

LEARNING FROM INNOVATIONS

Impact Transformation and Quality of Life



Organized by Yang Xuedong

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Impact, Transformation and Quality of Life

Organized by Xuedong Yang.

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Forward

Xuedong Yang¹

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Participation is an integrated part of development. By mobilizing public participation, development can win support and clarify its goal. As for social groups, especially disadvantaged groups, they influence the process of development and share its fruits through participating. Therefore, how to mobilize and sustain public participation has always been an important issue for development.

Generally speaking, there are three obstacles for the public to participate in development. The first is institutional. In some countries, authorities are either afraid of societal threats towards their ruling or distrust of participating capacities of social groups. Institutional building cannot meet social needs for participating in decision making. Technology is the second obstacle for. Participation is one kind of communication. But due to social gap, some groups cannot access to communication technologies, such as newspaper, telephone, TV and internet. They are deprived of rights of getting information and expressing opinions. The third is mechanisms for participation. As for social participation, one mind-set is that some groups, especially the poor are passive in public affairs and incapable of participating. Numerous cases from development have indicated that they can participate and their participation will promote public governance if there are practicable mechanisms connecting their interests with public affairs and coordinating their opinions and actions. Currently, designing mechanisms for participation are becoming more important than other two factors because institutional building needs time and technological methods are easily accessed. Actually, we can find more and more innovations about designing mechanisms for participation around the world.

In this book, readers can learn experiences of designing mechanisms from four Latin American countries, Brazil, Peru, Mexico and Chile. Although writers of four cases use their own ways to tell innovation stories happened in their countries, we still can know common factors behind their success. The Fund for Agricultural Development (FUNDAT) was established in Tupandi, a town in Brazil. It helps local resident to develop agriculture and improve their living conditions substantially. In Coatepec, Mexico, local government initiated “The Program for Payment of Environmental Forestry Services in

Coatepec” to protect forest and ensure the water supply for the approximately 50,000 inhabitants directly and indirectly for the 22 municipalities that comprise the Coatepec water sub-basin. In Ranra (Junin), Peru, a place in the high Andes rural area, local people rely upon the irrigation system to increase agricultural productivity. In Lampa, Chile, local government establishes the local environmental management program with the financial support of UNDP and made improvement in this regards.

As for common ground, all of four innovations have designed practicable mechanisms to mobilize and sustain participation of concerned groups, especially local resident. They are usually omitted or under-evaluated by decision-makers in the past. Now, they not only can benefit from participating in these programs but also express their demands for decisions. Then they have strong incentives to support the programs and make them sustainable. Participation and winning benefits both contribute to protecting and improving their citizen rights. Therefore, citizenship is not only on the paper but practiced and becomes reality for local resident. Without providing benefits for participants and listening to their voices, any innovation cannot win support from concerned groups and go farther.

Of course, in addition to participation mechanism, we also need to notice other factors, such as individual innovators, capacity training and strong and sustainable financing. The authors have emphasized their role in analyzing these innovations. In some cases, they seem more important than participation mechanism. Therefore, how to integrate them with participation mechanism is worthy further consideration. •

Tupandi Fund for Agricultural Development (FUNDAT)

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3- Data from the IBGE population count for 2007. Available at: <http://censos2007.ibge.gov.br/>

Introduction

Tupandi is a small town in the state of Rio Grande do Sul (RS), in the far south of Brazil. With 61 Km² in area, it has a population of approximately 3,600 inhabitants³. It was emancipated from Bom Princípio, another small town in the region, in 1988, and today it is part of Greater Porto Alegre. One characteristic of RS is that 64% of the towns have fewer than 10 thousand inhabitants and in general agriculture activities are their main support.

The region's subtropical climate, with average annual temperatures of 18oC not only determined the agricultural activities that were undertaken, but was also important for the German colonization of the region, already accustomed to milder climates. In Tupandi, this presence is very evident in the culture with their typical festivals, in the everyday language spoken by most of the population, a Franco-German dialect, and in the importance the community gives to values such as discipline and obedience, to moral and religious customs and to the high value given obligatory basic education.

Some indicators point out characteristics that are different in this region from the rest of the country. The economically active populations (EAP) in the cities that comprise the Porto Alegre Metropolitan Region have an average income of 884.00 reais, 22% higher than the nation's average⁴, and the 10% unemployment rate is slightly less than the largest Brazilian metropolitan regions. In Tupandi, the indicators are even better: the GDP per capita increased from R\$ 777.00 in 1989 to R\$ 22,114.00 in 2004. According to IBGE data from the 2000 Census, average life expectancy in Tupandi was 76.6 years, exceeding the Brazilian average, which was 67.8. The infant mortality rate in 2006 was zero in the township, which is a significant result considering that in Brazil it was 24.9 for every one thousand live births over the same period. The illiteracy rate was only 4.14%, whereas the Brazilian average was 13.3%. In the 1991 population census, Tupandi already had the highest literacy rate for heads of household among the country's then existing 4,491 townships. That's why Tupandi has a high HDI-M, at 0.822, higher than the state's, which is 0.814, and much higher than the Brazilian average, which is 0.766⁵.

4- (PNAD, 2004)

5- Data from the Human Development Atlas/UNPD (2000)

This case study seeks to tell part of the story behind these figures and, more specifically, the role played by the municipal agricultural development fund.

Contextualization

In order to understand FUNDAT's importance in the transformations that have occurred in Tupandi, it is necessary to understand the region's situation before its creation. As occurs in almost every region, Tupandi's economy was founded on agriculture, which is characterized by the presence of small land units for family production.

Soon after its emancipation in 1988 and despite the existence of some excellent social indicators, Tupandi had problems that made its economic growth unfeasible. Agricultural production stagnation was one of these. Other infrastructure problems, such as the lack of asphalt or any telephone network in the township not only impeded the development of agricultural activities, but also the establishment of industries in the region that could diversify local economic activities. Some regions of Tupandi, such as Morro da Manteiga, which is today bustling with highly productive poultry farms, were very poor areas at the time.

In that scenario, the population had no other employment options except for the few opportunities on the more productive rural properties. As a consequence of this general stagnation in the township, there was an exodus of the productive age population to work in the footwear industries in neighboring townships, or even more common, their migration to more distant places such as Novo Hamburgo, Caxias do Sul and Porto Alegre. There was no perspective for social ascension in this younger population. They left the township in search for jobs or even to continue their studies, since there was no higher education in the region. Since not all those who left were successful, many ended up living in the outskirts of large cities without any comfort or hope for a better life.

There were approximately 500 small rural properties in Tupandi at the time. Part of the problem stemmed from the lack of incentive or knowledge, on the part of the producers, concerning more rational and effective means of production, since they tended to adopt the conventional productive techniques and processes learned and taught by the ancestors. The issue that had to be confronted was how to integrate these small family producers in a modern economic context characterized by large scale production with modern infrastructure, technology and quality in a manner that was linked to the large integrating companies that generally provided technical assistance, access to raw materials and production placement. It was indispensable not only to have the support of the township for these small producers to make their properties viable in this new context but also to have the support of the producers and their willingness to assume the responsibility of seeing that taxes on the sale and circulation of goods produced in the municipality (ICMS) were properly

paid. (Under Brazilian tax law, the ICMS is a state tax of which 50% returns to the municipality where the transaction took place).

FUNDAT

José Hilário Jungues, mayor of Bom Princípio at the time of Tupandi's emancipation, and its future mayor, was one of these community producers. As a rural producer, he took advantage of the experience obtained from a study trip to Germany sponsored by one of the civil exchange organizations between Brazil and Germany operating in the region and he began to raise chickens in 1984 in an integrated system when a niche opened up for exporting this type of product. Believing it would be possible to expand this type of production to the entire township, the mayor decided to invest in a project that would permit local producers to also enter this activity. For such, he tried to understand how the integrated system functioned by visiting the states of Santa Catarina and Paraná as the elected mayor in the company of his future Secretary of Agriculture, since this type of production had already been well established in these states.

With the experience derived from their observation and research trip, they concluded that this model could be adopted in Tupandi's small properties, especially to promote poultry farming, pig farming, fruit growing and type B milk production. The problem to be faced was not so much project feasibility but rather guarantee that the small rural producer would obtain the initial economic resources to make production feasible without depending on bank loans, which was practically impossible for the producers at that time. At the same time given the widespread informality of much of the agricultural production City Hall had few resources for investment, since the total available budget at the time was only R\$ 60,000 per month (approximately USD 30,000).

At the beginning of the municipal term (1993-1996), the financing model for the production system was debated in the Municipal Chamber, becoming a public subject throughout the township involving the entire community. After three months of debates, Law # 154/93 of March 31, 1993 was approved, creating the Tupandi Fund for Agricultural Development. The law was based on supporting and providing incentives for the township's agricultural activities, establishing a sort of agreement between City Hall and the tenant farmers whereby City Hall would subsidize the producers and the latter would agree to issue bills of sale for every transaction made.

In 1996, Administration Secretary, Liane Noeli Schoffen, and Secretary of Agriculture and the Environment, Walmor Sicorra, declared⁶:

According to the FUNDAT law, City Hall subsidized 100% of all grading, lateral walls and poultry farm roofs, as well as access to new ventures, comprised of standard 100x12m sheds. For pig farming, FUNDAT subsidized 100% of all necessary tile, gravel and sand costs, comprised of standard 60x9m sheds. For the dairy

6- Souza and Nascimento (2007)

cow activity, FUNDAT subsidized 100% of the costs for the 3500 clay tiles, 50 bags of cement and 4000 six-hole bricks. (...)

As the program evolved, it was necessary to diversify the focus of investments in new alternatives for primary production. Citrus fruit growing incentives emerged where the township still subsidizes 40% of all sapling costs. It also subsidizes 50% of production transportation to the industry, 100% of the lime transportation costs to the properties and helps out with 50% of the biofertilizer transportation costs. With regard to Silviculture, represented by the planting of eucalyptus and black acacia trees, FUNDAT has subsidized 50% of sapling costs.

The program's initial difficulty was trying to convince farmers to abandon the old primary production methods they were accustomed to using and to invest in technological development to make their lands profitable. Although many of the region's farmers only planted for their subsistence, this still meant a stable life and a fixed, although small, income. Convincing them to invest was a difficult task, since the construction of a poultry farm at the time inferred in costs of up to R\$ 45,000 in investments, besides the benefits offered by City Hall. And these resources had to be financed by the producer, who generally promised everything he owned as a guarantee for the loan provided by the banking system. These loans were in large part granted by the Banco do Brasil with the opportune help from the mayor who as an individual made himself available to cosign for the loans of many producers. In 1993, only eight producers agreed to participate in FUNDAT. It is worth noting that they are still in the business and the majority have expanded and diversified their production by investing in citrus fruit growing, pig farming and dairy cattle.

FUNDAT Characteristics

In its established law, FUNDAT does not specify the program's main objective, although there is a consensus that it is to make the township's rural properties productive. However, its secondary objectives are to:

- Establish the man in the field;
- Create the expectation for an improved quality of life from agriculture;
- Make the small rural property economically feasible;
- Absorb available family labor;
- Increase ICMS collections;
- Create skilled labor.

The development of actions regulated by Municipal Law # 154/93 obeys the following stages: The landowners register at City Hall and the Municipal Secretary of Agriculture analyzes the request, which is then approved and recorded and made available for public consultation. The beneficiary then signs a "term of commitment" whereby he agrees to comply with the program's determinations. During the first years of the program's existence, rural

producers received on average R\$ 2,200.00 in incentives in the form of services and materials to build sheds, as well as a portion each one invested in their properties.

City Hall simultaneously promoted vocational courses and free lectures to interested parties and also held periodic meetings to jointly discuss eventual problems faced by the beneficiaries, seeking joint solutions. The main objective was to ensure no beneficiary went bankrupt, which could make the program unfeasible, since City Hall did not have many resources and needed to direct part of them to essential sectors such as health and education. José Hilário Jungues observes⁷:

The municipal secretaries and the municipal executive branch mutually agreed to channel all municipal resources to the FUNDAT program, only maintaining essential services in the other secretaries, thus making the project's full development possible.

City Hall was thus able to finance the project using only its own resources. Although there was some financial difficulty in 1994 when the number of benefited properties reached 198, the returns from the ICMS that resulted from the township's increased economic activity not only permitted the program's continuity, but also permitted the diversification of public investments in other sectors, benefiting the township as a whole.

7- Souza and Nascimento (2007).

Results Obtained

Analyzing FUNDAT from its six main objectives: improvement in the citizens' quality of life; establishing the man in the field; making the rural property feasible; absorbing available family labor; creating skilled labor and increasing ICMS collections, we can conclude that the program was highly successful.

Improvement in the citizens' quality of life was successfully achieved. In a field study carried out in 2007, it was possible to observe the real satisfaction of the population with the direct and indirect results achieved by FUNDAT. This can be seen not only by the administration's great popularity among the population, but also the countless public improvements achieved, especially those observed in Tupandi's excellent social indicators. FUNDAT's success permitted a substantial increase in collections that contributed to the increase in investments in education, health, infrastructure and basic sanitation. The 521% increase in ICMS collections from 1993 to 2007 stemmed from the installation of the program and the program was greatly responsible.

Examples of the improvement in the population's quality of life compared to 1993 can be seen in the following services supplied by City Hall: availability of school transportation, elementary and high school education for the entire population, quality school lunches, cultural and tourism activities, construction of an event center, holding of leisure and sports activities, construction of multi-sport courts in every area, subsidies for drilling artesian wells, public illumination

throughout the city, paved roads, construction of sidewalks, extension of the electric network to the entire township and garbage collection.

In relation to establishing the man in the field, a great change can be observed from the previously observed standards. As mentioned, Tupandi suffered from a great exodus of youths leaving the fields in search of better opportunities in large cities. Job perspectives in the stagnant agricultural sector did not provide any incentive for this contingent of potential workers to stay in Tupandi. Family agriculture did not provide encouraging perspectives.

As part of the incentive for these youths to remain in the field, City Hall began to demand that the producers' children develop activities in the benefited properties as a condition to participation in FUNDAT. On the other hand, the program's success was responsible for the youths' renewed interest in returning to Tupandi. The properties were not only becoming productive, but new job opportunities were also emerging in the industries and commerce setting up in the township. If opportunities were uncertain in other cities, in Tupandi the situation was becoming attractive, which led to a reverse flow, making the township a center that attracted people. Even though the initial objective was to establish the youth in the fields, the diversity of productive activities ended up providing a much broader result than originally thought.

With FUNDAT's results, rural properties in Tupandi became economically feasible. The program's success can be seen in the following indicator: in 1993 Tupandi produced 660,000 chickens and in 2005 production reached 21,170,000, for a 3,200% increase in total production. The articulation between producers and the municipal authorities with the integrated poultry production companies such as Avipal and Frango Sul/Doux also permitted Tupandi to enter the global market, with a large part of its production destined for exportation to Europe and the Middle East.

If the absorption of available family labor was successful since there is a great demand for labor in the township and an incentive for family properties to join the integrated production system, the creation of skilled labor for agricultural work is still incipient. The training of producers is being carried out by technicians from the integrating companies and complemented by the State Secretary of Agriculture and Emater/RS, which has an office in Tupandi. Nevertheless, there is still a lack of greater professionalism on the part of producers and their employees that could be made up for through the creation of a vocational school in the township or greater incentives for youths to attend college in areas in line with the new job opportunities emerging in the township.

In conclusion, it is possible to affirm that the program's objective of increasing ICMS collections was responsible for FUNDAT's great success. This success can be seen in the increase in municipal collections, which grew almost tenfold over the past 12 months, from R\$ 1,144,000.00 in 1995 to nearly R\$ 10,285,000.00 in 2007. The township thus went from 375th in 1995 to 102nd in production values in the state of Rio Grande do Sul.

Despite ICMS' great participation in the increase in municipal collections, the economic dynamism provided by FUNDAT's direct and indirect results also played a role in increasing income and public investments in the township. The increase in collections generated a virtuous circle in the local economy that can be seen in all productive sectors. This increase in economic activity led to an increase in income that increased the township's aggregate demand, creating a growth in supply to meet it.

As a result, not only did new commercial and service activities emerge, but base industries also arrived, such as the pre-molded brick and tile factories. The incentive for industries to move into the township simultaneously created greater economic diversification and industry's added value in 2004's GDP thus exceeded agriculture's added value by 25%⁸.

8- IBGE data,
available at: <http://www.ibge.gov.br/cidadesat/topwindow.htm?1>

Conclusions

Tupandi's FUNDAT experience shows it was not necessary to create a complex program to solve the township's problems, which are common to several other townships in Brazil.

Factors such as the commitment to pay legal obligations, such as the ICMS, associated with a beneficiary participation strategy that has the participation of the entire community, public credibility that stems from correct and impartial management in disseminating benefits throughout the community, program planning and execution in strict compliance with the goals agreed upon by public authorities with the community's participation, a modern perspective that dared to break through the paradigms of local production, the effort to provide technical feasibility and economic sustainability to the producers, guaranteeing the program to sustain itself and its comprehensive scope proved to be fundamental factors for FUNDAT's success.

As a consequence, the program's results can be easily verified not only by the positive growth in the township's quantitative social-economic indicators, but most especially in the improved quality of life of the population.

Of course, not everything is perfect yet in Tupandi. But the path being followed seems to be the right one and this is a good indication that the correct moves fully compensate any eventual problems that have yet to be solved. •

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Promotion of Local Environmental Management (GAL), Lampa, Metropolitan Region of Santiago

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Executive Summary

The Local Environmental Management (Gestión Ambiental Local - GAL) Program is financed by the Regional Metropolitan Council and the Regional Government under the supervision of the National Commission of the Environment in the Metropolitan Region (CONAMA RM), the operational support of the United Nations Development Program (UNDP) and the participation of the Chilean Association of Municipalities. GAL seeks to contribute towards the achievement of the objectives of the 1992 Rio de Janeiro Earth Summit, especially Agenda 21, which expresses the principles of sustainable development for national and local governments.

The experience that concerns us consists of applying the GAL program in the community of Lampa, initially as part of a pilot plan carried out in 14 of the 52 municipalities (comunas) in the Metropolitan Region of Santiago (2004), and then in a second phase carried out in 31 region municipalities in 2005.

The main problem addressed was insufficient decentralization of environmental management between the regional and local government levels in an attempt to strengthen the institution and the capacity of local government management and coordination. The jobs that were developed consisted basically of: installation of local capacities; technical assistance to support local environmental management and environmental information and player articulation.

Among its other achievements, Lampa's GAL was able to modify municipal ordinances; achieve joint and participative participation in implementing the Plan of Action for the Batuco wetlands within the framework of the Regional Strategy for the conservation of Biological Diversity, with two sites declared priorities in the community; strengthen the involved social organizations, one of which successfully postulated a project before the Environmental Protection Fund; while the other participates actively in an intersector group for the protection of the Batuco wetlands and recently obtained a positive ruling from the Regional Environmental Commission (COREMA) in the case of the water treatment plant that serves La Cadellada. Besides implementation of the

GAL in Lampa, it has been able to involve the schools and the sector's private company in awareness, promotion and environmental education activities.

Antecedents and Description of the Initiative Context in which it is developed

The community of Lampa is located in the Province of Chacabuco, 37 kilometers northwest of the city of Santiago, in a rural area. In Quechua, the indigenous language, its name means "Miner's Shovel". Today, it promotes itself as the community with "New Air and Good Land".

It is a semi-rural community, rapidly becoming urban. According to the CASEN 2003 survey, its population totals 45,152 inhabitants, 3.6% Indian and 22.6% poor. With 452 Km² in area and a population of 51,206 inhabitants (25,003 women and 26,203 men), 30.75% is a rural population and 69.25% an urban population (2002 Census Data, Undersecretary for Regional Development, Ministry of the Interior). Three of the community's urban locations concentrate the most important populations: Lampa, with more than 6,000 inhabitants; Batuco, with nearly 10,000 inhabitants; and Estación Colina, with about 3,000 inhabitants. About 70% of the population resides in urban areas and the remaining 30% is relatively dispersed about the rural sector.

The community's economic activities are mainly agricultural, although over the past few years there has been a significant drive towards industrial development due to the growth experienced in the neighboring community of Quilicura. On the other hand, the explosive growth of rural residential properties has led to a loss of productive soil and the farmers have begun to join the industrial sector, although with some difficulties due to their lack of skills to be inserted in the industrial labor market.

One of Lampa's most important global environmental aspects are its land use planning. Lampa has been regulated by Santiago's Intercommunity Regulating Plan since 1997 due to the modification in the Province of Chacabuco. The most evident problems associated with land use correspond to the industrial occupation process without taking into account factors such as the serious lack of water tables, soil type and wind direction.

On the other hand, there is significant deficit in urban infrastructure, especially with regard to the drinking water and sewage system. Besides that, the location of population sectors in physical risk areas is also a problem associated with land use².

Program Description

The Local Environmental Management (GAL) Program is financed by the Regional Metropolitan Council and the Regional Government under the supervision of the National Commission of the Environment in the

2- CED, "Caracterización de las Comunas de Alhué, El Bosque y Lampa", Municipal Management at: www.ced.cl/PDF/Gesti%F3n_Municipal/CAPIL.pdf, and MIDEPLAN Community File at: <http://www.sinim.gov.cl/ReportNac2003.asp?comuna=13302>

Metropolitan Region (CONAMA RM), the operational support of the United Nations Development Program (UNDP) and the participation of the Chilean Association of Municipalities.

GAL seeks to contribute towards the achievement of the objectives of the 1992 Rio de Janeiro Earth Summit, especially Agenda 21, which expresses the principles of sustainable development for national and local governments. In Chile, the local level is rooted in the communities whose government and administration are up to each municipality. Environmental protection and sustainable development must be carried out at the most basic level in the local community, among the neighbors represented by their governing directors and the civil society organizations and the municipality, whose daily lives are expressed by their employees³.

The experience that concerns us consists of applying the GAL program in the community of Lampa, initially as part of a pilot plan carried out in 14 of the 52 municipalities in the Metropolitan Region (2004), and then in a second phase carried out in 31 region municipalities in 2005. The main problem addressed was the insufficient decentralization of environmental management between the regional and local governments, seeking to strengthen the institution and the management and coordination capacity of local governments.

As a consequence, GAL's objective in Lampa was to decentralize environmental management to the municipal and citizen level, and supporting the generation of a cultural environment based on co-responsibility.

The jobs that were developed consisted basically of: installation of local capacities; technical assistance to support local environmental management and environmental information and player articulation.

Along the line of installation of local capacities, understood as a permanent process focused on training for local and citizen management, an agreement was reached with a University to train five municipal employees and 17 governing directors for three months. A director of the "Reciclar Futuro" organization said that when they began their work, their objective was only to improve the district they had begun to inhabit, but after training and as they learned more about waste and recycling, they began to take on a much stronger commitment with regard to caring for the environment and the planet, understanding that it was the legacy they would leave behind for their children.

In turn, technical assistance became the creation, within the township of Lampa, of a technical secretary for the environment comprised of six employees from different municipal departments, five of which were trained, each in a specific area – waste and recycling, natural resources, evaluation of the environmental impact and land use planning; specialties they currently develop in the unit. The technical secretary meets weekly and its scope of action involves land use planning, environmental protection and environmental management. It must also apply action plans from the Regional Strategy for Biological Diversity (ERDB), for which the Technical Commission on Batuco Wetlands was created. It is also responsible for the coordination and inspection

3- "Crónicas y Testimonios de Gestión Ambiental Local", Program in the Santiago Metropolitan Region, CONAMA RM, December 2005.

of the three Water Treatment Plants that serve the community (Las Higueras, La Larapinta and La Cadellada).

Within the framework of GAL, several environmental education and community awareness actions were developed such as the painting contest at Batuco Lagoon (2005) with the participation of 60 children; natural resource workshops on the land; and community preparation activities to apply a surveillance plan, both in 2006. With regard to promotion, the radio program “Ecological Equilibrium” is broadcast weekly on the Lampa community radio, a poster calendar was produced and signals and signs were installed surrounding the wetlands. Besides that, an environmental fair and community environmental chapter house were organized (2005), which contributed significantly to inform and make the participants aware of the community’s environmental problems and natural resources. Four community schools are in the process of earning certification by the National Environmental Certification System for School Establishments (SNCAE). Within the scope of investigation, the Universidad Católica developed an educational software with parameters to measure contamination, water balance, water quality and more in the wetlands; thesis writers from the Universidad de Chile investigate its hydraulic dynamics; and a baseline is being raised by professionals from the Universidad de Chile Environmental Network (RAUCH); and a bird census by the Chilean Ornithology Union (UNORCH). It is also worth underscoring the initiative by Cerámicas Santiago, a private company, which sponsored the training of 30 adolescents as environmental monitors for ecology, the environment and conservation, creating the Batuco Wetlands Ecological Patrol, which meets every two weeks.

Within the scope of player articulation, GAL mainly permitted the strengthening of two community organizations, “Reciclar Futuro” and “El Totoral”. It also works with the Roble Alto Foundation in the conservation of the Cordillera de la Costa natural heritage and it actively participates in the intersector meetings for the coordination and accompaniment of the El Roble and Batuco Wetland Action Plan within the framework of the Regional Strategy for the conservation of Biological Diversity (ERDB), which defined the priority sites for conservation in the community.

Reciclar Futuro is an organization comprised of housewives who came to Lampa from other Santiago communities soon after being awarded housing in Lampa’s Población Ignacio Serrano. Its initial motivation was to improve the immediate surrounding area for their children to have better quality of life. To achieve that, they assumed the task of collecting recyclable or reusable waste in the neighborhood, initially on foot, with bags hanging from their shoulders, and later in carts. They prepared the yard of one of the partner’s homes, which they called a “workshop”, to disinfect, separate and gather recyclable materials. The materials are sold to recycling companies and the profits are distributed in equal shares among the active partners, with a percentage from each going to social actions currently directed towards supporting punctual needs of adults in

the sector. The group is rigorously organized internally with specific times for collections and for work at the workshop, and it maintains written and computer records of all labor. Within the framework of the GAL program, capacities were acquired to formulate and manage projects, awarding an FPA thanks to which today it has scales, uniforms, tricycles and cleaning and safety materials and a PC and a small office to carry out its work. Besides collecting waste in the neighboring area and other community villages, agreements have been reached with schools and other entities for the installation of separate containers from which recyclable materials are removed.

In turn, the **El Totoral** citizen's group plays a pivotal role in the protection and defense of the Batuco wetlands, leading the Action Plan's V thematic axis – Education. The El Totoral members work in conjunction with the municipality's environmental technical secretary employees and work with organizations such as the Chilean Ornithologists Union (UNORCH), the Universidad de Chile's Environmental Network (RAUCH), and professionals from Santiago, among other players. El Totoral performs important surveillance, education and environmental promotion work and has also assumed the leadership in citizen mobilization for Servicomunal, which manages La Cadellada's Waste Water Treatment Plant, not permitting any emissions into the wetlands without a prior environmental impact evaluation study. In the opinion of the group's president, the company must seek a definitive solution for treating the sector's waste water, ensuring there is no intervention in the lagoon, thus preserving the area's existing biodiversity.

The results have been positive for the municipality and the community and the achievements it has had include being able to modify municipal ordinances; achieve joint and participative participation in implementing the Plan of Action for the Batuco wetlands within the framework of the Regional Strategy for the conservation of Biological Diversity, with two sites declared priorities in the community; strengthen the involved social organizations, one of which successfully postulated a project before the Environmental Protection Fund; while the other obtained a positive ruling from COREMA in the case of the water treatment plant that serves La Cadellada. Besides that, the implementation of GAL in Lampa has been able to involve the schools and private companies in awareness, promotion and environmental education activities.

Description of practices

Conceptual focal points

The GAL Program adopts the citizen participation concept found in the instruction sheet from former President Ricardo Lagos, which establishes that “it is necessary for the public sector to open up, to generate the information and establish spaces and mechanisms that receive the concerns, needs and

4- Presidential instruction cited in GAL program publication, "Planes Ambientales Locales –Criterios de Acción para los Concejos Municipales", CONAMA RM no date, pg. 5.

proposals from the citizens. It also needs citizens that get involved in public issues, with strong organizations that represent all their diversity⁴." In other words, this focus requires, on one hand, that local government deploy enough political will to open up to the needs and demands of the organized community, but also encourage citizen organizations to acquire the strength to allow them to duly represent these demands and take part in the design and execution of the plans and policies to fulfill them, as well as their control and follow-up. This is a citizen participation concept that "empowers" citizens to have more effective participation.

Thus, once the application of GAL had been defined in the municipality of Lampa, the first step was to train not only the municipal employees, but the governing directors as well, in order to strengthen their organizations. This was soon extended to awareness and education actions for other sectors of the community.

This emphasis is also expressed in the behavior of the technical environmental secretary created in Lampa in face of the strengthening of local organizations: "... after finishing the training and work with community organizations, we succeeded in making a functional land use organization in Batuco: the Committee for the Defense of the Batuco Wetlands. This group emerged from training the inhabitants in GAL. Today, this group is comprised not only of the presidents of Batuco's neighbor councils, but also of professionals and businessmen. Now we, as employees, need to hurry up a bit, because we are going to have a very significant community counterpart, which we are going to have to provide with weight"⁵.

5- Speech by the person in charge of the Lampa municipal technical environmental secretary at the certification ceremony for those in training, cited in "Crónicas y Testimonios de Gestión Ambiental Local, GAL, CONAMA RM 2005, pg.97.

In short, Lampa's GAL proposed the installation of a local environmental management model based on co-responsibility, that is, one where every social player has a role and is responsible, together with local authorities, for contributing to the solution of problems within their own scope of knowledge and action.

6- Local environmental plans – action criteria for Municipal Councils, CONAMA RM no date, pg.19 to 22.

The GAL program has a methodological proposal for the design of local environmental plans⁶ founded on European experiences and that proposes the process be seen as an integrated local management system, detecting and knowing the territory's strengths, weaknesses and opportunities, the organizations and players involved in order to establish actions and strategies according to local reality. The process is also based in the municipality but it must also interact with the community's citizen and productive organizations, as well as with the regional and national authorities.

In the case of Lampa, it can be observed that the solid knowledge of key municipal employees and some citizen directors regarding the community's history and characteristics, together with the political will of the regional government and the highest municipal authorities has been fundamental to correctly recognize and interpret the different variables and scenarios in which to intervene.

On one hand, this resulted in the promotion of work in the more urban areas of the community that focused mainly on the management of solid

residential waste, attending to the impact on the quality of life of the neighbors caused by the explosive migration of inhabitants from other communities in the region to Lampa and Batuco.

On the other hand, it included the social-cultural value the natural resources could have on the populations of the community's more rural areas, such as the Batuco wetlands and the Altos de Chicauma, and for which it was decided to analyze and address their environmental problems and to conserve these valuable resources, leading to a strengthening of local identity.

Upon examining this experience, two factors stand out that made it possible to gather and incorporate the community's interests and adequately managing the expectations that are inevitably generated when carrying out these processes. One is contained in the concept of the aforementioned citizen participation and it implies the municipality must open up and establish spaces and mechanisms to receive the demands. The second, which is not explicit, but can be observed in practice, is the experience achieved through joint learning and working among municipal employees and a variety of other players. In other words, it was fundamental to create a work group that institutionalized the participation of the governing bodies and other players, but it was even more fundamental to have the employees take an active part in the different works and facilitate materials, logistics or specialized human resources to achieve the objectives. In our opinion, it was this combination that generated trust and credibility and provided the social players with the assuredness that they were being heard.

Design of intervention strategies

As already mentioned, Lampa is a rural community undergoing a transition to an urban community where two different worlds exist, giving it a characteristic appeal. The population closer to urban areas in Lampa as well as Batuco, from several districts of greater Santiago, is more recent, with fewer roots and less history in the community. Meanwhile, in the more rural sectors, the population is more involved in agriculture and the area's traditions, living with small and mid-sized agricultural property owners in relatively comfortable condominiums surrounding the Batuco wetlands.

The success of this initiative was due to the identification of intervention strategies that permitted the involvement of the community in caring for the environment, recognizing its specificities and safeguarding against the interests of several players.

Thus, in the urban zone, the bet is on strengthening the Reciclar Futuro organization, establishing a residential solid waste management plan – a typically urban problem – focused on separation at the origin and recovering recyclable materials, which in turn permit generating complementary incomes to housewives and involving the local population and schools, among other players.

The main change expressed in this strategy is to instill in the families that inhabit the intervened sectors behavior and culture that is opposite wastefulness and disposable resources and geared towards savings, austerity and taking advantage of resources. The creation of habits such as the separation of waste at the origin and the recovery of recyclable materials in the end promotes and requires the adoption of values such as responsibility and solidarity.

That is what we saw when we went out with the group of uniformed recycling women on their tricycles, broadcasting to notify the population “the gathering” was on its way. A large number of places had already prepared their materials, proving it was a habit already instilled in the population and that even the children in the sector identified and knew the work that was being done.

In turn, these women, as they were prepared and trained, “becoming empowered” in their role, became multiplier agents capable of giving lectures at schools and social organizations and of leading periodic cleaning campaigns in several sectors of the community. The presentation they made of their work showed how they have become aware that their responsibility goes much beyond the solution of a punctual waste management problem, and that they exercise leadership in making the community they inhabit aware of more general environmental issues. *“With regard to the environment, we want to show our experience to other populations to demonstrate that a community committed to its environment is a pleasant place to live”*⁷.

7- Pamphlet to promote Lampa's “Reciclar Futuro” group.

With regard to methodology, training was a crucial element to achieve the empowerment and leadership enjoyed by the group today. The interviewed directors explained how having obtained greater knowledge about the materials they work with, the separation, collection and recycling processes as well as the administrative skills for managing the organization and formulating projects gave them a qualitative leap forward in their work. After the training they received within the GAL framework, they expanded their coverage to more schools and more populations. It can also be observed that the style of participation evolves from the typical demand for support and resources to a more autonomous and proactive behavior.

In the case of the community's rural sector, the inhabitants' interests are more connected to the natural resources – land, water, fauna – and the intervention strategy was thus given greater emphasis with regard to knowledge, care and protection. In the drive given by the Lampa GAL program for the creation of the Batuco El Totoral organization, circumstances came together such as the concern for the ecological disaster that occurred in the Batuco wetlands (death of birds unexplained until today) in 2005, Cerámicas Santiago joining the Environmental Impact Evaluation System with the consequent preparedness workshops for citizen participation and the threat represented by the expansion of the waste water treatment plants (PTAS) that serve the neighboring community of Colinas, with a sewage line to the wetlands.

The president of the organization emphasized that within the work developed by El Totoral along the environmental and land use planning lines, there was a remarkable inclusion of diverse social-economic sector players from the location (lot owners in condominiums, small farmers, poor, semi-urban residents), thus producing social integration in the work for a common objective of caring for and protecting the wetlands. This concept was also underscored by the president of the Neighbor Council⁸ Community Union and a member of the municipal council . It is an idea for implicit change in this intervention, which namely underscores the explicit ideas of cultural change together with conduct for protecting the environment and natural heritage.

8- Meeting with Lampa GAL players, August 2006.

The methodology has training, once again, as its core element. In her final report, the consultant in charge of carrying it out says:

“The enthusiasm demonstrated by the directors that participate in the workshops allows us to see the interest in environmental themes on the part of the citizens. The groups that stand out are those in Lampa (and Batuco) and San Miguel, which formed their own ecological groups from the training courses.”

The combination of theoretical training courses for community directors with field trips (Altos de Chicauma, KDM percolated treatment plant and nursery in Lomas de Los Colorados) provided a great drive to the emergence of the organization. The incorporation of the Technical Commission in the municipality and the setting up of intersector boards were also elements of a methodology that achieved the active involvement of the different players and organizations in protecting the wetlands and land use planning. Furthermore, the institutional framework provided by the Regional Strategy for the conservation of Biological Diversity has permitted the integration of highly specialized professionals as volunteers for the wetlands surveillance and protection work, among other things, contributing to the intervention's solid methodology.

This style of participation is very active, with the capacity for proposals and articulation and with institutionalized mechanisms in boards and periodic work meetings, as well as shared field tasks.

Management models

The deputy mayor of Lampa played a key role when it came time to facilitate the participation of employees in training, call for the creation of a technical environmental secretary and commit to opening the respective budget entry for its operation. It was thus possible to articulate the development of an initiative for municipal employees, governing body directors, public services and the regional government.

It was thus possible to create strategic alliances between the El Totoral groups and other community organizing bodies through Lampa's GAL, as well as collaborative relations between El Totoral and the municipal structure

where the framework for necessary agreements to function was established. And finally, relationships were strengthened between the local world and the regional world – especially with public services such as the Superintendence for Sanitary Services (SISS), CONAF and CONAMA RM.

The resources for development GAL in Lampa were obtained by means of presenting the initiative to the regional government and the financial management of funds from the National Regional Development Fund (FNDR) before the Metropolitan region's Regional Council. The municipality of Lampa, especially the technical environmental secretary combines leadership equipped with political and social experience with a group of professional youths with technical skills and a high degree of commitment with environmental protection. A cohesive and complementary team can be observed among the diverse components, with clearly outlined roles, revealing an appropriate and harmonious organizational and human climate. Among the municipal team and organizing body directors involved in the experience, respect and collaboration could be observed regarding the natural differences given the diversity of the players.

The most difficult situation of this experience was seen in the beginning, when employees and organizing directors revealed a significant level of skepticism regarding the initiative, a situation that was quickly reversed during the process thanks to the opportune and timely access to information as well as the involvement in regional initiatives such as the environmental fair and chapter house and the experience's visibility in bulletins and web sites of other networks as well as the program's.

Follow-up and evaluation

The impact and sustainability of Lampa's GAL can first be seen through the institutionalization of the social players' participation in intersector work boards and the recognition they receive from municipal and regional authorities. Second, but just as important, was the setting up of municipal practices, especially the creation of the technical environmental secretary and the across the board installation of the environmental theme in the municipality and the elaboration of environmental ordinances. Furthermore, as a result of the experience, surveillance and inspection actions were established for the projects that generate environmental impacts on the community, especially the Batuco wetlands; the incorporation of educational establishments into the National System for Environmental Certification was managed; and municipal mechanisms were generated to receive and process citizen denunciations.

The institution – municipal ordinances, technical secretary – and the jurisdictions created at the citizen level – Reciclar Futuro and El Totoral – remain and continue operating in a stable and periodic manner, as does the intersector board that designs and executes the action plan for the protection of

Batuco wetlands biodiversity. These are the spaces within which it is possible to follow-up on the applied policies.

Replicability

GAL's experience has already been applied in its first phase in 13 other communities in the Metropolitan Region, and replicated in a second phase in 30 more, with generally positive results, although more successful in some communities than others. The employee who acts as the CONAMA RM counterpart said he believes Lampa's GAL is among the most successful applications of this program in both its phases in the region. The explanation could be in the combination of some determining factors for success, especially the regional government's and the municipality's highest authorities' political will and the emergence of social leaderships that were greatly strengthened through the training processes.

Innovation

The initiative permitted the creation of a specialized technical unit in the municipality whose effect on local management was to put environmental themes across the board in all municipality sectors. Furthermore, it generated space for the participation of the population in decisions and local environmental management. In relation to social organizations, it was not only able to strengthen existing organizations, but also be the driving force for the creation of new ones.

The concerted effort by GAL through the municipality to open access to information via preparation and training resulted in changes in participation quality and much more, in a greater incidence of the organizations in local management. This is due to the fact the organizations now have greater and better knowledge of the environmental management instruments, such as the environmental projects evaluation system (SEIA) and the elaboration of environmental norms, which allows them to participate in an informed manner. Furthermore, they play an environmental surveillance role in projects currently in operation and collaborate in educational processes in the community, within the framework of the spaces granted them by Law 19.300 for Environmental Bases and CONAMA RM's management.

Lampa's GAL was effectively able to have citizen management work with municipal management, and both of them with regional public services. The strengthening of the municipal institution, together with the empowerment of local social organizations, has meant the emergence of a key player that, according to the themes, actively collaborates with the municipality, in a relationship characterized by a high level of commitment and maturity, in the spirit of "Collaborate when necessary and criticize and counterpose when needed."

Sustainability

In relation to resources, the Environmental Unit and the Environmental Technical Commission receive financing from part of the municipality for the management of work areas, such as Hygiene and Zoonosis, some training actions and inspection tasks, which does not cover the entire set of scheduled activities, especially those related to the action plans for the priority sites for biodiversity. Many activities are carried out by the work teams' "drive and commitment", which is somehow able to do the things that are possible without great resources.

There is no direct assignment of public service resources such as from CONAMA, SAG, CONAF and others, except for the punctual support of material resources, as in the case of tree donations for urban tree planting, pamphlets and similar items for training activities delivered by CONAMA. Financially, Lampa's GAL does not receive any governmental contribution or commitment. Actually, the municipality cannot postulate state funds. It must do so through third parties, such as through the FPA.

With regard to alliances with the private sector, their collaboration was recently undertaken in some work areas, as in the case of Cerámicas Santiago S.A., which fully financed the "Patrulla Ecológica Humedal Batuco" environmental monitor workshop. During August, three other companies will be contacted to see the actual financial support under the auspices of some activities or work projects in which they are interested in getting involved. Support from some universities has been counted on where through professional practices they have been collaborating in studies and necessary monitoring regarding biodiversity action plan work, such as the monitoring of waters, the architectural proposal to build scientific investigation infrastructure, baseline studies, and more.

The Lampa GAL has had a direct impact on changing the conceptual definition of the tasks by showing that the environmental theme is now being addressed across the board in every municipality management.

The initiative maintains close relationships with networks, such as the Universidad de Chile Environmental Network (RAUCH), which works on the Batuco wetlands baseline study and one of whose professionals carries out volunteer environmental surveillance work in the wetlands with municipal employees. Likewise, it has obtained the collaboration of the Chilean Ornithologist Union with regard to bird censuses in the wetlands area.

This experience is heavily based on the work and collaboration relationships established with the Reciclar Futuro and El Totoral organizations, but it is also permanently related to other significant community social actors such as the Community Union for Neighbor Councils, the schools that are undergoing the school environmental certification process and the Roble Alto Foundation, among others.

Learning Citizenship and state-civil society ties

The experience's main contribution is to demonstrate the success that can be reached when you empower citizens by providing them with the necessary tools for development: access to information, preparation, training, institutionalized spaces for participation, normative framework, support and drive for the formation of organizations, among others. Furthermore, it makes it necessary to have a permanent improvement of local government capacities since, as pointed out by the person in charge of the municipal environmental unit it is a greater challenge when your counterparts are better trained and informed citizens and organizations.

The ties that are developed have good chances of being sustainable over time because they are based on relationships of trust that were created during joint work and learning activities, as well as on objectives that relate to shared values and the common good.

Experiences such as this are a contribution to democracy since they contribute to the internal strengthening of citizen organizations as well as to the development of skills to work with diverse players; harmonize diverse interests; begin dialogues and negotiations and solve conflicts, all indispensable for the development of democracy. Learning to participate with knowledge, working with other players who have diverse interests and objectives, is an important step forward in democracy.

Likewise, the experience significantly contributes to local governability since the organizations and citizens prepared in Lampa's GAL will remain vigilant to protect the Batuco wetlands from the potential environmental impacts from new projects, and they will do so based on knowledge of SEIA's normative framework and their rights in this context, which makes an enormous qualitative difference in how they address the theme.

Innovation

The innovation in Lampa's GAL mainly resides in the fact that as the municipal institution was strengthened, the citizens were empowered, and the relationship between both started reaching important levels of commitment and maturity. This was achieved thanks to a combination of three lines of work: training + technical assistance + working with players, favored by a strong political will and the presence of local leaderships with great potential for growth and development.

Key factors

As has been mentioned, the political will of a regional and community authority was a key factor, as was the institutional "umbrella" and the resources provided by CONAMA RM for its development; its mediation to solve difficulties or

shortages, its methodological orientation and permanent theme, the ties it offers between the local and regional, among other aspects, are what make it a key factor. Another was the fact it developed its own model, based on already successful experiences carried out in Europe, and having previously applied a lower scale pilot plan before replicating it in more communities.

Conclusions

Lampa's GAL expands the concept of citizenship, promoting the exercising of rights, since it guarantees such by means of appropriate information and training, and it develops an integrated perspective of local environmental management including the installation of capacities, technical assistance and working with the players. It demonstrates a high degree of coherence between the intervention strategy - installation of capacities at a local level - and the objective of decentralizing environmental management to the local and citizen level, creating institutionalized jurisdictions in the municipality and in civil society, in order to carry out this decentralization, and thus expanding the forms of participation. It could strengthen and explain its follow-up and evaluation mechanisms and work in areas with greater sustainability over time, diversifying financing sources and as much as possible ensure continued political will.

SWOT Analysis

Among this experience's main internal strengths we find:

- The technical environmental secretary team formed in the municipality of Lampa, which, besides its professional quality, demonstrates a commitment with the environmental theme that goes much beyond its functions;
- The involved organizing bodies that have notable leadership and potential; and
- The methodological solidness achieved by GAL in its two application phases.

On the other hand, the internal weaknesses are:

- The vulnerability of the new municipal institution; and
- The dependence on regional funds or other grant funds to further develop the experience.

The opportunities that stand out include:

- The political will of regional and community authorities.
- The framework that certifies the Regional Strategy for the conservation of Biological Diversity and its Action Plan.
- The possibility to access funds and other support in the United Nations Framework Agreement for Biological Diversity and the RAMSAR Agreement (wetlands);

- Potential interest of national and foreign private donors in the conservation of species and the wetlands;
- The desire of a private company (Cerámicas Santiago) to become a player and a contributor in local environmental management, especially environmental education and wetland protection.

The following threats can also be observed:

- Potential difficulties in aggregating budget items that ensures the new municipal structure.
- Expansion of waster water treatment plant activities, especially La Cadellada.
- Political changes regarding priorities, or budget cuts in the municipality. •

The irrigation system in Ranra (Junín). Citizenship, inclusion, public policies and social movements in the High Andes rural world

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Two elements call our attention upon entering the Ranra community meeting place: a framed portrait, carefully protected by transparent glass of General Juan Velasco and an election advertising poster with the smiling face of Jaime Salinas, candidate in the presidential elections held in April 2006. These elements call our attention due to their apparently opposite nature. Juan Velasco became President of Peru between 1968 and 1975 after leading an overthrow (fortunately bloodless) against the government of Fernando Belaúnde, freely elected by the population just three years before. Once in power, Velasco imposed an aggressive nationalism policy geared towards radical social reform by means of measures such as agrarian reform, expropriation of part of local industry and nationalization of the means of communication. His period at the head of the government became known by the self-assigned name of “Revolutionary Government of the Armed Forces”. Jaime Salinas, in turn, owes a good part of the initial drive for his political career to his father, the general by the same name who also attempted an overthrow in 1993. However, in this case, regardless of the paradox, this overthrow was “democratizing” by nature. The objective of the violent protest was to expel Alberto Fujimori from the Pizarro Palace. The obscure agriculture professor had surprisingly won the elections in 1990 and two years later he had dissolved parliament and become an autocrat².

2- Surrounded by growing problems with the opposition, on April 5, 1992, President Alberto Fujimori led a famous self-overthrow, dissolving congress and the senate and intervening in the judicial power.

Although the Peruvian population greatly supports this authoritarian move, the new situation generated strong criticism abroad as well as among certain sectors of Lima’s middle class. In these circumstances, on November 13, 1992, the General of the EP Division, Jaime Salinas Sedó, led an overthrow that sought to restore constitutional order in the country. The situation was confusing for a few hours, obliging the President to seek refuge in the Japanese Embassy. However, due to a lack of support in other regions of the country, the overthrow was finally put under control and its leaders thrown in jail.

What are these two portraits doing at this communal site in a small village located 3800 meters above sea level in a High Andes province in the district of Junín? Ranra’s experience, winner of the 2005 Joining Forces contest, allows us to get closer to study these apparent paradoxes. The award-winning project resorts to the community’s efforts to contribute to its development, equipping itself with an irrigation system that helps increase agriculture productivity, which is what the largest part of its families depend on for a living. Although it seems to be an insipid project, Ranra community’s experience puts in play elements that recall broader-based processes. Analysis of the arguments and strategies that are put in play will allow us to observe the types of articulation between rural society and the State in the Andes region and its ties to the citizenship construction processes, understood in their most primary sense, as was demanded at the end of the 18th Century by the first liberal revolutionaries: participation in the decision-making processes and assigning of resources.

Geographic context

The district of San Juan de Jarpa is located in the Cunas River Basin, in the high provinces of the district of Junín's central zone. This is a high Andes zone, with an elevation that oscillates between 3600 and 4100 meters above sea level. However, it is not an inaccessible zone. Access is possible thanks to a transitable road built at the end of the 1970s that connects the provincial capital, Churcampa, with the districts of Yanacancha, San José de Quero and San Juan de Jarpa. From Huancayo, the regional capital, it takes about two hours in a private car, although there is also a relatively fluid public transportation service to Jarpa.

Most of the population lives off of high-altitude agriculture (basically Andes tubers) and livestock. Since the end of the 19th Century, the high part of the district had been divided into several farms and community lands, in unstable equilibrium and constant struggle to appropriate the best pastures. During the 1970s and 1980s, the zone counted on various cooperative units (SAIDS) created within the context of the agrarian reform carried out by General Velasco's government. These community explorations were geared towards livestock production, which was sold in the markets of Huancayo, and to a lesser degree, Lima.

Between 1987 and 1992, the Cunas River Basin becomes the scenario of a bloody episode of an internal war between the Armed Forces and the Shining Path terrorist group. According to the count made by the Commission of Truth and Reconciliation (CVR), the zone saw a total of 123 victims, 24 in Jarpa³. In the beginning, until 1991, the violence was mainly caused by the Shining Path. Although the region did not record collective killings of the likes seen in other parts of the mountains, the social and economic consequences of the violence are tremendous. The Shining Path had three objectives during this first phase: the physical elimination of state institution representatives, mainly district mayors and governors, destruction of the assets of cooperative companies created during the agrarian reform and expelling the few representatives from private development organizations from the region.

The second phase of the internal war in the Cunas River Basin, after 1989, is led by the Armed Forces anti-subversive offensive. The effort to expel the Shining Path from the zone is initially founded on isolated incursions on occasions to take advantage and carry out extrajudicial executions by military elements disguised as members of the Túpac Amaru Revolutionary Movement (MRTA)⁴. The military presence becomes more stable later and achieves greater institutionality in the district of Jarpa with the installation of an anti-subversive base in the district of Misquipata. The base functions as an axis for the creation of self-defense committees on the part of zone communities. Starting in 1993, the combined action of the Armed Forces and self-defense groups considers the zone pacified. Despite some reported cases of abuse and extrajudicial murders, according to the CVR, the military offensive in the Cunas

3- Commission on Truth and Reconciliation, Informe Final, book IV, Lima: CVR, 2003, pp. 190 and ss.

4. According to the CVR report, there is no indication of the presence of the MRTA in the Cunas River Basin. Several coinciding indications suggest that the execution groups were in reality integrated by members of the Armed Forces who acted undercover to avoid being subjected to legal detention procedures.

River Basin had not reached repressive levels that compared to other parts of the district of Huancayo.

The internal war supposes important changes in the social-economic context of the Cunas River Basin. The most notable effect is the increase in three trends that were already noticeable in the years preceding the conflict: stagnation of growth in vegetation, concentration of population in populated centers and a negative male birth rate, which is mainly explained by the trend of adult males to migrate to Huancayo in search of employment. The armed conflict implies the retraction of activities, which begin to evolve within the communal scope after the disappearance of the cooperative companies.

Ranra, the leading location of the award-winning experience, is inserted in this context. According to the 2005 census, it is the smallest of all the communities in the district, with about 250 inhabitants. Poverty conditions in this zone are especially high. Although we do not have data broken down by community, the following chart, which gathers the corresponding figures for the Jarpa district, gives us an idea of how the zone still has important shortages with regard to basic services.

| | Junín (region) | Chupaca (province) | Jarpa (district) |
|--|----------------|--------------------|------------------|
| Adobe home | 50.5 | 78.6 | 99.6 |
| Electricity | 76.1 | 78.5 | 52.6 |
| Drinking water in the residence | 66.6 | 57.9 | 61.9 |
| Hygiene services in the residence | 38.4 | 12.6 | 0.1 |
| Less than 20 years old | 43.4 | 41.6 | 46.8 |
| Female population | 50.2 | 51.1 | 53.9 |
| Can read | 86.7 | 87.5 | 80.0 |

Source: INEI (national census)

Most of the houses in Ranra are still made of adobe and there are important problems with regard to things like sanitation. However, over the past few years, progress has been made in other aspects, such as the use of household water connections, thanks to a project financed by the Social Development and Compensation Fund (FONCODES) at the end of the 1990s. In general, local inhabitants believe that the past few years, since the end of the armed conflict, have been positive for the community. They attribute this to the development of new policies by the State that have permitted the poorest communities to have access to public funds. As we will see in the following pages, this change in focus of public policies, beyond the valorization that can be made of possible benefits, is the key element that permits an understanding of the role played by the different players in the award-winning experience.

| Table # 2 Basic Services and other social development variables Evolution of the Jarpa district (Percentage of farms or people) | | |
|---|-----------|-----------|
| | Year 2005 | Year 1993 |
| Adobe home | 99.6 | 99.8 |
| Electricity | 52.6 | 56.5 |
| Drinking water in the residence | 61.9 | 2.9 |
| Servants in the residence | 0.1 | 1.2 |
| Less than 20 years old | 46.8 | 53.1 |
| Female population | 53.9 | 53.3 |
| Can read | 80.0 | 73.9 |
| Total population | 3,573 | 3,126 |

Source: INEI (national census)

New opportunities and a new generation of communal directors⁵

Ranra is a predominantly rural community. The level of its inhabitants' well-being depends greatly on agriculture and livestock production. Over the past few years, the main challenge has been to increase production volume and quality. Along those lines, the award-winning experience is part of a much broader process, which dates from the end of the 1990s, as the pacification makes room for new opportunities for collaboration with public authorities and private development entities.

A first step to increase productivity consists of introducing new crops in the community especially focused on feeding the livestock, mainly rye grass associated with sweet clover. With the extension of new pastures, the hope is to improve livestock productivity by increasing the availability of nutrients for the animals. Besides that, the hope is to indirectly consolidate family income, increasing the sale of artisanal cheese at the region's open markets. At the same time, and on an experimental basis, a small greenhouse is also being developed in association with the Ranra school. It permits learning planting techniques with semi-tropical products such as the pineapple.

However, both cases, pastures and greenhouse, deal with experiences that have limited reach. The main obstacle along these lines is the lack of water. Ranra is located in a high zone where there is no stable water supply. The crops traditionally depend on the rains, which are seasonal and generally not abundant. The objective of the award-winning experience is to solve this problem by building an

5- This section gathers the field reports made by Ludwig Huber and Brigitte Davey Talledo. They visited Ranra during the assessment process before and after it won the award for its experience, in July 2005 and February 2006, respectively.

6- According to the information container on its web page, the Program for Exchange, Dialogue and Consulting in Sustainable Agriculture and Food Safety (PIDAASSA), carried out by Bread for the World, is a space for exchanging experiences and for the participative learning of concepts in Sustainable Agriculture and Food Safety and of the Peasant to Peasant methodology. PIDAASSA's immediate antecedents date back to the Program for Dialogue and Consulting in Sustainable Agriculture (PDAAS) which began in the mid 1990s in Central America, based on two axes: dialogue and consulting. This initiative began to expand with both virtues and weaknesses, to other countries in the region. In 1998, the PIDAASSA was established as the program to foment processes throughout Latin America, extending to the Andean countries, Argentina and Brazil. In Peru, the PIDAASSA began its activities as PDASS (Program for Dialogue and Consulting in Sustainable Agriculture and Food Safety) in 2000.

7- According to the information on its web page, Agriterro was founded in 1997 by the field social organizations in Holland: the Dutch Organization for Agriculture and Horticulture (LTO-Nederland) and its regional sections, the Dutch organizations for rural women and their Federation (CPVO), the National

irrigation system that optimizes available resources. Development of the project is possible thanks to the convergence of three players: international cooperation, the district municipality of Jarpa and the Junín Regional Agrarian Federation (FAREJ).

The project had a predecessor back in the 1980s, when the first canal was built with the help of the Temporary Income Support Program (PAIT). However, soon after it was finished, the canal was destroyed, according to the inhabitants of Ranra, probably by inhabitants from other communities who feared a reduction in the amount of water available for their own needs. During the years of the internal conflict, the idea is put on the back burner and only at the end of the 1990s does it come back with any strength. In 2001, the FAREJ proposes that Ranra inhabitants take advantage of the community's scarce water resources (that is, their springs) using a technology based on sprinkler technology. For such, it will be necessary to construct a reservoir and dig ditches for the pipes that shall carry the water to the farms. According to the narrative constructed by the experience's leading players, realization of the project is a complex project that implies three different moments: (i) generation of a consensus within the community; (ii) establishment of alliances with authorities; and (iii) project execution.

Prior to carrying out its work in Ranra, the FAREJ had been working for several years in communities neighboring the district of Jarpa. Contacts with the Ranra communal leaders are aimed at incorporating the community within the scope of these projects, most of which are carried out in cooperation with the German financial group "Bread for the World", within the framework of the Program for Exchange, Dialogue and Consulting in Sustainable Agriculture and Food Safety (PIDAASSA)⁶. FAREJ believes the execution of these projects is an opportunity to recover lost space over the previous years in the Huancayo rural area. Along these lines, a key element is the presence among the agrarian association directors of a new generation of rural leaders, personified by Lucinda Quispealaya, the organization's current president.

Quispealaya was born in the community of Shicuy, very near Ranra. Her promotion to FAREJ director positions is tied to the institutional strengthening process being developed since the end of the 1990s by FAREJ, in collaboration with Bread for the World and Agriterro, a Dutch NGO specialist that works with rural organizations in diverse parts of the world⁷. These projects permit the formation of a set of intermediate frameworks in FAREJ, empowered in the management of conceptual tools from the world of international cooperation. At the same time, they are also capable of speaking the language of the rural workers and express their interests. Over recent years, they have become privileged intermediaries and are capable of articulating the demands expressed by both parties: the need for the communities to gather funds from outside the community to carry out the works necessary for its development and the need for international cooperation agencies to identify possible beneficiaries

and count on local counterparts to carry out their intervention projects. Thanks to this cooperation, the association has a small technical team comprised of an agronomist engineer, some trained technicians and young volunteers who provide punctual support to the projects. Besides that, agronomy students from the National University of Central Peru, with headquarters in Huancayo, also participate in the organization's work.

Lucinda Quispealaya is the connection between FAREJ and the community of Ranra. FAREJ's presence is initially received with reluctance by the community. As indicated in the interviews, there had just been a negative experience with an NGO that did not want to identify itself. After making commitments to the rural workers, the institution did not fulfill them and abandoned the project. Thus, in this distrust-filled environment, a very limited number of peasants participate in the first meetings held by FAREJ. These peasants were trained in several workshops carried out by FAREJ both in and outside the community. Later, they assisted other communities in the areas surrounding Tarma. Through this direct contact with results obtained by similar initiatives run by the association in other communities, little by little the number of Ranra's peasants interested in the project began to increase. The activities' participative component is the key.

FAREJ's work in the Ranra community is highlighted by the peasant to peasant focus, which seeks to involve the population in the diagnosis and solution of their problems. This methodology is part of the baggage received from institutional strengthening projects developed in cooperation with the PIDAASA program and Agriterra. These projects permit training a new generation of directors, who little by little begin to move up in the organization, based on their capacity to handle a language that is in greater agreement with the new configuration of players in the rural world after the period of violence. In Ranra's case, the initial job of contacting developed by Quispealaya is founded on a participative diagnostic workshop with peasants that permits the creation of an internal consensus about irrigation's priority, compared to other proposals that were being sowed, such as the need to first of all build a second floor at the local school. During this phase, it is of utmost importance to have the presence of the FAREJ technical team members in the community, especially engineer Benjamín Armas, who makes a decisive contribution towards the formulation of new projects. During this consensus generation process in the community, Lieutenant Governor Pedro Bautista also plays an important role. In face of the initial reluctance by the then president, he accepts to watch a lecture organized by FAREJ in order to see for himself the achievements reached in other communities.

The inclusion of Ranra within FAREJ's work plan is therefore the result of a sustained action supported by three axes: Quispealaya's activism, the technical argument sustained by Armas and the legitimacy afforded by Bautista's support. Starting from this point, peasant promoters begin to be created from among the rural workers in charge of taking the project forward. Once the

Council of Agrarian Cooperatives (NCR) and the Dutch Agriculture Youth Association (NAJK). The organization is focused on the popular rural organizations in Africa, Asia, Latin America and Central and Eastern Europe. Cooperation does not occur through public entities or intermediaries, but rather directly from producer to producer, peasant to peasant, cooperative to cooperative. The projects developed with CNA have fundamentally been: Strengthening of rural youth I (2003) and Strengthening of rural youth II (2003).

internal consensus has been reached in the community and irrigation has been determined the priority, the second phase of the experience implies the search for allies who can support project financing. That is where the municipality comes in the picture. Once again, FAREJ is the key. Since this institution has a historical past of collaborating with the municipal authority, it becomes feasible to sell the Ranra project. After some negotiations, the municipality includes the project in its budget. When work begins in 2003, a great part of the peasants participate, but not all. The community worked for fifteen days digging the hole for the reservoir. The municipality had in turn contributed with pipes, sprinklers and materials appraised at approximately 10,000 soles. FAREJ also contributed with some materials worth about 5,000 soles.

The sprinkler irrigation system has been in operation for a year in Ranra. A total of 18-20 hectares are favored by the sprinkler action. The first shift takes place from six in the morning to noon, and the second shift from noon to six in the evening. The irrigation committee president is in charge of supervision and he also charges a one sol per month contribution from each peasant benefited by the irrigation in order to maintain the system.

In general terms, except for some inconvenience that stemmed from the need to adapt the crop cycle to the new technology, the results seem to have been positive. The community has a larger area of permanent pasture for its animals and it can grow new crops without completely depending on the natural water supply. Thanks to that, last year some peasants were able to increase their garlic harvest and take advantage of a price increase in the regional market. That was sufficient success to convince the entire community with regard to the importance of the irrigation system. The community has proposed expanding the system using the participative budget, something that has been initially approved by the municipality. It is expected that next year it will be possible to irrigate about twelve more hectares, some of which will be communal lands, which can generate income for the community as a whole.

Social associations within the context of the new social policies

Ranra's experience, which won the Joining Forces award, reflects a small Andes community's fight to overcome social and economic paralysis caused by an internal war. It is a localized and established experience that required little total investment. However, it can serve as a starting point to analyze a set of changes that are being developed in the fields of Peru in recent years. The origins of the experience can be found in the confluence of different processes, whose origins date back to the end of the 1990s, when a significant change is produced in the country's public policies. These processes are not exclusive to Ranra. To the contrary, they are elements repeated in many places in the mountains. Several similar cases have been analyzed among Joining Forces' award-winning experiences this year and in previous years. As we will see further ahead, this

reiteration of similar cases opens the door to broader interpretations about the processes currently underway among the country's rural populations.

In the 1990s, during the Alberto Fujimoroi government, we saw the introduction in Peru of what has been called demand driven public policies. Although its origins are complex and go beyond the scope of this study, it is important to underscore that it is a change that was not exclusive to Peru, but rather responds to a global change in the focus of public policies in developing countries. In a synthetic manner, the focus of demand-driven public policies implies assuming the need to focus on public investment. As pointed out, the scarcity of available resources had ultimately resulted in the failure of previous policies of a universal vocation. In order to proceed with this focus, it is necessary for the population to change its attitude, going from being merely beneficiaries to behaving in a more proactive manner, articulating their demands according to established channels in each well-founded case: delivery of project profiles, constitution of communal ad hoc institutions to adjust to program needs, etc. It is here in these elements that the motor for the subsequent changes generated in the rural area lies.

The new public policies assumed by the Peruvian government during the 1990s imply the introduction of competence in resource assigning processes between the different population groups that now see themselves as obliged to “compete” with each other to attract the interest of authorities and become beneficiaries of social programs. From social sciences, the analysis of this change in the State strategy to assign resources can focus on two points of view. On one hand, it is possible to carry out an in-depth analysis with regard to the implicit risks in abandoning universal policies, based on the notion that all citizens are equal and should be equally benefited by social policies. An analysis of problems linked to this situation, in an urban context characterized by the inhabitants' social-economic diversity, has been approached in the corresponding monograph for last edition's *Joining Forces* award-winning experience, which was carried out in the José Cardozo human settlement in the city of Iquitos⁸.

However, beyond this look at key political ethics, it is also possible to study the effects of the change in strategy from the societies' political economics point of view, which is the objective of the social programs. From this perspective, the new focus implies a change in relationships between the social and political players. It supposes evident risks, as have already been seen, however new opportunities as well. Inevitably, the new configuration of players goes beyond the scope of the social programs (which are its origin) making room for a new type of interrelationship between public authorities, social organizations and inhabitants. The roles each of these players must play and their functions are read differently than they were just fifteen years ago. Within the context of the Ranra experience, the most evident example of this change is the apparently surprising revitalization of FAREJ as a social player in the rural areas of the central mountains.

8- “Participation in urban environmental health in Belém” in Jorge Bracamonte, Armando Millán and Victor Vich (editors), *Sumando Esfuerzos. 14 experiencias de participación ciudadana en la gestión local*, Lima, Network for the Development of Social Sciences in Peru, 2005, pp. 147-165.

FAREJ is the regional branch of the National Agrarian Confederation, founded in the beginning of the 1970s by the Velasco government to act as interlocutor between the “revolutionary” authorities and the peasants. During the 1980s, and most especially the 1990s, the organization experienced an accelerated decadence as a new form of perceiving the relationship between the State and society begins to spread throughout the country, which excludes the political parties for their intermediary role, privileging the direct connection between population and authorities, between the governors and the governed. This is a common feeling, skillfully used by Fujimori, to construct his own power structure in the country’s rural areas. The ideological and the political, from this perspective, are seen as obstacles that make it more difficult for the population’s and the government’s efforts to work in coordination for the progress and development of the country’s poorest populations.

The origin and development of this anti-policy has been studied by Carlos Iván Degregori and other authors⁹. The violence that ensued after the declaration of war by the Shining Path against the State in the beginning of the 1980s is a decisive element that resulted in this “policy’s” loss of prestige. The ambiguous role played by broad sectors of the Peruvian left during the first few years of this decade also contributed to this since they do not clearly break away from the terrorist group (much less the MRTA). On the other hand, the image of “efficiency” deployed by the Fujimori government in terms of anti-terrorism, and the putting into practice of policies focused on help create the possibility to project a new discourse on the population concerning the power and the ties between the State and society, which points to the parties and social associations as superfluous elements. In this model, the inhabitants are the ones who directly relate to the authorities, by means of institutions generated ad hoc by each of the agencies responsible for carrying out the social programs: the FONCODES executing nuclei, the PRONAMACHS conservationist committees, the PRONAA popular canteens, etc.

The NGOs are the only possible foreign mediators in this plan. Their intervention in a community contributes towards maximizing the possibilities for this population group to be chosen by the public agencies during the focusing process. Through their capacity building programs, the NGOs transfer capacities to the population that can be very useful in the context of competition for state resources: they transfer the capacity to speak in the administration’s language, and therefore, to be able to interact with the state agencies through the formulation of pre-projects, the presentation of profiles and the shaping of the required ad hoc institutions, etc. Furthermore, on certain occasions, in the rural environments the NGOs can also facilitate direct contact between the population and decision makers at the middle level. When skillfully used, these contacts can become shortcuts in a context where a large number of population groups are competing for state attention.

In the midst of this transformation, although still formally existing, FAREJ disappears as a significant player in regional life. Its reactivation over recent

9- Carlos Ivan Degregori, La década de la antipolitica: auge y huida de Alberto Fujimori y Vladimiro Montesinos, Lima, Institute of Peruvian Studies, 2001 and René Antonio Mayorga, Antipolitica y neopopulismo, La Paz, CEBEM, 1995.

years responds to a change in strategy that assumes the existence of this new model and recovers lost growth by inserting the organization in the new form of State and society relationships. FAREJ, like many of the old organizations of the Peruvian left which over recent years have seen an apparently surprising resurgence, changes its discourse and most of all changes its style of appealing to the peasant population in the district of Junín¹⁰. When it was founded, according to the left's traditions and to the well-founded motivations that determined its creation by the Velasco government, FAREJ appealed to the peasant population in its quality as a social class, that is, as a collective that considers itself (and perceives itself) as having shared interests and desires. From a logic that sinks its origins in society's Marxist theories, the peasantry is a class that plays a specific role. The peasants are called upon as a homogenous whole, as members of this class. This has changed over recent years. In its new relationship strategy, adapted to the new relationship model between the State and society, this appeal on the part of FAREJ is produced in a fragmented manner. It is directed towards groups of peasants, or communities, considered to have private and not necessarily coinciding interests (and even potentially contradictory) to those of other private groups of peasants.

In this new context generated by the extension of demand-driven policies, each peasant community is a group of private interests, competing with other units with similar characteristics to get the State's attention and be favored in the social program process. In this context, FAREJ begins to act in a manner that is equivalent to the NGOs in the rural area in the 1990s and 2000s. Or better, it begins to be perceived by the peasants as an instance from which they can obtain benefits that are similar to those obtained from the NGO. Organizations such as FAREJ, long ago standard bearers for the peasants' social demands as a class, have now become potential allies for one community or another in their intent to prevail over other communities and catch the attention of the State. They empower the peasants and their leaders in the administrative techniques required to achieve this objective, contribute towards shaping the committees called to become the authorities' interlocutors, put the communities in contact with the state employees who are the keys in the focusing process, act as agents in the identification processes of potential donors, etc. FAREJ recovers its influence at the cost of concentrating its work on a limited number of communities. It recovers its influence in everyday micro-politics at the cost of renouncing global projects for social transformation.

The results of this transition are perceptible in the experience developed in Ranra. Here FAREJ is accepted from the moment it demonstrates its capacity to mediate between the authorities and the community, succeeding in channeling public funds to the latter. Initial reluctance by the inhabitants is overcome when during the internships they see the success achieved by other communities in the focusing processes thanks to FAREJ. This same logic also works with regard to international financing, also considered potential donors for whose attention they must compete. Ranra's peasant leaders are invited to

10- This transition of association organizations in their ideological matrix does not affect those linked to the left. A similar case refers to an organization of mid-sized rural property owners and can be observed in another of the award-winning experiences in 2004: "The Pampa de Majes Local Information Center (Arequipa): Institutional reinvention, symbolic territories and agricultural modernization" in Jorge Bracamonte, Armando Millán and Víctor Vich (editors), *Sumando Esfuerzos. 14 experiencias de participación ciudadana en la gestión local*, Lima, Network for the Development of Social Sciences in Peru, 2005, pp. 177-197.

participate in international events that reinforce its commitment with FAREJ. However, it is a commitment, as we will see below, which is not founded on ideological values.

What has been pointed out thus far implies an emphasis change in the petition process between the State and society, on one hand, and between inhabitants and social organizations on the other. This is a key transformation to understand the new configuration of players in the Peruvian rural world, and in this specific case, the high provinces of Junín and the Cunas River Basin. But in FAREJ's case, the process is more complex than a simple conversion to a new institutional identity "in the style of the NGOs". Along these lines, there are two elements that make the analysis of the process developed over the past few years by the old Velasco association more complete. On one hand, much more than in the case of most NGOs, those who are part of FAREJ come from the same peasant world that the people they intend to help. They are peasants or children of peasants, relatively educated, who have concluded secondary education (rarely more) in district cities, in the same high provinces where they exercise their propagation work. This circumstance makes it so intermediation work is crossed by a series of additional elements such as personal interests in channeling resources to specific units, internal competence within the institution through the selection of work areas, dissemination of efforts that are at times beyond the organization's real capacity, etc.

Second, and perhaps more significant, it is necessary to take into account that the change in FAREJ's intervention strategy is not necessarily accompanied by a similar evolution in discourse. Indeed, as also often occurs with many NGOs in Peru, FAREJ continues to use a discourse that appeals to peasants as a class, insisting on the existence of homogenous interests and desires that go beyond the possible differences between the different communities. In other words, it continues being a vocationally political and ideological organization regardless of how it has adopted practices in its everyday work that are derived from demand-driven policies and on not focusing on class.

Over recent years, two institutions that have made substantial contributions to the revitalization of FAREJ are Agriterra and PIDAASA. Agriterra is a powerful non-governmental organization from Holland that carries out activities in Africa, Asia and Latin America. PIDAASA, tied to the German Bread for the World financing group, has similar characteristics. These two organizations share a series of characteristics that must be considered: (a) both use a discourse that insists on the important of developing rural development strategies that combine increased productivity and respect for the native forms of social organization and (b) the two cases also insist on the need to articulate organizations from different countries as a strategy to confront what are viewed as threats linked to the international economy's globalization process.

These two characteristics are derived from the articulation of a discourse that considers itself as "alternative", whose identity, in the Peruvian case, is seen in the reinvention of / demand for a native identity for the peasants from the

high provinces of Junín and the fight against the Free Trade Agreement with the United States. For organizations like FAREJ, this agreement is seen as an act of commercial imperialism, which in the rural Peruvian context would result in even greater poverty for most of the rural population due to the loss of scarce existing markets for its agricultural and livestock production. FAREJ is active along these two lines: the fight against the FTA and native claims. In December 2004, it participated in the Indian Peoples Summit held in Huancavelica, with similar organizations from around the entire country, supported by references in the rebirth of Andean natives such as the Confederation of Indigenous Nationalities of Ecuador (CONAIE) and the National Council of Ayllus and Markas of Qollasuyo (CONAMAQ, Bolivia). On the other hand, in March 2005, it appears as a signer of the manifesto against the FTA between Peru and the United States and in support of the demand for a referendum about the theme, under the auspices of the Bolivarian People's Congress and which gathers leftist organizations from the entire continent.

Therefore, there is a disequilibrium on one part between the strategy at the micro level, related to each specific community, developed by FAREJ to recover its influence and presence in peasant communities, and on the other hand, the strategy developed by the organization at the macro level that seeks its national positioning. It is somehow as if the two strategies belonged to different historical moments. In practice, the micro strategy assumes the new relationship model between the State and society, supporting the successful management of new possibilities this policy opens for the peasant populations. However, the organization's discourse and its strategy at the macro level are still bogged down in a traditional interpretation within Latin American social thought that views the peasants as homogenous players with shared and potentially revolutionary interests. The contradiction between these two elements, the micro and macro strategy, is perceived by analyzing Lucinda Quispealaya Salvatierra's trajectory, as we have seen, one of the main players in the Ranra project and a reference for the community's peasants and community.

Born in Shicuy, located in the same province as Chupaca, Quispealaya was one of the young FAREJ directors who made up the directorate in 1999. She later intervened in the projects developed in cooperation with Agriterria, participating in several events in Holland and the Andean countries. She has been president of the FAREJ since 2003. Her work has been recognized by the medal from Germany's Brother Pastors for Bread for the World as well as several recognitions from the Ministry of Women and Social Development (MIMDES). Quispealaya's activism has made her one of the emerging social leaders in the Junín region. Her presence in the communications media to mark the protests against signing the FTA has made several political parties view her as a possible candidate for congress, finally integrating the National Justice list, the group directed by Jaime Salinas. Her condition as a peasant leader, whose work is appreciated in the rural areas, should contribute to strengthen the image of this candidate, excessively linked to Lima's middle class, among the sector

of the population. The network of contacts built during her performance at the head of FAREJ should be the path for such, as demonstrated by the Salinas candidacy ad seen at the Ranra communal site in February 2006 when the field work was conducted.

However, the result has been less than expected. Quispealaya received less than two thousand votes, far more the support needed to get to congress. Indeed, she has not even been the most voted candidate within her own party. Quispealaya's frustrated political adventure, very similar to that of other emerging leaders in the new wave of reinvigorated social organizations in recent years in the country, is a sign of what we have been pointing out herein thus far. The reappearance of FAREJ as a relevant regional player has a place so long as it is capable of developing a relationship strategy with the inhabitants that assumes the new relationship milestone between the State and civil society, based on: (a) the direct link between the State and civil society through the ad hoc generated institutionalization, without "political" intermediaries; (b) the assumption of the competition for the State's attention as a key element in the resource attribution process in the public sector, and (c) the rejection of explicit mediators who base their legitimacy on the intended representation of interests that transcend the specific group (in this case the community) and privilege supposed shared interests (of the class).

FAREJ and Lucinda Quispealaya find their new space in Andean rural society as they develop "micro strategies" capable of strengthening their role in this new context. It will not be their macro discourse about the native indigenous identity or about the interests of the peasant class that will help them recover lost space. FAREJ's staff is respected while they can provide tools to maximize the possibilities of the different population groups considered in an individual manner (the Ranra community, the Shicuy community, etc.) and within the focusing process for the social programs. Lucinda and her comrades are not peasant "leaders" in the sense this term had in the Latin American left's political culture in the 20th Century, as articulators of a supposed collective interest, capable of mobilizing the population and leading them towards the molding of those interests. This may explain the electoral failure.

FAREJ contributes to the revitalization of the peasant world in the high Junín provinces and it is an increasingly more important player among the zone's communities while it is able to provide advantages in the new framework of relationships with the State. As an institution, it is capable of linking the communities with the outside players that can favor them in their fight to obtain better living conditions: NGOs, international cooperation institutions, etc. That is the key to its new vitality as an organization. However, this does not imply it has recovered its leadership capacity to the point it once existed in the 1970s and 1980s, regardless of how organization's directorate wants to link the two elements. As Lucinda has found out, to be appreciated by peasants does not imply to be seen as someone capable of representing their interests.

Conclusions: Ranra and citizenship

The district of Junín, included in the high provinces and the Cunas River Basin, background for the award-winning experience, was an important battlefield during the internal war that ravaged Peru in the 1980s and 1990s. From a historical, although unfortunate, perspective, it is not an exceptional success. Some of the bloodiest campaigns in the wars for independence at the beginning of the 19th Century took place in this same territory. Sixty years later, the central mountains were also the backdrop for the Pacific War, in its diverse cycles, in the international phase of the conflict as well as the civil confrontation phase that followed the Ancón Agreement signed by the Chilean occupants and the faction headed up by Miguel Iglesias. Many of these conflicts have been between the leading players in the peasant populations from the high Andean zones. Along these lines, it is a region that is deeply integrated with national history, regardless if this integration has not always been as positive as the liberal and Marxist historiography would like it to have been. As demonstrated in the works by Nelson Manrique and Florencia Mallon a few years ago, the high Andes peasants from Junín are, and have been, in the most immediate sense of the word, citizens of the nation since the exact moment it was founded: they have participated in its fights, shaped their representations according to what the nation is and they have influenced the decision making process¹¹. Along these lines, it is possible to say that a large part of its history has consisted precisely of that: in valuing their rights as citizens and in insisting on being recognized as such by the other sectors of Peruvian society.

The Junín peasants have participated in the republic's political fights since the beginning, taking the side of one or another by virtue of their interests. It is evident that their capacity to influence one or another sense has always been very limited, except when involving very specific political situations. It is also possible that not every case clearly showed the achievements of their decisions or their role in the general scenario of conflicts. However, in every case, the indicated works have shown us they have always been aware of what was in play and of the importance in participating in the decision making processes (violent or pacific).

I insist that this fight for citizenship must be understood in its original sense, as a fight to participate in the decision making processes for issues that affect their own interests. In order to consider their characteristics, it is necessary to take into account the social, political and administrative context where it occurs. During the two centuries after independence, the relationship between the Peruvian State, understood as an administrative device, and the peasant society in the high Andes rural areas has been characterized by a series of rising and ebbing tides according to the situation's needs in fiscal and political terms. During certain periods, we have watched development by the State striving to reach the rural population and get to the populations that live deepest in the interior of the country. At other times, such as the period immediately preceding

11- Nelson Manrique, *Las guerrillas indígenas en la guerra con Chile*, Lima, Research and Capacity Building Center, 1981 and Florencia E. Mallon, *Campesino y nación. La construcción de Méjico y Perú poscoloniales*, Mexico City, CIESAS-Colegio de San Luis – Colegio de Michoacán, 2003.

the Pacific War, when profits provided the central government with relative independence from taxes from the interior, we saw the opposite, a pulling back from the administration and greater disinterest in these populations.

These rising and ebbing tides translate into the existence of different types of ties between the State and high Andes peasant society. At each phase, the peasant response is different, as is the State's attitude. However, there is always a peasant "response". Not even in the case of those periods where the state's retraction is greatest, is it correct to say there was a "disconnection" between the peasant and the State, as understood in all its spheres: as a set of discourses about national identity and as an administrative device. What is in play is their right to be recognized as citizens, in other words, their right to participate in the decision making process and the attribution of resources, however that is understood: payment of taxes, disputes for land ownership, and in recent years, participation in social programs. Through Ranra's experience we saw another minimum episode, if you want to call it that, but inserted in a much broader historical context, of this fight by the Andean populations for citizenship. It is a fight that adapts itself and creatively assimilates the relationship strategies put forward by the State, which in this case are going through a historical moment characterized by an extension of the focus on demand as a strategy to implement public policies and attribute resources.

The public policies new focus, decided at the central government level, without prior consultation with the citizens, or at most a much reduced consultation, in the 1990s, makes way for a repositioning of the players present in Andean society, with new opportunities for those who know how to take advantage of them. The cards are dealt again. FAREJ's revitalization responds to these premises. We find ourselves before the creative response from a peasant population facing a change in state policies. This response is produced through the revitalization of an old organization that now has a new function within the framework of State and society relationships.

However, this new function, and herein lies the paradox, is not always perceived by the peasant association's directors, who continue to anchor their discourse on the 1970s and 1980s, a period that the process for generating identities within the organization has made an intended golden age. The failure of its directors in legislative elections is a warning in this sense. It can be understood or it cannot. In any case, this will not impede us from seeing experiences such as the one in Ranra, where a group of peasants is able to act to their own advantage with public and private institutions to attract benefits to their community that otherwise, without this active intervention, would have been channeled to other places. If we understand it in this manner, we have without a doubt watched an exercise in citizenship (participation in the attribution of resources). One more episode in this long Andean journey towards recognition by the other sectors of Peruvian society. •

TRUSTEESHIP FOR PAYMENT OF ENVIRONMENTAL FORESTRY SERVICES IN COATEPEC, VERACRUZ

René Blanco and Pablo Rojo

Conservation of the environment is a function that, although being mainly a federal job, has seen townships assuming the reins.

The concept of paying for environmental services has been little explored.

The Clean Development Mechanism (CDM) is an agreement subscribed to in the Kyoto Protocol that permits governments and private industrial companies with greenhouse gas reduction goals (also called the Annex I countries) to invest in emission reduction projects in developing nations as an alternative to acquire emission reduction certificates at lower costs than in their own markets.

In theory, the CDMs permit a drastic reduction in costs for industrialized countries while they also make use of the same emission reductions without the CDMs. The CDMs also permit the transfer of clean technologies to developing countries. When the governments or companies invest in these CDM projects, they receive emission reduction certificates (also called carbon credits), which they can acquire at a lower cost than in their markets, and simultaneously fulfill the reduction goals to which they have committed.

There are two positions. There are those who argue that lower reductions will be obtained through the CDMs and even that it is possible to have unsustainable practices over the long term. Those in favor argue that control by a third party over monitoring of emission reductions will solve the problem.

The CDM is governed by the Protocol Parties through the Executive Council, and the reductions must be verified and certified by independent entities. In order to obtain certification for the emissions, the interested parties (industrialized country and developing country receiving the project) must demonstrate a real, measurable and prolonged reduction of emissions.

The problem mainly rests on the type of projects they want to carry out since they are presenting some, such as fossil fuel thermal plants or large hydraulic

infrastructures that seriously compromise the sustainable development needed to establish the necessary bases for achieving further emission reductions after the Kyoto Protocol.

Pro-Tree

The beneficiaries will receive 5 annual payments per established forestation and reforestation area at 80 smvdf/ha (minimum wage per hectare), which includes planting, work, technical assistance and inspection of activities.

The system offers economic incentives for private companies to contribute towards improvement in environmental quality and that are able to regulate the contamination generated by their production processes, considering the right to contaminate as an exchangeable asset with an established market price. The trading of carbon credits — a carbon credit represents the right to contaminate by emitting one ton of carbon dioxide— permits mitigating the generation of contaminating gases, benefiting those companies that do not contaminate or reduce contamination and making those that contaminate more than permitted pay.

Municipality's general data

Its name comes from the Cóatl (Culebra) and Tépetl (Cerro) Nahuatl, where Coatepec means “On the Hill of the Snakes”, an appropriate description the indigenous peoples used to call the fertility of their land, since the snake represents the Goddess of Herat and Fecundity, the deity of the sun and flowers.

It is located in the mountainous region of the state, at the foothill of the Cofre de Perote, in the capital region. Its coordinates are 19° 27' north latitude and 96° 58' west longitude, at a height of 1200 meters above sea level. It is bordered on the north by Xalapa and Tlalnelhuayocan; on the east by Emiliano Zapata; on the south by Teocelo, Jalcomulco and Tlaltetela; on the west by Perote, Xico and Teocelo. It is approximately 10 km from the state capital by highway.

The main location in this municipality is the city of Coatepec. It has 116 locations, 112 of which are rural and 4 are urban. According to INEGI's 2005 Population Census, it has a population of 79,787 inhabitants, 38,539 of which are men and 41,248 women. It has an area of 255.81 Km², with a population density of 312 hab/Km².

It has a temperate-humid-regular climate with an average temperature of 19.2 °C; with abundant rainfall in the summer and beginning of autumn, and less intense the rest of the year. Average annual precipitation is 1,926 millimeters. It is bathed by permanent rivers: the Pixquiac, Pintores, Sordo and Hueyapan, tributaries of the Pescados River (or La Antigua). The ecosystems that coexist in the municipality are the mountain's mesophyll forests with species such as

the alamillo, baqueta wood, barranco wood, poplar, cedar and ocozote. In this type of flora, we found a fauna comprised of populations of armadillos, badgers, falcons, hawks, wild doves, rabbits and raccoons.

In order to provide a brief history, it is worth mentioning that it was a pre-Spanish population of Totonacas that was gathered there in the 16th Century. This population arrived from a place located 15 kilometers to the west, known as the Coatepec Viejo. In 1560, the Franciscans founded the first church there.

It was granted the title of Villa in consideration for the many merits the Coatepec inhabitants earned fighting the American army that had invaded the country through the port of Veracruz in 1847, where the Coatepecan Juan Clímaco Rebolledo stood out for leading a large group of citizens. For defending the country's sovereignty, State Governor Juan Soto, and the Veracruz Congress, granted Coatepec the title of Villa on October 25, 1848 through decree number 48. It was elevated to the status of city according to Decree # 78 of December 16, 1886, approved by Legislature during the term of Governor Gen. Juan de la Luz Enríquez.

Starting August 2006, Coatepec became part of the "Magical Villages" program, where the "Magical Villages" were considered those with symbolic attributes, legends, history, important deeds and magical everyday life that emanates from each of its social-cultural manifestations and the represents a great opportunity for tourism.

Coatepec is the 24th city granted the title of magical village in Mexico, joining the cities of Taxco, Guerrero; San Miguel de Allende, Guanajuato; Izamal, en Yucatán; Tequila, Jalisco; Comala, Colima; Tepoztlán, Morelos; Real de Catorce, San Luis Potosí; Real del Monte y Huasca de Ocampo, Hidalgo; Tepoztlán, Estado de México; Cuetzalan, Puebla; Pátzcuaro, Michoacán and San Cristóbal de las Casas, Chiapas.

1) Description of the Program

i) Objective.

FIDECOAGUA's main objective is to restore the mesophyll forests, aimed at conserving the township's rainfall and the consequent reloading of the municipality's adjacent rivers and water tables.

ii) Origin and historical development of the program

After the 1998 climate changes, municipality authorities signal that the levels of the Hueyapan River, the same river that supplies the country, have fallen in Coatepec. Some settlements in Coatepec were left without water, an unprecedented fact if we consider that three significant rivers flow through the city.

As a result, fearing that the water tables would be substantially reduced during dry seasons and due to weather phenomena such as “El Niño”, municipality authorities elaborated a local public policy that foresaw water shortages. They devised a solution for the location’s population, ensuring the water supply for the approximately 50,000 inhabitants directly and indirectly for the 22 municipalities that comprise the Coatepec water sub-basin.

Through this program the municipality envisages the creation of “water factories” through the constant dripping from pine and cypress branches, since even if it does not rain, the fog or dew will condense and become water. These species are located in the high mountains of Coatepec and are part of reforestation. They make an important water contribution through humidity and as a consequence benefit the flow and reloading of the water tables.

Thus, the “The Program for Payment of Environmental Forestry Services in Coatepec” seeks to provide a local solution, ensuring the water supply for the approximately 50,000 inhabitants directly and indirectly for the 22 municipalities that comprise the Coatepec water sub-basin.

iii) Program’s design, resources and operating mechanics.

The Program is instituted through a municipal public trusteeship, which is responsible for the operation and payment of environmental services. It must be pointed out that this trusteeship has seen a change in municipal administrations. On September 20, 2001, the municipality of Coatepec signed a specific coordination agreement regarding forestation with the National Forestry Commission (CONAFOR).

On February 12, 2002, after a town hall agreement, the Trusteeship for Payment of Environmental Forestry Services (FIDECOAGUA) was created. On June 30 of that same year, State Congress authorized it and on August 22 it was published in the State Official Gazette.

FIDECOAGUA began in 2002 with initial funds of one million pesos, paid in by three parties as follows: 500 thousand pesos on the part of the municipality through Branch 33, 400 thousand pesos on the part of CONAFOR and 100 thousand pesos on the part of the Coatepec Municipal Water Commission. FIDECOAGUA began its program to pay for forestry environmental services at 1,000 pesos per hectare. In subsequent years, in an attempt to encourage the largest number possible of landowners, it set the payment at 500 pesos per hectare, aimed at reaching greater coverage by incorporating more landowners.

iv) Players, institutions, government levels, participants and distribution of responsibilities.

The trusteeship is comprised of a Technical Committee with a president, secretary, treasurer and three members. The president of the Technical Commission is the municipal mayor, the position of secretary is filled by the

municipal treasurer and the treasurer's position is filled by the director of the Municipal Drinking Water Commission. The members are Coatepec citizens and business owners.

It is important to point out that the creator and first manager of FIDECOAGUA was a specialist in the environment and today works for SEMARNAT in Mexico City. Likewise, FIDECOAGUA's current manager, although a public accountant, has worked for several years in diverse expense planning and scheduling areas at the Secretary of Agriculture and Water Resources and at the National Water Commission and in whom we see a great understanding of environmental issues, as well as in the administrative management of the trusteeship (he also prepares the financial statements presented at the Technical Council meetings).

v) Program's relevance in the local government agenda

According to comments made by municipal authorities, communal land holders and lot owners from neighboring municipalities have also registered their properties in the program. Thus, the environmental payment theme denotes a rural transcendence to the areas surrounding Coatepec.

2) Program's Impact

Despite the resource limitations, the program has shown important increases in its three years of operations with regard to the number of hectares that have been incorporated and the number of landowners benefited by environmental payments.

On November 26, 2002, the first call was made for payment of environmental forestry water services. Payment is finished in December 2003, for 500 hectares, where 67 landowners were benefited in the mountainous zone.

On June 28, 2004, the second call was made for payment of environmental forestry water services. Payment is finished in February 2005, for 600 hectares, where 84 landowners were benefited in the mountainous zone.

On July 28, 2005, the FIDECOAGUA Technical Committee agrees to the third call for payment of environmental forestry water services. Payment is finished in May 2006, for 668 hectares, where 110 landowners were benefited.

Table 1

| Year | Program Coverage (Hectares) | Beneficiaries (Landowners) |
|------|-----------------------------|----------------------------|
| 2002 | 500 | 67 |
| 2004 | 600 | 84 |
| 2005 | 668 | 110 |

Table 1 shows increases of 33% in the number of hectares incorporated into the program and 64% in the number of benefited landowners from the beginning of the program to 2005.

It is worth noting that the municipality of Coatepec, different from its neighboring municipalities, has a reserve set aside for the preservation of the region's mesophyll forests that totals 135 hectares.

Additional management carried out by FIDECOAGUA shows payment for environmental services on the part of CONAFOR to the municipality of Coatepec, for its three properties called "La Cortadura" with 107 Hectares., "Cruz de Duela" with 7.5 Hectares, and "La Granada" with 20 Hectares, in the mountainous zone. For the first time, the municipality will receive a total of 165 thousand pesos over the next five years.

3) Analysis of Beneficiary Opinions

It is necessary to underscore that in view of the modest sum per hectare that is paid to landowners, the municipal authorities have been able to create additional incentives for the program such as granting school scholarships to the children and grandchildren of landowners enrolled in the program.

Starting with the third call, 100 scholarships were granted to the children of FIDECOAGUA beneficiaries. This support consisted of 1200 pesos per year as an incentive to continue basic education studies.

Likewise, child participation has been promoted through the granting of diplomas on the part of the town hall's "The Perseverance in Sowing and Conserving the Forests" program, for sowing 1000 plants or trees and they are signed by the Mayor and FIDECOAGUA director. To this date, they have given 61 recognitions to children who have sowed between 1100 and 10,000 saplings.

On the other hand, some impact can be observed in the State Government's agenda, since according to documents, the State Government retakes this program through the Legal Framework for the Trusteeship Project of Priority Mountains of Veracruz. This state forestry policy instrument permits the participation of rural and urban populations to provide for the conservation, restoration and management of water, forests, basins and micro basins, as well as the ecological organization of the Veracruz territory.

This public policy is developed and directed by the General Directorate for Forestry Development of the Secretary for Agriculture, Rural, Forest, Fishing and Food Development (SEDARPA) of the state of Veracruz.

Final Comment

It is necessary to recognize the previous and the current municipal administrations' concern to create a culture of payment for environmental forestry services in the municipality of Coatepec. As is well-known, the continuity of local public policies with changes in administrations is always at stake.

According to municipal authorities, through this type of action, an attempt is made to implement a payment mechanism where the users agree on one hand to obtain the benefit of water and on the other the landowners agree to conserve and sow trees, and thus establish a municipal environmental service program, especially in the high zones, where the mesophyll forests are located. This will produce water, which will be of great benefit to agriculture, ranching and industry (it is worth noting that there is a plan for a soft drink company and a coffee and foods industrialization firm in the municipality, both multinationals and both with great demands for water).

The municipality's administrative effort to set aside part of its budget to pay for the preservation of the forest in its territory is not a formal attribution of article 115 of the constitution. However, the motivation local authorities have had greatly responds to the interest in integrating actions focused on local development with sustainability criteria.

The program can be replicated in a large number of Mexican municipalities or in any place having climate, orographic hydrologic similarities with Coatepec, however, no Mexican municipality has a similar program or trusteeship.

With regard to program feasibility over the long term, financial weakness can be observed. It is necessary to point out that the Coatepec town hall makes the substantial contributions directly to the trusteeship. That is the point that could make FIDECOAGUA feasibility vulnerable; in the event the next mayor should decide to use the resources FIDECOAGUA receives today to some other program.

Likewise, once again, the specialization and knowledge of the previous and current manager of the trusteeship in the environmental and water are well-known, as are their dedication and enthusiasm for the work of the trusteeship. If there is a change in management, a person not specialized in these areas could limit their achievements since the program has only recently been created. •

Private Capital and Public Participation: China View

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Abstract: The paper will focus on legal framework and actual operation of participating in Law and policy making in China. Business groups are mainly explored. It argues that the existing institutional framework provides basic channels and procedure for societal groups to express their opinions and dissatisfactions and participate in policy making after over twenty years reform. As for private capital, its influence upon policy making is rising gradually as it contribute to economic growth and social development. Although the existing legal system facilitates its participation in policy making, the fact is different a little from that written on the paper. The paper argues that private capital can play a role in achieving good governance if it can contribute to policy making and shoulder its social responsibilities. In order to improve policy making, the existing institutional framework still needs reforming and perfecting.

Key Words: Public Participation Private Capital Institutional framework Actual Operation

Business community is an integrated part of the Public and plays an important role in public participation due to its economic statute. In transitional countries, business groups, especially national private entrepreneurs are newly emerging social force and exert stronger influence upon political systems. How to provide enough and open channels for the new force and input its voice into decision-making process is a tough task for new or transiting regimes.

China is on the path of transition. The ruling party, CCP is facing the same challenge of absorbing private capitalists into the existing political system. In the past over twenty years of reform and opening up, private capitalists has become an influential force in Chinese political life. Its development not only diversifies the traditional social strata, but also pushes the Party and government to reform the existing participation model for providing space to accommodate it. The paper presented here will discuss the current legal framework for business groups to participate in law and policy making, explore

actual channels for private entrepreneurs to exert influence upon political performance, analyze existing obstacles for their participation and propose implications for transitional countries.

The paper proceeds in four steps. In the first section, I briefly outline the social role of private capital in traditional China and pre-reform China. It is disregarded and contained by authorities. Meanwhile it tried several ways to participate in public life. In the second section, the current institutional framework for public participation is described. The participation is ordered and manipulated by authorities while several major forms of participation are developing since the reform and open up. Legislative hearings and deliberation as two examples of new participatory forms are explored. Institutional obstacles are analyzed. The third section focuses on private entrepreneurs' political participation, especially their individual and organizational behaviors. The last section is the conclusion. I propose private entrepreneur group as a new social force be helpful for good governance. Chinese experience of developing public participation would contribute to political development in transitional countries. Of course there are major difficulties for broadening public participation in China.

I. Introduction: Private Capital and its Public Role

According to Chinese tradition, private capital is prohibited from politics. Ruler of each dynasty adopts the basic policy of developing agriculture and containing commerce (zhongnong yishang). Merchants are regarded as the lowest strata of the society. They are thought fraudulent by public opinion. Every merchant is profiteer. Therefore, the authority set strict limitations upon their commercial activities and public ones in case they become over powerful and manipulate the economy and government. Even though, merchant groups are still active politically in each dynasty for protecting their interests and influencing society.

Confucianism is ideal principle for merchants. Their supreme goal is to become Confucian merchants (rushang). It means their behaviors accord to Confucian requirements and they can shoulder public responsibilities and contribute to the society.

Generally speaking, business groups undertake their social responsibilities in three ways. First of all, businessmen would protect their families and clans. Although they often make business outside of hometown, they regularly send money back to their families. They afford orphan's education and helpless elders' life within their clans. Secondly, they organize guilds to conduct self-governance. Guilds also play a role of negotiating with authorities about taxes and fees to protect their interests. Thirdly, individual merchants make use of personal relations (guanxi) to influence authorities, even acquire special permission to monopolize some production or selling. In the case of political participation, informal ways through Guanxi are often adopted. But informal

participation is easy to degenerate into illegal activity because they are individual contact between merchants and officials and lack of transparency. Therefore, each dynasty claims by making laws to forbid merchants from participating in politics. Merchants' public role is limited to their community and clan.

After the CCP overtook the power in 1949, this heritage is kept and revived under the planned economy. Private capital is seen as capitalists and should be thrown into historical garbage. The authority makes laws and policies to stop private owned enterprises. Existing ones are turned into state-owned or cooperative. There is no space for private capital in political system. Public participation is empty talk for private capital owners because they disappear.

This situation is dramatically changed since 1978. The authority realizes market and capital are key for economic growth. After debate and reform, market is affirmed as the basic mechanism of allocating resources and private capital is legitimized to be integrated part of socialist market economy with Chinese characteristics by the Constitution and laws. Especially since 1990s, national private capital is gradually treated equally as state-owned capital and FDI. On the local level, authorities are eager to attract investment for local economic growth. But foreign capital is after all limited in terms of quantity and scope. Therefore, encouraging and supporting local private capital becomes priority for local authorities. Due to intense competition between localities for attracting capital, policy constraints are quickly cancelled and governmental attitudes towards private capital are more positive. As for local authorities, private capital has become the major pillar of local economic growth. On the national level, national private capital is also influencing economic development. In many fields, it begins to compete with and even replace state-owned capital. Some industries dominated by it, such as garment, toys are international competitive.

According to statistics, national private capital contributes 42.8 percentage of GDP. This point rises to about 50 percentage at the end of 2005. The number of private enterprises is 4.30 millions in 2005 and the annual growth rate is 27.2% since 1989. The total number of employee is 58.24 millions. The number of self-employed households is 24.64 millions and the number of employee is 49.01 millions. Above all, private capital has become a significant pillar of national economy. Private entrepreneurs are forming newly emerging strata of the society. It is inevitable for them to claim participation in politics and seek institutional channels to express their voices and protect their interest.

II. Orderly Participation: An Institutional Framework

What is Orderly Participation

With the society diversifying and new social groups emerging, the authority seeks to revive existing channels and invent new ones for rising public

participation and accommodate new groups. As for the public participation, the attitude of the authority principally is careful and vigilant. It emphasizes public participation should serve economic growth and social stability. Therefore it would be a kind of organized and orderly participation. It has three meanings. First of all, public participation should follow the leadership of CCP. Secondly, any form of participation should obey laws. Illegal participations are strictly obliged. Thirdly, participation should take the form of organization. In order to develop orderly participation of citizens, the authority propose to strengthen democracy and amplify democratic forms and guarantee citizen to participate legally in democratic election, decision-making, management and administration and supervision.

Forms of Participation in Policy or Law Making

Socialism does not deny public participation but regard it important component of mass democracy. Therefore, many forms of participation have been invented during the revolutionary and socialism-building period although they are not insisted practicing because most of them are formalized. Even though, they are still important heritage for the development of public participation during the reform period. In addition of their reviving, some new forms are also created. Three factors contribute to their emergence. The first is that the civil participation is becoming stronger. More and effective channels are needed. Secondly, international experiences are introduced to China with the opening up. Legislative hearings are typical of them. Thirdly, new information technology provides support for new form of participation. The internet is worthy mentioned. Citizens can be freer to express opinions and be easier to form volunteer groups to act collectively by avoiding organizational obstacles.

As for participation in policy and law making, we can list three forms of participation. The first form is traditional and informal. They include seminars or workshops (*Zuotanhui*), expert evaluation workshops (*Lunzhenghui*), surveys (*diao cha*), soliciting opinions meetings (*Zhengqu Yijian*), sending letters and visiting (*Xinfang*). All of them can be undertaken before policy or law drafting or in the course of drafting or after drafting. They can be divided into two kinds according to participators. One is for experts, such as evaluation meeting. Another is for common citizens and involved groups. Although they are helpful for decision-makers, especially draft law writers to hear different voices, opinions and suggestions raised are not sure to be adopted because there is no any obligated requirement for it. Due to this, people gradually lose their interest in them.

The second form is formal and legal. Public hearings and public releasing are two typical forms of participation. Hearing is learnt from international experience. It is first adopted in deciding prices of public utilities in late 1990s. After the Legislative Law is issued in 2000, it is adopted in law making.

According to the Legislative Law,, public opinions should be heard by lawmakers in drafting law and administrative rules. Legislative hearings are one of basic forms (Article 34, 58). Until now, all provincial congresses have passed rules on legislative hearings and many local congresses have held one or several hearings. The NPC holds its first public hearing on September 2005 to obtain input on a proposed amendment of the personal income tax law. Residents can sign up to observe or “audit” hearings. Public releasing is now commonly implemented before any proposed policy and draft rules or laws are made. Public input is welcome for criticizing, revising and improving them. If the policies or laws were too controversial and debatable, they would be postponed. Now it is an obliged requirement for any decision and policy. Many local governments and PCs are announcing they will start to release virtually all draft rules and regulations for public input, except where drafts of proposed legislation involve state secrets, commercial secrets or individual privacy.

Media and internet are becoming the third form of participation. At present, all law drafts and proposed significant policies have to be published on the internet and through the media to solicit broad public input. In addition, newspapers set up columns, radio stations and TV stations design programs to reflect citizens’ opinions about governmental decisions. On the internet, netizens are very active in expressing their ideas and opinions. Because governments on all levels are required to build their websites, governmental website become a new channel to solicit public input. In some localities, officials from governmental departments and agencies are required regularly to be online to dialogue with netizens. Public hearings are even held on the internet. It should be noted that only a few groups can access to the internet until now although the internet is spreading quickly in China. And more importantly, opinions expressed on it are not objective. Many of them are too irrational. Therefore, it still cannot take their place and become the basic mechanism for public participation although it is more convenient than traditional and legal forms.

Objectively speaking, all of these forms are thought by the Central Authority as channels for promoting public participation. The authority thinks participation is helpful for achieving scientific and democratic decision-making. Top leadership is realizing that achieving rational regulation requires administrative agencies to open up their regulatory processes to broader public involvement and scrutiny. Greater participation by individuals, businesses and social organizations through public hearings, soliciting expert and interest group views, and publishing draft rules and policies for widespread comment is now increasingly recognized to be an important mechanism for gathering the information and expertise on which rational regulation is based. Therefore, the central authority has been tried its best to pressure local governments and functionaries to open up and accept public supervision. By the end of 2005, provincial level governments and central ministries had held a total of 74 rulemaking hearings and 827 expert seminars and released roughly 500 draft rules for public comment.

Legislative Hearings and their Basic Procedure

Different form of participation obeys its own rules and takes its own procedure. Among them, legislative hearings have most formal rules and complete procedure. Hence, it is introduced as followed.

Generally, one hearing consists of five stages.

The first is to draft rules for hearings. After the Legislative Law is issued, all provincial congresses and most of municipal congresses entitled law-making power have drafted rules. Therefore, it is not necessary to draft rules for each hearing. However, because there are several hearing bodies in the local congress, such as working office of the standing committee, special committees and law affairs commission, they do not adopt the same rules.

The second stage is to release the notice of hearings. Currently, most of hearings are open because national security is not involved. Ways and channels of announcement are crucial for broadening social influence and attracting social attention. Local newspaper, radio station, TV station and internet are adopted as channels to release notices. Draft laws and key points for hearing and criteria of selecting witnesses are published.

The third stage is to accepting application, deciding and notifying witnesses and auditors. Applicants for witness or auditing can go to decided sites or contact organizers by phone, fax, email and letter. In addition to fulfill the criteria, applicants have to submit written testimonies for facilitating selection. Two principles are applied to decide final witnesses. One is the application order. Another is to balance different views and stakeholders. Currently, volunteer participation is encouraged. But in order to hear all representing views, experts and involved governmental departments are also invited as witness. Witnesses will receive notifications. In some place, the final name list is also released through media. Because hearings are new for Chinese, organizers usually hold a short training for all witnesses and auditors. They are told basic rules and notified to obey them. This procedure embodies orderly participation. Time for hearing and size of conference room often limit the number of witnesses and auditors.

The forth stage is to hold hearings. Usually the hearing is presided by the leadership of a hearing body. The chairperson is chosen through consultation when the hearing is held jointly. Parties hearing opinions includes members of the standing committee, specialized committee and concerned persons. One hearing often last only half a day. The whole process is undertaken according to pre-decided plan. All testimonies are recorded. Witnesses will sign on their testimonies.

The last stage is to processing testimonies. A report about the hearing will be finished and distributed to all witnesses, standing committee of congress and concerned committees and governmental departments. It will be significant reference for drafting or revising laws. But there is no requirement for suggestions or opinions raised by witnesses to be adopted by law-makers.

Although the hearing is only half a day, the whole process from the preparation to making report often last one month or even longer because staff of local congress is limited. Short time of hearing also limit different views to be expressed and debated. Therefore, many hearings are formal not substantial. Public participation cannot play a real role in making laws.

Deliberation and Policy Making: Wenlin Case

Deliberation is a newly emerging form of public participation in policy making. In China, it is practiced in some localities, especially on the village and township level. The most successful case is from Wenling City, Zhejiang Province on the east coastline. The deliberation is called by local people democratic consultation (*Minzhu Xieshang*).

It was first initiated in June 1999 in Wenlin. It was done at the beginning at townships and villages. Since August 2000, democratic consultation was spread to all governmental and non-governmental organizations within the county. The subjects in each section of democratic consultation also changed from those issues directly affecting the interests of some individuals to those major issues of provision of public goods. The democratic consultation characterized by “citizens raise issues, governments handle them” and “one section one subject” was institutionalized. It became an indispensable procedure for authorities at county and lower levels to make major decisions.

Democratic consultation provides a channel for citizens to participate in public administration at grassroots. Their opinions and suggestions have impacts on decision-making at party committees and governments. It also increases transparency in decision-making, and helps prevent decision-making that goes against the interests of majority citizens. “Black box decision-making”, “decision-making by leaders’ personal imagination”, etc. that were often seen in previous decision-making process were changed. “Sunshine decision-making” with transparency and popular participation prevails. The previous one-way decision implementation was changed to the cooperation between authorities and citizens.

Democratic consultation promotes grassroots democracy. This innovation won the Award of 2nd Round Chinese Local Governance Innovations. Nevertheless, two issues need to be addressed in its further development. The first is how to coordinate the democratic consultation with people’s congress at township and village levels. The second is how to improve the efficacy of it to ensure the implementation of the outcome of democratic consultation.

A Failed Case of Legislative Hearings

Not all hearings are successful. Actually many of them do not reach their expected effect. A typical failure took place in Kunming city on Nov 2001. It was the first legislative hearing for local congress. The legal affairs commissions plan to

hold a hearing about “Draft Rules of Road and Transportation Administration of Kunming City”. The rules is closely related to citizens. The commission released the notice on local newspaper and called for auditors in the middle of October. Only one citizen called Duan Liqun applied, but did not attend due to some reason. In order to hold the hearing on schedule, the commission had to invite witnesses from concerned agencies. After the hearing, local media conducted a survey among citizens. The result indicated that citizens were interested in the hearing. But they did not know what it was and worried about their opinions would not be heard and adopted by law-makers. Therefore they were not willing to be witnesses or auditor.

According to my experience in auditing hearings, three factors constrain public participation in the course of hearing. First of all, organizers over-emphasize the order and limit witness to express fully their opinions. The witnesses cannot debate with each other. They have to read their written testimonies in order to follow the time requirement. Chairs are not good at coordinating hearings. In order to finish hearings on time, they often interrupt witnesses. Secondly, in deciding witnesses, organizers tend to invite some officials from concerned governmental departments and agencies. But they claim they do not represent their departments or agencies. Their opaque identities often misguide the hearings. Thirdly, testimonies are not influential upon making or revising laws.

Obstacles of Public Participation

After over 20 years development, China has erected the goal of building rule of law state and the unprecedented framework for limiting and guiding the exercise of government power and holding government officials accountable for their actions is established. This new framework attempts to create more regularized channels for citizens legitimately to supervise government behavior, make their voices heard through public participation mechanisms and obtain redress against government abuse of power. Of course, to some degree the framework is still on the paper and not practiced completely.

Currently, five prominent obstacles exist on the way of public participation. First of all, local authorities are still suspicious of public participation and worried about it would cause confusion and chaos. Local leaders are not willing to promote public participation. This kind of attitude is universal in some sense. Of course, some enthusiastic officials in broadening public participation do not put emphasis upon how to raise its effect but use it as advertisement of their political achievement because it is easier to attract media’s focus by holding this kind of activity. Therefore, public participation becomes political show.

Secondly, some laws are not operational because they lack of specific articles for practicing public participation. The Legislative Law is typical in this regard. Although legislative hearings are proposed as a form of soliciting opinions, it does not stipulate that hearings are necessary stage of law-making.

They are on the same position as seminar and expert evaluation meeting. Moreover, there are no specific requirements for organizing hearings. Therefore, some local congresses can decline to hold hearings even after the Legislative Law has been issued six years.

Thirdly, most of formal forms for public participation are manipulated and mobilized by the authority. Especially for policy and law making, key officials decide whether public participation is permitted and whether opinions are adopted. Citizens are not allowed to organize and mobilize themselves. If they have different views, they have to rely on existing agencies and associations to express.

Fourthly, political apathy and distrust of government is still existing among citizens. They are not willing to participate in policy making because they do not think their opinions are paid attention and adopted. Meanwhile they think hearings, seminars and other forms of participation are actually manipulated by some officials. So the results are decided in advance. Apathy and distrust are harmful for public participation in the long term.

Last but not least, capacity of concerning governmental functionaries is weak to meet requirement of broadening public participation. Lack of fund and low quality of staff are two key problems. We all know democracy needs investment. Without necessary financial and human resources, laws cannot be strictly implemented and institutions cannot work well. For example, a significant reason for legislative hearings to be disseminated widely is that the cost is higher for local congress.

III. Private Capital and its Public Participation: A Behaviorist View

Two Steps of Participation Development

As a newly emerging social force, private entrepreneurs are gradually active in public participation. Its participation also has to be orderly and organized. In contrast to other existing social groups, business group takes two steps to participate in politics and public affairs. The steps are not successive but overlapped.

Legitimizing Existence

The first step is to legitimize its existence. Although private capital is allowed to develop and it grows stronger and stronger since 1978, its legal status is finally confirmed after over 20 years. In 1997, the 15th National Congress of CCP claims clearly that developing multiple ownerships including private ownership is the basic economic system for China. On March 1999, the amended Constitution confirms private owned enterprises are legal and significant part of socialist

market economy. Since then, significant papers issued by the CCP repeatedly emphasize that private sector should be encouraged and supported and guided. On February 2005, the State Council issued a paper of Several Opinions Concerning Encouraging, Supporting and Guiding Private Sector to Develop (Abb. 36 Items about Private Sector). After that every provincial government and almost all central departments issues policies or administrative rules for promoting public sector. The total number is over 200.

Institutionalizing Participation

The second step is to institutionalize participation. It means private entrepreneurs can participate in public affairs and politics through formal and official ways both as individual and group. In China, institutionalization consists of three forms. The first is laws. A series of laws are made to regulate participations. Among them, the Constitution, the Legislation Law and Administration License Law (ALL) are basic laws for public participation. Public participation as a kind of human rights is affirmed and forms of participation are listed clearly.

The second form of institutionalization is political decisions and policies. Due to power controlled by the CCP, political decisions and policies made by National Congress or standing committee of CCP play a role of law. As for officials, they are more authoritative and influential because most of officials are party members. The Party claims to support broadening public participation. It will try its best to mobilize and organize citizens to manage national and social affairs. Since 2000, the Party prose the task of making decision-making more democratic and scientific. Governments on all levels are required to open the process of significant decision-making and call for public opinions about policies. Transparency and public participation are encouraged and promoted by the Central Authority. Because it takes longer time for laws to be drafted and issued, policies and political decisions take the place of them. Although they are often criticized as distorting rule of law, they actually accelerate the process of institutionalization. This form of institutionalization is unique in contrast with many countries.

The third form is organization. In China, joining official organizations and become their permanent members is thought the basic way for participation. But the authority tends to establish associations for social groups and does not encourage them to do that by themselves although the Constitution stipulates the freedom of forming civil associations. There are a series of laws, administrative regulations for establishing associations. Among them, central government regulations seem to play a more important role because they set specific requirements for establishing and operating associations. At present, the most important regulations are the Regulations concerning the Registration and Supervision of Social Associations, Regulations Concerning the Registration and Supervision of Civilian run Non-enterprise Units. All of

these regulations tend to limit the growth of associations because they set some actual obstacles.

In addition, the authority changes all central departments regulating industries into national associations. They are responsible for serving enterprises in these industries. As for private enterprises, there are three major associations. They are All-China Federation of Industry and Commerce (FIC, or All China Commerce Chamber), Association of Self-employed Households (ASH, Regulated by Bureau of Industry and Commerce Administration) and Federation of Small and Medium-sized Enterprises (FSME, Regulated by the Commission of Development and Reform). The FIC is a national association and regarded as one of democratic parties in People's Political Consultative Conference. The other two have no general headquarters and are established locally. Meanwhile, the FIC is regarded as a political force while the other two associations are economic and only focus on serving ordinary operation of private enterprises. As for the FIC, it is structured according to administrative zoning. Until now, there are 3119 local FICs above the county level and the members are 1.97 millions.

Of course, these associations do not cover all private entrepreneurs. And due to being suspicious of their capacity and tired of their bureaucratic operation, many entrepreneurs decline to join them.

Forms of Individual Participation

Developing their enterprises and strengthening competitiveness is the basic goal for businessman or entrepreneur. But many of them are also interested in participating in politics and even become politician under the current system. Three factors contribute to this phenomenon. First of all, many private businessmen have served in governmental or party departments before they resigned and started their own business (xiahai). Some of them are also party members. They always have intentions to participating in politics. Once their business is stable, they will realize their ideals. Secondly, government still controls many resources for economic growth although the market has been the basic mechanism for allocation resources. Private property rights are sometimes encroached by governments because the latter would misuse their discretionary power. Therefore seeking political protection is a choice for private entrepreneurs. When they own political positions, they become businessmen with red hat (Hongding shangren). Finally, the CCP has been active to create space for private entrepreneurs in existing system since the late 1990s. Some political positions on national and local levels are provided for them, especially prominent entrepreneurs.

As for individual entrepreneurs, they participate in politics in four basic ways. The first is to join the CCP and other democratic parties. Although many private entrepreneurs started their businesses with party membership, some new entrepreneurs are applying to join the CCP. According to a survey jointly

held by Central Department of United Frontier, All China FIC and China Institute of Private Sector Studies, which lasted from 1993 to 2001, about 20 percent of private entrepreneurs are members of the CCP. This number rose to 29.9% in 2002. The survey held by the same bodies in 2006 indicates that 32.2% of new private entrepreneurs who established their enterprises after 2001 are members of the CCP. 2.0% of them join democratic parties. Grassroots party committees are also established in private enterprises. Some CEOs are secretaries of committees. For private entrepreneurs, party committees in their enterprises would not disturb their management. On the contrary, party organizations could train employees to love enterprises and obey disciplines. Some party member employees also play a role of model.

The second way is to be elected delegates of people congress or recommended members of People's Political Consultation Conference committees and other mass organizations, such as Federation of Youth, Federation of Women, and so on. Of course, PC and PPCC are two major platforms for them exert political influence. Profession is a basic principle for organize congress and PPCC, a certain percentage of positions are left for private entrepreneurs. With the growth of public sector, the percentage is rising a little and more private entrepreneurs join two political bodies. According to a survey, 65 private entrepreneurs were recommended members of the 10th National Committee of PPCC in 2003 while there were only 20 private entrepreneurs in 1993. In current NPC, there are 55 private entrepreneurs among 2985 delegates. According to All China FIC, 9,065 private entrepreneurs are elected delegates at county congresses and higher congresses. 32,025 private entrepreneurs take titles of PPCC members on local level.

Joining PC and PPCC is the traditional way to participate in politics for private businessmen. But as for new entrepreneurs, their attitude towards political participation took three stages to change. At the start of reform, they regarded memberships a kind of political prestige and political capital. It indicates their economic achievement recognized by the society and authority. In 1990s, they thought political positions could protect them, and even help them to get scarce resource or monopolized competitive advantages. At present, they are more conscious of their public role in political system and social responsibilities. They are eager to promote law reform and participate in policy making.

The third way is to join government and become officials. Of course there is no any legal rule for this kind of participation because the central authority prohibit private capital from intervening in politics in order to avoid trade between power and money. Nevertheless, some local authorities do not follow the central order. As for them, they are eager to attract capital for local economic growth. In order to attract it, they even promise leadership for important investors. For example, leading investors are appointed vice mayors in some developing counties. Of course these titles are honorary. So-called vice mayors do not need to attend meetings of local governments. But they can avoid any

intervention. In contrast to other ways of participation, becoming officials is very rare. And the central authority has warned local governments to stop this behavior.

Fourthly, in rural area, private entrepreneurs are active in participating in village election. Village election was started in early 1990s and undertaken nationally in late 1990s. At the beginning, they were not interested in it because they have to leave their villages to manage their businesses. However, they are quickly involved in election. On the one hand, villagers regard them as capable men (*nengren*) and tend to vote for them. On the other hand, local governments, especially party organizations like to see their winning election because they can realize their campaign promises. Their resource would help villages to develop. So local governments and party organizations make policies and specific measures to encourage or persuade them to join village election. After they win election, non-party members are usually permitted to join the CCP.

Because of economic power, private entrepreneurs are potential for political participation. Individual entrepreneurs often play a key role in local politics. Their political positions are helpful for them to provide input for policy making. Of course, they also can take the chance to protect their own interests.

Organized Participation: Official Vs. Unofficial

The authority has always tried to establish various organizations to accommodate new social groups. As for it, it is easy to monitor and manipulate them through organizations. Therefore, it insists in developing official associations, such as FIC, ASH and FSME and industry associations. At the meantime, it made laws and policies to guide and regulate civil commerce chambers initiated by private entrepreneurs. If these self-organized associations could not meet legal requirements, they would be forced to dismiss.

Among official organizations, FIC is worthy noted. In Chinese political system, All China FIC is a democratic party. It is a significant party of the National PPCC, which representing private enterprises. Its name of All China Commerce Chamber discloses its basic responsibilities. It serves private enterprises, reflects their opinions and protects their legal interests and help solve their problems. According to a survey, 83.4% of investigated entrepreneurs join FIC on different level. 35.1% of them are recommended members of PPCC on different levels.

FIC is always active in attending National People's Congress and National PPCC. It submitted proposals at annual meeting. On local level, FICs are eager to promote local governments to improve investment environment and protect private sector. They also help SMEs to acquire loans for their development.

In addition to existing official organizations, some new industry associations (civil commerce chambers, in contrast to existing official chambers)

are growing rapidly, especially in the coastline area. Over there private sector has become the pillar for economic development. Local governments support private enterprises in the same industries to organize and establish their own associations. These new associations are more efficient and effective in protecting developing enterprises than established organizations. One successful case is from Wenzhou, a city well-known for its strong private sector.

Since the first civil commerce chambers emerged in 1988, 104 associations have been established on the city level at the end of 2002. In addition, commerce chambers and industries association are also organized in counties and districts. The total number of them is 321 and 44624 enterprises join them. Almost all industries and professions are covered. Even in the same industry, different working procedures form their own associations. Most of them are self-initiated and organized by private entrepreneurs. They are self-managed. Leadership is elected and associations operate by relying upon membership fees, volunteer donation by board directors and charging service fees. The local government does not support them financially. A set of rules and mechanism of coordinating members, solving their disputes and reducing over competition are gradually established and improved. Associations also organize member enterprises to attend domestic and international fairs to expand their products' influence and develop new markets. Meanwhile, they play a role in coordinating relationships among governments, enterprises and local communities. In recent years, Association of Glasses, Association of Lighter and other associations act as their industries' spokesmen to develop international market and deal with dispute cases. For example, Association of Lighter represented its members to sue Europe Union for its anti-dumping policy in 2005.

Of course, Wenzhou case is unique in some sense. In most localities, self-organized associations are discouraged and even forbidden by local authorities because they are worried about they will take the place of official organization and own strong organizational power to bargain with them. The associations are judged illegal. Private entrepreneurs have to join official organizations.

Generally speaking, there are several major obstacles for operation and development of unofficial commerce chambers and industry associations. First of all, there lack of specific laws for regulating them. Until now, there are only one law for it. It is Regulations concerning the Registration and Supervision of Social Associations, which regulates various third sector organizations, including industry association, commerce chamber. Many specific issues cannot find answers from this only law. Although local authorities are trying to make more detailed rules or ways to regulate these new organizations, they cannot get clear support from the central law. Even some stipulations disobey it. Secondly, the existing system for regulating civil association is dual. It means that associations are under administration of department of civil affairs and concerning governmental agencies, which are affiliated to. So if an association is going to be established, it has to find a governmental agency to be affiliated

to, in addition to get permission of department of civil affairs. The former is responsible to supervise the ordinary operation of associations. If associations had conducted misbehaviors, it would be punished. Therefore, new association is hard to find the agency to be affiliated to because the latter does not want to shoulder responsibility. Thirdly, local governments are suspicious of new civil associations. Meanwhile the established official associations could not serve private enterprises' needs. They are called shadow government because they only care how to exert their power of regulating and charging fee, not care how to serve enterprises. Fourthly, new associations lack necessary resource to operate and their internal governances are very weak. According to a survey, a majority of new associations have no resource to conduct training, provide information for members and organize activities. The governance is elite-oriented. Their operations are totally relied upon individual leaders. If the leaders are capable and devoted, associations can work well. After their resignation or retirement, associations usually decline and even dissolve.

Traps for Participation

The basic goal for private enterprise to participate in public affairs is to serve their own interests. But not all activities can contribute to this goal because they are private in nature. It is inevitable for private interest conflicts with public interest. In China, business groups are after all newly emerging. The current institutional and legal environment is also in the process of improvement. In many fields, there is no law and rules are opaque. The government still monopolizes many important resources and tends to intervene in private enterprises. Therefore, private entrepreneurs have to touch stones to conduct participations and protect their own interests by participating in public affairs. It is easier for them to fall in traps.

Three traps exist. The first is to bribe officials. Some private entrepreneurs mobilize personal relations to contact officials in key governmental departments in order to get licenses, acquire protections and resources in short supply. It is often said that officials controlling power walk ahead while bosses holding money follow them. The second is to buy political positions. Although the central authority is active in attracting private entrepreneurs to join congress, PPCC and other official organizations, there is no strict standard for it. Local authorities, especially leaders own enough power to appoint candidates as their will. Hence, some private entrepreneurs seek to buy these positions from them. The third is to assume too many social obligations so that their enterprises cannot afford them. Donation and investment in infrastructure such as education, road and bridge are two basic social obligations because entrepreneurs should serve their hometowns according to tradition. Meanwhile, local governments sometimes force them to share their responsibilities by apportion expenses or duties. Private enterprises have to accept them in order to keep a good relationship with host government. However, these activities are beyond their

capacities. In the end, enterprises go bankrupt. It is usual for SMEs on the county and township levels.

IV. Conclusion and Implication

Building good governance is significant for a rapidly transiting economy. Public participation is an integrated of good governance. It will be helpful to make government more responsive, transparent and accountable. Meanwhile, civil capacity is strengthened through participating in public affairs. Private entrepreneurs form a new social group in a diversifying society. They are active in organize and participate in various social and political affairs. They not only contribute greatly to economic growth, but also influence policy-making. Their growing power forces authorities to adopt market-friendly policies. In China, we can see their positive role in building good governance.

However, the existing institutional framework and practices still set some obstacles for private entrepreneurs to participate in public affairs. First of all, some officials are suspicious of their public spirit. In their eyes, private capital is primitive explorers described by Marx. It only focuses on acquiring surplus value and exploring workers. Its participation seeks to bribe authorities to get resources. Meanwhile, different sizes of private capital are treated differently. Small capital is discriminated by authorities and cannot enjoy equal rights with bigger ones. Its voice and requirements are not paid enough attention by local authorities.. Secondly, there is no a complete set of legal rules for participation. The existing rules are too general to be practiced. Concerning governmental departments can omit them while making polices or laws. Thirdly, existing official associations or federation participation are too bureaucratic to serve private entrepreneurs. They tend to regulate and supervise them. Diverse interests are hard to express through them. Fourthly, informal participation is still common for private entrepreneurs. Of course the existing institutional channels are limited for them. But their capacities for participating in public affairs are still in need of improving. They are not accustomed to modern participation and prefer to establish personal network. They think informal relationship with authorities is more beneficial for them. For Chinese private entrepreneurs, participating in public affairs is a long process of civilizing themselves, not only for seeking and protecting their interests.

The development of public participation in China can provide implications for transitional countries. First of all, a set of complete legal framework should be established. It is not only on the paper, but can be practiced. Moreover, new social groups can find their legal space in the developing institutions. Authorities should learn to accommodate these new groups and provide institutionalized channels for them to voice. Otherwise, these new groups will challenge their ruling. Secondly, new social groups need to establish their own associations and make them work well. Objectively, authorities in transitional countries have traditions of organize societies. A series of social organizations are built to

meet different groups. As the existing organizations cannot completely meet new groups' needs. The latter need to establish their own and conduct self-management. Working-well associations not only facilitate their interests but also reduce the cost of coordinating between governments and individuals. Thirdly, excellent individuals usually play a key in representing and mobilizing their groups. As for authorities, they should provide positions for them in existing system. In this regard, Chinese authority softening its ideology to admit private capital and define it as a constructive force of socialist market economy. The theory of three representatives is this kind of attempt. Last but not least, private capital is a significant for making innovations and strengthening national competitiveness. Chinese authorities are more aware of it. Therefore, participation of private entrepreneurs is not only a political issue, but also an economic one. Their participation will be helpful for national policies and laws to be adjusted and made in accordance to global competition. •

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