024. The revised methodological framework will enable A/PEA application at both national and regional levels, along with localized

⁶ The participant's lists can be found in the following link: https://drive.google.com/drive/u/0/folders/1H8m_Su_iDgeKND8tcy97gJtfmeYlshyr

analyses in each Territorial Governance Landscape according to the new intervention timeline. This layered approach ensures a thorough assessment of institutional, actor-based, and structural conditions impacting local service delivery. During FY 2025 the implementing team will conduct the A/PEA covering national and regional scope of analysis, as well as the Localized A/PEAs of Territorial Governance Landscapes 1 and 2.

4.2 COMMUNICATIONS

Design of methodology for Communications Diagnosis: In FY2024, the methodology for the Activity's communications diagnosis was developed using a mixed-methods approach, combining quantitative data collection through phone surveys and qualitative insights from interviews and focus groups. This approach enables an in-depth exploration of perception, favorability, and opinion, ultimately providing each TGL with a comprehensive map of local media, audience segmentation, and a profile of key opinion leaders. It also analyzes communication platform preferences, resource consumption habits, and beliefs and perceptions surrounding territorial governance.

Development of the Communications Strategy Plan: A strategic and creative briefing was conducted, along with interviews with Territorial Governance experts to understand the key communication needs of an Activity of this nature. Additionally, a review of documentation and a benchmarking analysis of similar initiatives at the local and international levels were completed. Based on these tasks, a strategic roadmap was developed and validated with the implementing team and USAID. Finally, the Communications Strategy Plan for the Activity was defined and approved.

Design and execution of a communication campaign for the Cycle of Roundtables on the Territorial Governance Agenda: The following actions were carried out to engage and produce communication resources for the Cycle of Roundtables on the Territorial Governance Agenda:

- **Send** personalized messages to key stakeholder
- **Created** the visual identity for the Cycle
- **Developed** an informational kit for key stakeholders, including an informational dossier, branded bag, pen, and notepad
- **Produced** a promotional animated video about the Cycle.

Figure 4. Dossier of the "Governance in Action" Activity

The figure is a grid of six panels detailing the 'Governance in Action' activity. The top row includes: 1. GOBIERNO Y ENTREGA DE SERVICIOS PÚBLICOS (Government and Public Service Delivery), 2. SOCIEDAD CIVIL Y FORTALECIMIENTO LOCAL (Civil Society and Local Strengthening), 3. SECTOR PRIVADO Y DIVULGACIÓN (Private Sector and Dissemination), and 4. ETAPAS (Stages) showing a timeline from 2024 to 2025. The bottom row includes: 5. ¿CON QUIÉNES ARTICULAMOS? (With whom do we articulate?), 6. ¿CÓMO LO HAREMOS? (How will we do it?), 7. ¿DÓNDE ESTAREMOS? (Where will we be?), and 8. Es momento de poner la GOBERNANZA en ACCIÓN (It's time to put Governance in Action).

Branding strategy and marking plan deployment: The implementing team developed the branding strategy and marketing plan, which included defining the project’s name through a process of gathering inputs and validating options with key stakeholders: former national and regional public officials, opinion leaders in the regions, and communications specialists who have participated in decentralization processes. A two-stage marking plan was established: an Initial Co-Branding Phase to develop the unique identity of the Governance in Action Activity through a participatory process with local and national stakeholders, followed by a Positioning Phase set for completion in FY2025.

4.3 GENDER AND SOCIAL INCLUSION (GESI)

As part of GESI's efforts, the implementing team developed integration tools, methodologies to ensure the integration of GESI approach, and conducted GESI workshops, among other activities:

GESI Tools

GESI Work Plan: Developed in July, this plan outlines the framework for GA's inception and implementation phases. It aims to systematically structure the activities for operationalizing GESI, providing a foundation for building the Annual Plan.

Guide for Inclusive and Non-Sexist Language: Developed in July and underwent a feedback process during August and September, this guide includes a series of statements for using inclusive language across all areas of the Activity.

Guideline for Inclusive Meetings and Events: Created in August and presented in September, the guideline outlines recommended practices to ensure that every GA activity meets inclusiveness standards. These guidelines are relevant for conducting active promotion, from planning to executing events and meetings for a diverse audience.

Checklist for Research Products: This document is a list of considerations for incorporating the GESI approach into research and knowledge products as part of integrating GESI considerations into studies and diagnostic methodologies.

Investigation of Vulnerable Situations in Peru: The GESI team started planning research focused on the diverse social groups in Peru and their vulnerable conditions. This investigation considers the country’s complex social, political, and economic contexts, particularly in the TGL’s. By understanding these dynamics, the GESI team aims to gather valuable insights to inform future interventions and strategies, ensuring that GESI considerations are integrated throughout the research and intervention process.

GESI WORKSHOPS

GESI Capacity-building Workshop: On August 22nd, the GESI Team carried out a workshop to enhance the Team's understanding and application of the GESI principles.

Governance Roundtables reflective session Following the Governance Roundtable held in Lima a reflective session was held with the GESI specialist to evaluate successes and identify areas for improvement regarding the organization and execution of the events and the incorporation of GESI principles. This reflection provided a space to discuss the GESI approach in the logistics of the first event. Its success was reflected in the willingness to replicate it for future events in Ucayali and Huanuco.

4.4 CAPACITY DEVELOPMENT PLAN

As part of Capacity Development efforts the Team focused on a Diagnostic of current capacities, and started to develop a monitoring tool based on the Organizational Capacity Assessment (OCA). Integration of the NUPAS assessed by USAID, and conducting a review of policies and procedures of IEP, among other activities:

1. **Review of NUPAS assessed by USAID:** C230 reviewed the NUPAS results developed by USAID and, in collaboration with IEP, defined the main objectives to be developed by the Capacity Building Process.
2. **Review of policies and procedures of IEP:** In addition to the NUPAS review, C230 reviewed the policies and procedures of IEP to define the main objectives to be developed by the Capacity Building Process.
3. **Selection of questions for OCA:** Based on the results of the Diagnostic, C230 selected 76 questions of the OCA tool to be monitored with IEP and assess the Capacity Strengthening of the organization, these questions were presented to IEP.

5. MANAGEMENT AND OPERATIONS

5.1 COORDINATION AMONG PARTNERS

During FY2024, several activities were programmed to enhance coordination among partners. Weekly Coordination Meetings were held with all implementing partners—IEP, C230, and CEDRO—to discuss the current status of the Activity, address pending issues, and plan subsequent steps. In addition, bi-weekly meetings with USAID included all partners to report on the Activity's progress and announce any relevant alerts. Agendas were circulated in advance to ensure efficiency and clarity during these discussions. Furthermore, quarterly meetings among partner representatives provided an opportunity to review technical execution, financial management, and human resources. These meetings aimed to resolve issues that could improve coordination and operational effectiveness across the board.

Implementing partners have subscribed Agreements which specify the terms and conditions of the subawards.

5.2 PERSONNEL

The deployment of the project team began during FY 2024, incorporating the required personnel, all committed to driving the execution of the Activity and to support critical components of the project. As part of the team of Institute of Peruvian Studies (IEP), the first key personnel to be hired was the Project Director, Paulo Vilca, Deputy Project Director, Alvaro Gálvez, and Lead for Component 1: Government and Public Sector Delivery, Karen Paz, all of them beginning activities on June 2024.

Subsequently, for *Programmatic Objective 1 (PO1): Governance and Delivery of Public Service*, the Component 1 team incorporated Joao Bocanegra Agüero and Margareth Velazco Loza, on September 1st as Specialist in Strengthening Subnational Governments and Analyst in Territorial Governance, respectively. Besides, Banesa Perez Moya, a Junior Analyst in Territorial Governance, began her role on

16 September 2024. These additions reinforced the governance team's capacity, particularly in strengthening subnational governments and enhancing territorial governance.

For *Programmatic Objective 3 (PO3): Private Sector Engagement and Outreach*, the Leader of Component 3, Lorena Arcelles Porras, joined the team on 12 August 2024, focusing on Private Sector Engagement and Outreach. Moreover, Harold Rivera Correa joined as Junior Analyst in Territorial Governance on 16 September 2024. Their expertise has been instrumental in expanding the project's outreach and supporting critical activities.

In addition to the personnel supporting Governance and Private Sector Outreach, the Activity made significant progress in Research and Knowledge Production which was reinforced by hiring Alejandro Boyco Orams who began activities in the project on September 1st as Analyst in Territorial Governance within the Implementing Team, further enhancing the team's capacity to deliver high-quality research outputs.

Regarding the Operations Management team, on 22 July 2024, Carolina Julian joined the team as Operations Manager in order to ensure compliance with administrative processes and the financial execution of the Activity. Additionally, on September 1st, Evelyn Gamarra was incorporated as administrative assistant to strengthen the capacity of this team.

In relation to subawardee, CEDRO incorporated key personnel Gonzalo Falla as leader for the *Programmatic Objective 2 (PO2): Civil society and local strengthening*, followed by other supporting personnel as Patricia Romero, accountant, and Maicu Alvarado as technical Advisor just for the period July-August 2024.

To lead the Capacity Development activities, as well as the Monitoring, Evaluation, and Learning (MEL) efforts and those focused on Gender Equality and Social Inclusion (GESI), C230 Consultores has appointed the following team members to support the project's objectives: Carolina Agurto (Senior Technical Advisor), Edgar Farfan (Senior Financial and Operational Strengthening Advisor), Fidel Mendez (MEL and Data Specialist), Mercedes Carbonell (Gender Equality and Social Inclusion Specialist), Karla Torres (Analyst), and Mauricio Acuña (Analyst).

5.3 MEL PLAN IMPLEMENTATION

The MEL and Data Specialist developed an internal timeline to coordinate the implementation team in the preparation and approval of the AMELP. This plan included internal deadlines for deliverables and accounted for a series of follow-up revisions with USAID regarding the AMELP's approval.

In line with this timeline, the implementing team submitted a preliminary draft of the AMELP to USAID for initial review on July 5, 2024. After addressing the preliminary feedback, the final draft was submitted for approval on July 12, 2024, as outlined in the Cooperative Agreement. Shortly after, the AOR provided additional comments, prompting the MEL and Data Specialist to coordinate the team's efforts to address USAID's feedback. On September 4, the implementing team met with the AOR and USAID's MEL team to review the Activity's Theory of Change and Results Framework. The AOR pre-approved both on September 12.

Following this, the implementing team collaborated with USAID to refine the Activity's performance indicators. After several adjustments, the team reconvened with the AOR and USAID's MEL team on

September 26 for a comprehensive review of the indicators. As a result, the MEL and Data Specialist, in coordination with the implementing team, is updating the indicators and developing the corresponding Performance Indicator Reference Sheets (PIRS). The goal is to hold a final review meeting at USAID/Peru offices on October 16 to pre-approve the indicators and proceed with the final submission of the AMELP.

In October, the team will submit the final version of the AMELP for USAID's validation, once the Theory of Change, Results Framework, and performance indicators have been pre-approved.

6. LEARNING AND ADAPTIVE MANAGEMENT

This section highlights the key lessons learned during the progress of the Activity and the main steps the implementing team took to adapt in FY2024.

LESSON LEARNED

Regarding *Programmatic Objective 1*, it is crucial to adopt a territorial approach to address two key issues: securing funding for public services and closing investment gaps, and identifying capacity building initiatives already undergoing in the prioritized territories. This will enable the development of more effective and context-specific solutions.

Regarding *Programmatic Objective 2*, it is important to foster a collaborative and supportive learning community among projects with similar objectives. The implementing team has set regular knowledge-sharing sessions, to work together to define shared goals and objectives that align with the overall aims of the activity. The Activity will focus on identifying ongoing participatory spaces within the territories to strengthen and build upon these efforts, rather than establishing new platforms for civil society participation.

Regarding *Programmatic Objective 3*, specifically to the Cycle of Roundtables, it is essential to conduct thorough outreach to ensure the participation of official representatives, female leaders, and diverse voices. This ensures discussions are more representative of the affected communities, generating a broader range of perspectives and innovative solutions. Additionally, maintaining a neutral and objective tone during the initial presentation avoids biases, allowing participants to address a wider variety of topics rather than focusing solely on the highlighted public services.

This FY2024 demonstrated the need to maintain ongoing coordination with other USAID implementing partners and key stakeholders operating in the Activity's intervention territories. This is essential to prevent duplication of efforts, the creation of parallel initiatives, or overburdening the target audience (public officials, social leaders, businesspeople, among others). Instead, collaboration should be promoted, with the objective of pooling efforts and providing technical support to ensure the continuity of best practices.

CHALLENGES

Coordination with the Ministry of Economy and Finance (MEF) revealed both opportunities and challenges, particularly regarding the timeliness of feedback. To mitigate these delays, the team proactively advanced the development of a Work Plan for the first two Technical Roundtables, focused on "Closing Investment Gaps", and "Intersystemic territorial articulation". For this purpose, bilateral

meetings were held with DGPMI and CONECTAMEF to adjust the proposed technical roundtables on these specific topics while awaiting documentation from MEF. This approach allowed the Activity to progress despite the absence of formal feedback.

In terms of *Private Sector Outreach*, early roundtable events revealed that additional team members were needed to effectively manage the sessions and facilitate discussions. The swift addition of team support in later sessions significantly improved group dynamics, leading to more comprehensive outcomes and better documentation of the process.

On the other hand, the development of the *A/PEA Methodology* has encountered unforeseen delays, primarily due to insights from Technical Workshops and Governance Roundtables that influenced the Activity’s scope in public service provision, and later from adjustments in the Activity’s timeline. Consequently, some initial assumptions in the A/PEA approach have required updates. To address these challenges, the Activity has expanded the team working on the A/PEA methodology to expedite the integration of these ongoing adjustments.

Within the *Activity Monitoring, Evaluation, and Learning (AMELP)* process, delays in the validation of key documents underscored the complexities of monitoring and reporting on impact. While challenges arose in defining technical indicators early on, the implementing team worked closely with USAID to address these issues through segmented validation of key components. Regular communication and a structured validation process proved essential to overcoming these challenges, though it also highlighted the need for more streamlined coordination to avoid unnecessary delays in the future.

During FY2024, the implementing team has faced the aforementioned challenges with great flexibility, proactive communication, and inclusive engagement to successfully implement the proposed tasks.

7. ANNEXES

7.1. DELIVERABLES AND MATERIALS PRODUCED

No	NAME	CATEGORY	DATE OF COMPLETION	APPROVED	LOCATION
1	YEAR ONE WORK PLAN	PLAN	JUNE 12TH, 2024	JULY 7TH	ACTIVITY’S GOOGLE DRIVE FOLDER
2	CAPACITY DEVELOPMENT PLAN	PLAN	JUNE 12TH, 2024	JULY 7TH	
3	CLIMATE CHANGE STRATEGY PLAN	PLAN	JUNE 12TH, 2024	JULY 7TH	
4	COMMUNICATION STRATEGY PLAN	PLAN	JULY 12TH, 2024	AUGUST 7TH	
5	BRANDING STRATEGY AND MARKING PLAN	PLAN	JULY JULY 12TH, 2024	AUGUST 7TH	
6	AMELP	PLAN	JULY JULY 12TH, 2024	PENDING	
7	QUARTERLY REPORT	REPORT	JULY 30TH, 2024	SEPTEMBER 17TH	

7.2. SUCCESS STORY

On September 10 and 11, the Governance in Action Activity kicked off its participatory process to build territorial governance agendas. The event launched the Cycle of Roundtables on the Territorial Governance Agenda, with the objective to collaboratively develop solutions for targeted areas, emphasizing the reduction of gaps in public service delivery.

The event featured participants from government, civil society, and the private sector. Notable attendees included Juan Haro, Vice Minister of Territorial Governance of the Presidency of the Council of Ministers; former Peruvian President and IEP affiliated researcher, Francisco Sagasti; and Darío Zegarra, President of the Works for Taxes Alliance (ALOXI). Officials from the Ministry of Economy and Finance, former regional governors, university representatives, members of cooperation agencies and projects, and social leaders from the project's seven intervention regions also took part.





7.3. LIST OF CONSULTANCIES

Short-term consultants were engaged to facilitate the development of vital processes, tools, and management flows, and their contributions have been pivotal in producing knowledge products and executing activities outlined in the Annual Plan. Furthermore, senior expert consultants provided essential advisory support to component leaders, significantly contributing to the organization of roundtables, which ensured the engagement and participation of key government stakeholders, regional actors, and academic representatives. The table shows the list of consultancies that are in progress during the period of this report in order to further strengthen the project capacity:

Component	Consultant	LOE	Task	Status
Communications	Fernando Escudero	100%	Development of the communications plan and brand strategy.	on going
Cross-cutting / inception phase	Gabriela Arco	100%	Development of administrative management tools	on going
Cross-cutting / inception phase	Veronica Delgado	100%	Coordination and supervision of stakeholder mapping for the development of the project	on going
Cross-cutting / inception phase	Maria Isabel Remy	50%	Systematization of the cycle of round tables for the co-creation of the territorial governance agenda and development of the induction program for the territorial teams.	on going
Programmatic Objective 1	Edgardo Cruzado	50%	Planning and knowledge management service for the technical roundtables on the pending agenda in public policies, administrative processes and public service delivery.	on going
Cross-cutting / inception phase	Diego Aguilar	50%	Data analysis service for project development	on going
Communications	Solution Imagen y Marketing	50%	Project visual identity design service	on going
Cross-cutting / inception phase	MarketEdge	50%	Advisory services and technical assistance in the development of the approach, methodology and elaboration of documents for the inception phase of the project.	on going

