

MUNICIPAL DEVELOPMENT PROJECT EVALUATION AND MUNICIPAL SECTOR ASSESSMENT

**Prepared by RTI for USAID/Honduras/MDDIO
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ABBREVIATIONS

AMHON	Association of Municipalities of Honduras (Asociación de Municipalidades de Honduras)
ASDI	Swedish International Development Agency
CABEI	Central American Bank for Economic Integration
DCA	Development Credit Authority
FHIS	Honduran Social Investment Fund (Fondo Hondureño para la Inversión Social)
FUNDEMUN	Municipal Development Foundation (Fundación de Desarrollo Municipal)
GIS	geographic information system
GOH	Government of Honduras
GTZ	German Agency for Technical Cooperation
IDB	Inter-American Development Bank
MDP	Municipal Development Project
NGO	nongovernmental organization
PARR	Project for the Administration of Rural Areas (Proyecto de Administración de Areas Rurales)
PHR	Partnership for Health Reform
PRODEL	National Program for Decentralization and Local Development
PRODEMUN	Municipal Development Project
RTI	Research Triangle Institute
SANAA	National Aqueduct and Sewerage Service (Servicio Nacional de Aqueductos y Alcantarillados)
SO	Strategic Objective
UNDP	United Nations Development Programme
UNITEC	Central American Technological University
USGS	U.S. Geological Survey

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EXECUTIVE SUMMARY

USAID has been an important actor in the municipal sector in Honduras for more than 10 years. Because the Mission's Municipal Development Project (MDP) will end in 2003, USAID asked the Research Triangle Institute (RTI) to assist in reviewing trends and initiatives in the municipal sector as input for a forthcoming strategy. The team was asked particularly to assess the impact of three components of the MDP: technical assistance provided by the Municipal Development Foundation (FUNDEMUN); training provided by the Central American Technological University (UNITEC); and policy dialogue activities led by the Association of Municipalities of Honduras (AMHON).

Trends in the Sector

Relatively little progress has been made on the legal framework for decentralization. The 1990 Municipal Law and the 1993 electoral reform law provide the underpinnings for decentralization. However, implementing laws, like the one for decentralizing authority for water, while debated and stalled for years, are again being considered.

The current Maduro administration in Honduras has brought new energy to decentralization efforts. The Government of Honduras (GOH) is working on a number of fronts simultaneously: the legal framework, citizen participation, finances, and public services. The list of new public services being considered for decentralization—including health and education—is extensive, and all the services in some way involve local capacity to manage new responsibilities. This has implications both for the government and for donors that are supporting decentralization. Local government will become an important partner in many sectors in which it has traditionally played a minor role or had no role at all.

Despite the lack of progress on decentralization, many changes have occurred in the sector since the MDP began, especially in the municipalities (now 46) where technical assistance is being provided. Mayors have a larger role than ever in providing services because they have been able to increase municipal income. They are also better prepared and educated than before. Relations between municipalities and community groups have improved to some extent. In MDP municipalities, and others around the country, the emergence of the administrative capacity and commitment to generate local revenues has increased significantly. In other small and medium-sized municipalities, there is much less or little administrative capacity to raise resources locally without outside assistance. This lack of capacity is a major hurdle facing broad decentralization efforts.

Important Intermediaries and Actors in the Municipal Sector and Decentralization

The MDP has provided considerable support for AMHON. It has evolved over the years into an important voice in municipal affairs. AMHON is one of the few national institutions in Honduras to represent all major political parties, and it has largely overcome or submerged political sectarianism in an effort to achieve a larger, more collective purpose. The association has developed its ability to lobby for change, and has the potential for being a catalyst for municipalities to begin sharing lessons learned.

FUNDEMUN has become an important actor in improving local government management capacity. The organization has an extremely responsive and well-regarded capability for providing assistance, and has proven itself, especially in the areas of administrative systems, organization, and revenue generation. It is viewed as unique in this field and is frequently called upon by GOH entities and donors for analysis about municipal concerns.

UNITEC training is a valuable component of USAID's MDP. UNITEC has been agile and responsive in developing curricula that address municipal management and policy needs. UNITEC's training delivery system is effective in reaching a very wide range of municipalities, including some of the smallest, poorest ones.

In addition to USAID, a number of other bilateral and international entities are providing significant levels of support for decentralization and municipal development. The German program (GTZ) supports coordination of municipal training and promotes municipal associations and new providers of municipal technical assistance. The Spanish program (PRODEMUN) works with AMHON and supports and tracks the progress of municipal associations. Among other activities, the Swedish program (ASDI) supports municipal capacity building in five large municipalities. The Inter-American Development Bank (IDB) has several projects, including a pilot water and sanitation project in 22 intermediate-sized municipalities. The World Bank is working on a national property tax system and database.

Strategic Themes and Programmatic Recommendations

With regard to USAID's program and strategy, several themes emerged, as well as a series of specific recommendations for changing aspects of its assistance programs.

USAID's strategy should include major players in the sector from the GOH and a much more direct approach to citizen participation in municipal affairs. The strategy should also continue its work, albeit with differing emphases, with municipalities and their supporting institutions. There is an unprecedented opportunity within this administration to make significant progress in municipal development and decentralization, yet how long this window of opportunity will remain open remains unclear. We recommend that USAID work with a number of GOH entities (relevant ministries, Congress, the Comptroller General and others) and encourage and support the establishment of a reasonable set of decentralization objectives to pursue. We recommend new participatory approaches to local government in the Mission's municipal program. USAID, it appears, will also need to develop an administrative mechanism to support activities proactively in these areas in a comprehensive way.

Market-based approaches to training and technical assistance are needed. Specifically, implementing institutions such as UNITEC and FUNDEMUN need to begin to charge for assistance, and to become more demand driven and more businesslike in operation. Strategies for sustainability in a post-USAID period should be developed. Finally, other private sector and nongovernmental organizations (NGOs) should be encouraged to participate in the municipal services market.

New models are needed for working with smaller communities. One promising approach is to work through associations of municipalities, or *mancomunidades*. UNITEC has a limited municipal training program in very small communities, which might have potential for wider, more intensive application. Finally, assistance programs such as FUNDEMUN's should include a broader set of goals and activities in community participation, and use techniques to make community groups more equal partners with municipal authorities in investment decisions and oversight.

I. INTRODUCTION

USAID has been an important actor in the municipal sector in Honduras for more than 10 years. Municipal activities support the Mission's fourth Strategic Objective (SO), which is "More Effective, Accountable, and Transparent Democratic Government with Greater Citizen Participation." Because its Municipal Development Project (MDP) will end in 2003, the Mission requested the assistance of the Research Triangle Institute (RTI) team in reviewing trends and initiatives in the municipal sector as input for an updated strategy in this sector.

The RTI team was also asked to look at the impact of three components of the MDP: technical assistance provided by the Municipal Development Foundation (FUNDEMUN); training provided by the Central American Technological University (UNITEC); and policy dialogue activities led by the Association of Municipalities of Honduras (AMHON).

An RTI team was in Honduras from September 30 through October 25, 2002. The team met with Mission staff who oversee SO 4's municipal activities and with other Mission staff on their program activities related to decentralization and municipal development. The team interviewed many representatives of national-level government and donor institutions. With Mission input, the team selected a sample of 12 municipalities for field visits. All of these municipalities receive training under the UNITEC component, and nine receive technical assistance under the FUNDEMUN component of the MDP. Some have participated for a number of years and others were just recently brought into the program. This small sample yielded a number of observations that are meant to be illustrative, rather than statistically significant. See *Annex A* for a list of sample municipalities and the questionnaire used in the field visits. See *Annex B* for a list of documents consulted, and *Annex C* for a list of persons interviewed.

The following section looks at broad decentralization initiatives of the GOH, USAID, and other donors. Section III looks at trends, laws, and institutions in the municipal sector. Section IV analyzes the assistance provided under the MDP. Section V highlights lessons learned for the sector as a whole and for project assistance. The final section of the report includes a series of discussions and recommendations for USAID's strategy in the municipal sector.

II. DECENTRALIZATION INITIATIVES

A. USAID Mission's Strategic Objectives and Decentralization

In support of the Maduro government, USAID/Honduras is providing and is prepared to deliver further support to decentralization and municipal development in a variety of sectors. Indeed, most Mission programs are supporting or planning to support decentralization and/or municipal development in their areas of work. The potential for substantive coordination and the increased promotion of synergies among the sectors appears to be considerable.

As the Maduro government is emphasizing decentralization of **health** functions to municipalities and local areas, decentralization has become a key theme for the Mission health program. The Partnership for Health Reform (PHR) is working at the local level as part of the decentralization process, notably with the *Municipios Saludables* initiative. PHR will develop and implement the

policy reform agenda at the national level. A new chief of party for PHR will soon be hired and take on this responsibility. It bears mentioning that responsibility for managing a hospital was transferred to Puerto Cortes, one of the MDP municipalities, about one month ago.

In the **education** area, the Mission team is working to support the Maduro administration's stated plan to decentralize. In this instance, the team, which plans shortly to begin work on the reform design, is seeking to inject quality improvement into the decentralization/deconcentration strategy. Each municipality is slated to receive a director of education who, as a ministry employee, will respond to the central office. However, mayors and councilors who are interested can and will play a major role in the development of effective local educational development committees.

One of the three components of the USAID PL 480 Title II **food program** is focused on strengthening rural municipalities. The program works with 15 extremely poor municipalities representing 130 communities to implement projects that improve rural infrastructure and promote employment. Public services such as water and electricity are scarce in these areas. The mayors of the municipalities attend UNITEC training (and training provided by other donors), rely on UNITEC manuals, and receive manuals from FUNDEMUN through the project implementor, CARE. The municipalities participate in associations or *mancomunidades* and the *Municipios Saludables* program.

One of the Mission's **economic development** activities supports micro and small business development in four secondary cities (Choluteca, Comayagua, Danli, and La Ceiba) and their surrounding areas, which also receive FUNDEMUN assistance. Municipalities are considered to play an important role in promoting economic growth and small business development.

The Mission's Forestry Development Project, which expires at the end of this calendar year, promotes **forest sustainability** and **watershed management** through training and technical assistance in 70 municipalities. Mayors, councils, and the staff directors of municipal environmental units are targeted for the assistance. Training on water quality monitoring is also provided with the help of training kits. The project has also supported municipal diagnostics and candidate training to ensure that whoever wins the election is prepared to address forestry and watershed concerns. Despite staff turnover, the project manager believes the trained staff will work elsewhere at the municipal level; the effort is not lost.

B. Decentralization and Obstacles to Its Implementation

The enactment of the Municipal Law of 1990 and the subsequent electoral reform that allowed voters to cast a separate vote for the municipal election in 1993 are the core features of the decentralization legislation to this day. In 1997, voters were able to vote for municipal candidates on separate ballots, which further raised the profile of mayors. These are important advances. Given the strong centralization of the system, however, with respect to the transfer of additional authority to the local level, not much more has happened for more than a decade. Indeed, what stands out is the failure to implement many of the provisions of the Municipal Law and the inability to enact laws providing for the decentralization of public services that should be managed at the municipal level. In Honduras, many of the classic municipal services that are managed locally throughout Latin America—water provision in large and medium cities, fire

protection, and road repair—are carried out by large state corporations or ministries in Tegucigalpa.

Municipalities, especially the larger ones, are delivering some public services, supporting infrastructure improvements, and taking on pilot functions—even the hospital in Puerto Cortes. Much of this is a result of the mayor's own efforts, however, and with the support of international donors. Most important, as the municipality's role has grown in local life, many local administrations have improved their fiscal base. Locally generated income has allowed them to engage in some service provision—education infrastructure, for example—and to address nontraditional problems on their own initiative. There has been a kind of decentralization by default.

Generally, however, Honduras remains a centralized, unitary state. The large majority of municipalities have minimal resources to carry out new functions, and elected leaders remain dependent on their political parties—as opposed to their performance in office—for their political careers. In many ways the problem is Honduras's failure to enact and implement enabling legislation that would allow local functions to be transferred to the municipal level. The municipal laws provide for a series of municipal responsibilities, and in some cases—in forestry, for example—the law is simply not being implemented. In many areas, sectoral laws contradict the Municipal Law. Therefore it is left unclear as to which level of government should take on a service or a function. So, absent specific action by the central authorities, they remain centralized.

It should also be emphasized that, although the electoral reforms of the early 1990s were important, Honduran voters are still subject to a highly centralized political party and electoral system. The separation of the dates for municipal and national elections and a reform allowing local movements or independents to present candidates in local elections would help wrest control from party leaders at the center. Finally, perhaps the greatest obstacle to decentralization is the lack of resources available to municipalities. The Municipal Law provides a surprisingly strong tax regime—five taxes, including the property tax. For the large majority of municipalities, however, the failure of the national government to transfer 5 percent of the budget—a low level by Central American standards—to municipalities is a major impediment to autonomy. In Guatemala, for example, national transfers to the municipalities represent at least 12 percent of the budget, and in El Salvador, they represent 6 percent. Municipalities in Nicaragua receive about the same—2 percent—as Honduras. Both Costa Rica and Panama are considering legislation to increase transfers to 10 percent of the budget.

President Maduro has publicly committed his government to decentralization. His ministry of finance has pledged to increase transfers, for example, by 0.5 percent each year until the 5 percent level is reached. Yet it remains unclear if he plans to move beyond pilot projects financed by international donors or if he has the political capacity to overcome vested interests who have little enthusiasm for moving ahead. It appears that the Maduro approach will be gradual—as it should be—and based on pilot activities, perhaps coupled with progress in one or two sectors, such as water or health.

The recent establishment of regional development councils composed of congressional deputies in addition to mayors and civil society representatives further raises concerns about congressional opposition to any move that would be seen as a weakening of their power vis-à-vis

the mayors. The councils will likely accord deputies a formal role in the selection of Honduran Social Investment Fund (FHIS) projects and therefore give them direct influence on municipal decision making on investments. FHIS itself is being decentralized; another pilot project is allowing 22 municipalities to design, secure financing, and execute FHIS-funded projects. Yet, although such a change may help enhance municipal capacity, it is simply a delegation of responsibility to municipalities for the execution of a central project fund financed by international donors.

C. Opportunities in the Sector

1. Anticorruption and Transparency

Municipal anticorruption efforts and improved transparency are in their infancy in Honduras. Both transparency commissions, which have been created under the new transparency law, and the figure of the *comisionado*, or community ombudsman, which was established as part of a municipal reform to oversee administrative operations (as opposed to finances), are new and only now beginning to be used. The effectiveness of these mechanisms remains to be seen. The efforts of FUNDEMUN to support the establishment of *comisionados* are just beginning as well. The *comisionado* is chosen by the mayor and the municipal council in an open meeting from a list prepared by the community. This procedure makes it more likely that the *comisionado* will have some independence of action to do the job effectively.

Municipalities are required to render accounts regularly to the Comptroller, but most do not. Private companies are beginning to work with municipalities, as FUNDEMUN does, to help them comply with this requirement. Other mechanisms, such as participatory budgeting (see below) and improved information and communications systems, also hold promise for increased transparency in municipal finance. The work of FUNDEMUN in systematizing financial and tax systems is, of course, vital to progress in the fight against corruption.

2. Local Economic Development

As municipalities continue to develop, and assuming decentralization proceeds in some measure, they can play a central role in promoting an environment that supports and encourages economic development, private sector investment, and job creation. Municipalities can become agents of development. The large and more capable Honduran municipalities are already well-positioned to take on this role, and even the smallest municipalities can take more initiatives. Economic development can be integrated into training and capacity building approaches of FUNDEMUN or other NGOs and Mission partners. UNITEC has an interesting activity in this regard as it engages mayors, chambers of commerce, and small businesses in economic promotion. Participatory processes can further help municipalities identify ways to support business and productive community initiatives. The participatory process creates fora in which the mayor, councilpersons, and citizens act as ambassadors for building linkages, synergies, and economic opportunities for the communities they serve. This issue is addressed in the following sections..

3. Citizen Participation

The changes emerging at the municipal level in Honduras today, as well as prospective decentralization reforms, signify that municipalities, *mancomunidades*, and other municipal associations will be taking on added responsibilities. As this occurs, the importance of active citizen involvement in municipal decision making will grow. Honduras has a weak tradition of participatory government—for example, participatory budgeting, which is increasingly common throughout Latin America, receives virtually no attention in Honduras. The opportunities to improve some of the participatory mechanisms in current law and to develop practices that much more actively engage civil society are strong. This area of activity is also addressed at length below.

III. MUNICIPAL SECTOR OVERVIEW

A. Changes at the Municipal Level

The Municipal Law of 1990 remains the cornerstone of the municipal movement in Honduras. By according autonomy to the country's 298 municipal governments, establishing a series of public service responsibilities at the municipal level, and outlining various sources of municipal income, the law provided a new and enduring framework for local governance. The law became the basis for the MDP's support to FUNDEMUN, AHMON, and UNITEC. FUNDEMUN became the premier provider of technical assistance to large municipalities. AMHON essentially became the main institutional voice for municipal interests, lobbying for the implementation of the Municipal Law, and a key advocate for electoral reform. Finally, as is well recognized, USAID support to municipal development has produced considerable progress, especially by dramatically increasing municipal income through improved tax collection in the target secondary cities.

The 1993 electoral reform was a major victory for AHMON and municipal advocates interested in providing some space between municipal interests and the dominance of the central government. The reform allowed two votes in an election; it separated the municipal vote from the national vote, thus allowing local elected leaders—mayors especially—to claim greater electoral legitimacy. It gave mayors greater independence from their national party to act on behalf of the municipality. By 1997, the reform was strengthened to provide not only separate votes but separate ballots.

The following year, Hurricane Mitch created the impetus for municipalities to respond to a myriad of urgent needs created by the disaster. A few weeks after the storm, municipalities were taking control of much of the situation and developing strategies to repair infrastructure and provide relief to citizens. Prior to 1998, it was the central government that responded in every way—as demonstrated following Hurricane Fifi in 1974, when there was no municipal role in the aftermath. Following Mitch, Honduras's municipalities also had the moral and financial support of the donor agreement at Stockholm, which meant that the massive inflow of reconstruction resources would be expended, as much as possible, through the local level. Throughout the country, there are new roads, bridges, housing, and infrastructure under construction with municipal participation and leadership.

Today, the municipality's profile and the stature of mayors have dramatically increased. No one doubts that mayors are more professional, better educated, and more democratically and technically prepared than they were 10 years ago. For the most part, the mayors of the 12 municipalities visited by the RTI team were professionally trained; several had been teachers, and some were from the private sector. With few exceptions, they were articulate about the role of mayor and have tried to take advantage of the array of training and assistance that is provided under the MDP.

Mayors are also more powerful politically; the mayors of Tegucigalpa and San Pedro Sula now compete for popularity with the president of Honduras. The strongest evidence of the mayors' newfound status is the political struggle between mayors and their local congressional deputies, who feel they are losing power and influence in their home departments to municipal authorities. This conflict is a major institutional barrier to further decentralization in Honduras: decentralization requires legal reform, and it is the deputies who make the laws. Generally, they have no great incentive to hand further power over to the local level.

B. Recent Legal and Policy Initiatives

The Maduro government is targeting an array of legal reforms as part of its decentralization initiative. The government's plan for state modernization includes four components: technology and information, judicial reform, electoral policy (election of deputies in districts), and public management, the first component of which is decentralization. The President's plan is presented in its broadest form in his National Program for Decentralization and Local Development (PRODEL) and in the national poverty-reduction strategy.

More specifically, four laws are being targeted for passage: the General Framework for Drinking Water and Sanitation, the Water and Sanitation Law, the Law on Territorial Regulation, and the Forestry Law. The difficulties to be faced in enacting this legislation were amply demonstrated during the period of the RTI team's visit, when the general framework law for water, which was widely expected to pass, was tabled by the Congress. As one leading deputy reported, the law apparently needed further improvement.

C. Important Actors and Institutions in Municipal Development

1. Municipal Institutions

Three key actors on the municipal front are, of course, the partners of the MDP: AHMON, FUNDEMUN, and UNITEC. The work of these institutions is widely known and generally well respected. For years, outside of the municipalities, these three organizations defined the municipal sector. In recent years, however, especially after Hurricane Mitch, there has been some expansion. AHMON is looking to reengineer itself, as noted below. A variety of donors are increasingly active in decentralization and municipal development, noted below as well.

Two additional developments warrant mention. First, a fairly large and growing group of private sector firms, universities, NGOs, and others have emerged. They are capable of providing technical assistance, and they do so increasingly in the private market. Some of them work as

contractors to FUNDEMUN or AMHON, but they will likely become increasingly skilled and multifaceted. (They now appear to focus on finance and accounting.) Second, *mancomunidades* and other types of municipal associations within and across departments are playing a larger role, with the support of donors in many cases and serviced by some private sector firms. As mentioned earlier, *mancomunidades* are seen as an effective mechanism for providing, among other support, technical assistance to the small municipalities in Honduras.

2. International Donors

Generally, the international donors in Honduras are quite supportive of pro-decentralization policy and projects. The donors in Honduras coordinate relatively well on an ad hoc basis and, as is well known, they are quite influential and active on decentralization and municipal development. USAID is often given credit for its pioneering role and continued efforts. The donors hold a meeting—roughly on a monthly basis—of the “Donors’ Table.” At the meetings, the progress of decentralization, municipal development, and many other issues is discussed. Recently, the Ministry of Government held a breakfast with all the donors at which policy papers on the decentralization of the four public services were presented for review and comment. Another important event will be the February 3-4, 2003, Honduras donor meeting, at which decentralization—and the government’s effort to promote it—will be discussed at length.

GTZ: The Germans see much greater interest in decentralization under the current administration and much greater scope for cooperation among donors than ever before. Their new nine-year project is a collaboration with the Ministry of Government and Justice. One of GTZ’s goals is to promote, develop, and operationalize PRODEL, the government’s decentralization framework. The Germans are promoting the development, with several Honduran organizations and donors and with USAID backing, of an interinstitutional committee for the coordination of municipal training. The key objectives are to orient training activities and avoid duplication.

GTZ also tracks, using its “Database of Municipal Services,” the number of entities that are engaged in or could potentially provide municipal training and technical assistance, and now counts 173 of them. The idea is to create a growing network of training institutions that can train others to provide assistance and therefore, over time, multiply the available supply. The list includes all types of such organizations—government, university, nongovernmental, and even the technical units of *mancomunidades*—but GTZ has yet to complete a systematic assessment of their capacity to provide assistance. The Germans estimate that 15 organizations are capable of providing municipal assistance today, including a core group of five (UNITEC, FUNDEMUN, AMHON, the Ministry of Government and Justice, and National Office of Sustainable Development in the Secretary of Culture).

The promotion and strengthening of *mancomunidades*, particularly the technical units, is another key GTZ activity. The Germans track the establishment and objectives of all 52 *mancomunidades*, and they are sponsoring—with AMHON participation—a “Forum and Fair of *Mancomunidades*” December 10-12, 2002. Through the *mancomunidades*, they will target the 80 poorest and smallest localities when the planned training and technical assistance network comes on line.

Spanish Cooperation (PRODEMUN): The principal partner for PRODEMUN is AMHON. Their main activities involve institutional strengthening, territorial planning, and local development

policy and projects. The Spanish are very interested in the development of *mancomunidades* and the creation of incentives for their formation. They track their purpose and progress. They also look to strengthen them through promoting reform of relevant legal statutes, supporting strategic planning and sustainability, and providing other technical assistance.

The Spanish believe the GOH has to move ahead more firmly with decentralization. The Municipal Law must be implemented and the government must enact new legislation, based on a political pact, to ensure the sustainability of reform through future governments. They feel pilots can be easily halted or overturned.

Swedish International Development Agency (ASDI): The Swedes are actively engaged in supporting decentralization and municipal development, and they have additional, more extensive plans with the Inter-American Development Bank (IDB) in this area. Yet, they are also frustrated by the slow pace of the current governments efforts—especially the inability to develop an action strategy—in moving ahead with reform. The Maduro government—particularly the Ministry of Government—should be further along, the Swedes feel, at this point in the administration.

ASDI is providing \$2.8 million in financing for a decentralization and local government project managed by the United Nations Development Programme (UNDP). The project involves work in five large municipalities, including Tegucigalpa and San Pedro Sula, and ends in early 2003. Goals include strengthening capacity of the municipalities, strengthening the Ministry of Government (strategic and decentralization planning capacity), and trying to improve the dialogue between the Ministry of Government and AHMON. ASDI supports a water and sanitation public-private partnership in Choluteca (\$3.2 million; 80 percent infrastructure), as well as a Swedish NGO's (Diagonia) efforts to help poor municipalities on the border with El Salvador (participatory planning, conflict resolution, project development, etc.). The Swedes were also very active until recently in attempting to get FHIS to decentralize.

ASDI expects to reach agreement on a \$5 million project, as a complement to an IDB assistance package, in November 2002. An important component of the project is improving municipal capacity to provide basic services, especially through decentralization of water and sanitation, for low-income areas. In February, ASDI will begin designing a Local Development Program, an initiative that would provide \$3 million over three years for PRODEL support, Ministry of Government and Justice support, and municipal strengthening. Finally, for the longer term, ASDI plans to promote (\$0.5 to 1 million) citizen involvement in public security, including work to improve collaboration among national ministries on this issue. ASDI notes, however, that this initiative requires further analysis.

Inter-American Development Bank: The IDB has taken an active role in promoting gradual, informed decentralization, and is involved in at least three projects in support of the process. An IDB representative was very positive about the climate for decentralization today. He also indicated, however, that there was opposition within the government from those who did not believe decentralization would work, and he noted that it was important to move quickly in supporting the government.

The IDB is supporting several projects related to decentralization and/or municipal development. Among the most important is the pilot water and sanitation project in 22 intermediate-size municipalities. This \$26 million project (now \$40 million, taking into account an extension and counterpart funds), which will be based in the Ministry of Finance, is awaiting approval of the water law. Initiation of the project hinges on the enactment of the legal framework allowing mayors to execute water and sanitation infrastructure projects and set tariffs. A second project now in the design phase (an IDB mission is scheduled for the end of November, and the project is expected to be operational in a year) is a \$20 million loan (recently increased to \$40 million through the incorporation of support for FHIS and indigenous groups) to support the institutional strengthening of the Ministry of Government. This loan supports, along with other donors, the four decentralization studies sponsored by the Ministry, which are supposed to provide a good idea of how decentralization will proceed.

The IDB also currently supports the FHIS, which is engaged in a pilot decentralization of the project cycle to municipal authorities, and a project for institutional strengthening of the *cuencamancomunidad* of the Valle de Sur, comprising 17 municipalities. The latter project, which is based on a regional vision of service provision, is not yet operational. Once a strategic plan and organization are defined, the loan can proceed. Finally, the Bank is contemplating an initiative to generate performance indicators for municipalities in four countries in Central America, including 16 in Honduras. Although this has yet to be contracted, the idea is to promote a benchmarking system.

World Bank: The Bank has supported new activities under the Project for the Administration of Rural Areas (PARR), which was created as a rural development and land administration project. The Bank also is supporting a pilot project that could become a model to manage land within the country that is owned by the central government, and help to prepare a national cadastre and build a database to share with local governments. PARR plans two departmental pilots and will then look to expand nationally. The PARR director is also engaged in drafting the *Ley de Ordenamiento Territorial*, a law that is part of the decentralization process and reportedly to be acted on in the near future.

As the recommendations below explain, despite this donor activity, there appears to be ample opportunity to for USAID/Honduras to support the national institutions of government in the decentralization effort. Of the bilateral institutions, only GTZ appears to be currently working with PRODEL and the Ministry of Government; ASDI is planning to do so. In any case, PRODEL is easily extensive enough to provide opportunities for additional work; there is much that remains to be done. Especially important in this regard is the ability of the Ministry of Government to set priorities and collaborate with donors to avoid duplication.

As decentralization policy is established, and assuming the process proceeds, there is likely to be ample opportunity for USAID to help design procedures for fiscal transfers, for example; to support the National Aqueduct and Sewerage Service's (SANAA's) implementation of water and sanitation decentralization; or to establish certification and other criteria for the transfer of sectoral responsibilities. The donors clearly have mutual interests in some areas, such as the Ministry of Government and the development of *mancomunidades*. USAID collaboration in these efforts can be explored. Also, the focus on the Ministry of Government seems to come at the relative neglect of other ministries, such as the Ministry of Finance and probably others.

IV. EVALUATION OF USAID’S MUNICIPAL DEVELOPMENT PROJECT

A. Technical Assistance Provided by FUNDEMUN

1. Coverage and Content of FUNDEMUN Assistance

The MDP was initiated in 1990 as USAID’s response to the GOH’s interest in the municipal sector and to help implement the Municipal Law enacted that same year. The MDP initially targeted 14 municipalities identified in the 1989 Municipal Sector Assessment prepared by the *Instituto Centroamericano de Administración Económica*. These municipalities were ones with significant development potential. The project began in 1990 with four municipalities from the North Coast (La Lima, El Progreso, Choloma, and Villanueva). By 1995, it was working with all 14 municipalities identified in the assessment (adding Catacamas, Choluteca, Comayagua, Danli, El Paraiso, Juticalpa, La Ceiba, Puerto Cortes, Siguatepeque, and Tela). FUNDEMUN has designated as “Group A” these 14 municipalities and an additional five (Nacaome, Olanchito, San Lorenzo, Santa Rosa de Copan, and Tocoa).

In the period 1995 to 2001, 27 additional municipalities were added to the MDP, for a total coverage of 41. In 2002, USAID authorized FUNDEMUN to incorporate five new municipalities into the program, although assistance has yet to be initiated.

MDP municipalities receive individualized technical assistance and on-the-job training for officials and staff. In addition, FUNDEMUN provides assistance to 23 municipalities that are grouped for specific purposes or activities in municipal associations or *mancomunidades*. These groups of municipalities receive limited assistance in management and revenue collection as a means to strengthen their capacity to achieve specific objectives.

Once a municipality is accepted into the MDP, FUNDEMUN prepares a comprehensive municipal assessment or diagnostic to determine the areas of technical assistance required to transform the municipality into an effective local government. FUNDEMUN discusses identified needs with the mayor and the municipal council and recommends priority areas to include in an initial agreement. The agreement (*convenio*) establishes FUNDEMUN’s responsibilities, as well as commitments by the municipality to ensure that technical assistance will produce expected results. Successive agreements expand on the areas of assistance until the full range of assistance and training is covered.

FUNDEMUN provides assistance and training, and designs systems in the areas outlined in *Exhibit 1* below.

Exhibit 1: FUNDEMUN Assistance and Training

1. Municipal Management, Administration, and Organization

- Design and updating municipal structures and operating manuals
- The role of new authorities and municipal management

<p>2. <u>Revenue Collection and Control</u></p> <ul style="list-style-type: none"> • Tax collection and control • Property taxes
<p>3. <u>Budgeting and Accounting</u></p> <ul style="list-style-type: none"> • Budget preparation, automation, and execution • Automated accounting systems • Automated integration of accounting and budget execution and control • Automation of integrated revenue collection.
<p>4. <u>Urban Planning and Investments</u></p> <ul style="list-style-type: none"> • Cadastre implementation, manual and automated using geographic information systems (GIS) • Definition of urban boundaries • Preparation of strategic planning documents for 28 project municipalities
<p>5. <u>Public Services</u></p> <ul style="list-style-type: none"> • Implementation of municipal services units • Assistance with privatization of public services, such as markets, slaughterhouses, garbage collection, and water service • Assistance to municipalities in garbage collection and disposal (landfills) • Tariff structures and cost recovery
<p>6. <u>Environment</u></p> <ul style="list-style-type: none"> • Preparation of environmental plans and implementation • Risk prevention and control
<p>7. <u>Community Participation/Governance and Transparency</u></p> <ul style="list-style-type: none"> • Help for municipalities to better organize and conduct public meetings (<i>cabildos abiertos</i>) • Democratization of the election process for the selection of community leaders (<i>patronatos</i>) • More recently, community training, citizen information, and citizen security

2. Impact of FUNDEMUN Assistance on Municipal Operations

a. Satisfaction with the Assistance

The RTI team visited 12 municipalities during the course of the evaluation. Nine of these have been directly assisted by FUNDEMUN and three have participated only in training activities. The nine FUNDEMUN municipalities visited were: Villanueva, El Progreso, La Lima, Omoa, La Ceiba, Tela, Potrerillos, Santa Cruz de Yojoa, and Choluteca. Six of these were part of the original 14 municipalities and three were incorporated into the MDP recently.

In every municipality, the team met with the mayor and sometimes with other key municipal staff as well. A questionnaire was used to determine what assistance was currently being provided and how assistance to date was perceived. When asked about the quality of assistance, the respondents agreed unanimously that assistance from FUNDEMUN is highly professional and responsive to the municipalities' needs. All the mayors indicated that the assistance was extremely beneficial in areas of management and administration, cadastre and financial

management, applying GIS for tax purposes, and revenue collection. Some mayors discussed benefits received in the privatization of public services, specifically water and public markets.

b. Improved Municipal Planning

Municipal strategic planning is a relatively new activity in the MDP. Its importance became clear after Hurricane Mitch destroyed infrastructure and houses in so many Honduran cities. FUNDEMUN, it should be noted, was the first institution to respond in MDP municipalities, helping local authorities assess the damage of that storm and coordinate assistance from donors and national institutions.

Since then, FUNDEMUN, working with municipal authorities, local communities, and community leaders, has prepared 28 Participatory Strategic Plans, including six in the sampled of interviewed municipalities (Potrerillos, Tela, Santa Cruz de Yojoa, Villanueva, El Progreso and Choluteca). These Plans are comprehensive and are seen as key documents in the municipalities and by donors. The mayor of Tela remarked that he is using the plan to organize investments over the short and medium term. He indicated that it provides clear guidance and offers all the tools necessary to plan the city's development for the future.

c. Improved Administrative Systems, Audits, and Transparency

FUNDEMUN has been instrumental in helping participating municipalities put in place new administrative systems that improve organizational structure and fiscal accountability. Independent audits are part of this system and are being used by municipalities. Systems for automated billing and payments are helping municipalities improve their collections of taxes and be responsive to clients. If a question of billing comes up, the municipality is able to retrieve information more readily. In some municipalities, people can pay fees for services and taxes through banks. This is often more convenient than paying at the municipality's office and is always more accurate than manual systems.

By law, municipalities are required to hold a minimum of five open town meetings (*cabildos abiertos*), which are used to inform attendees about municipal issues. FUNDEMUN has helped municipalities determine how to use these meetings to present municipal budgets so that constituents are informed of how the municipality plans to expend local income. These meetings are also used for "accountability sessions" to inform the community periodically on how resources have been used. In one municipality (Omoa), public accountability sessions are held quarterly. In another (Tela), an "anticorruption committee" has been charged with auditing all municipal operations. The municipality prepares and sends to this committee a detailed report on income and expenses so that it can, if it chooses, look into every transaction of the municipality.

FUNDEMUN plays an important role in collecting and analyzing data to determine the progress of municipalities toward MDP goals. This monitoring of indicators has, on occasion, led to the detection of abnormalities in municipal management. This happened at the beginning of the MDP in El Progreso, which led to its suspension from the technical assistance program for a time. Also, Choluteca was suspended for a longer period for not providing requested financial information.

d. MDP Indicators for Measuring Revenue Impact

The RTI team looked at project data on indicators for the nine municipalities visited. These figures are illustrative and provide observations on strengths and weaknesses of the MDP, but they do not allow a definitive conclusion on the impact of technical assistance to date. The following exhibits provide results on indicators related to revenue.

Exhibit 2: Percentage Change in Income, 1995-2000

Municipality	Years in Project	Total Income	Current Income
Villanueva	11	363	342
El Progreso	11	262	241
La Ceiba	8	355	275
La Lima	11	295	306
Omoa	3	110	132
Tela	8	266	317
Porterillos	1	NA	NA
Sta. Cruz de Yojoa	6	284	326
Choluteca	8	325	267

NA = Not available.

Source: FUNDEMUN. This table shows the approximate number of years the municipality has received technical assistance from FUNDEMUN. However, baseline figures for early years (1990-1994) were not available, so 1995 baseline numbers were used and calculations were made through 2000. The percentage change in total income represents the percentage increase the municipality has achieved from all sources, including grants and government transfers. The percent change in current income shows how income for operations has changed over time.

Exhibit 2 shows that all of the sample municipalities, even those incorporated recently into the program, have greatly benefited from FUNDEMUN municipal finance assistance. Municipalities with the longest participation in the MDP have almost all tripled or quadrupled total income and current income since 1995.

FUNDEMUN has worked with every participating municipality on how to improve tax collection systems and tools. The organization has helped municipalities calculate tariffs for recovering the cost of services provided and the cost of investments. In some municipalities, such as Villanueva, the tax control office (*Oficina de Control Tributario*) is now automated and has an integrated system that covers all taxes for each taxpayer.

Increased revenue in participating municipalities is largely a result of work done to update municipal cadastres. This has become a main source of municipal income. After Hurricane Mitch, the U.S. Geological Survey (USGS) introduced GIS in Honduras for efforts in disaster preparedness. However, GIS has many other applications. Many local governments now have staff trained in this technology, which greatly speeds up work on urban and rural tax maps. Most of the mayors interviewed said that great progress has been made on updating urban property tax rolls and that they are now working on rural property data. The mayor of Omoa expressed great pride in implementing the GIS because he feels it demonstrates to constituents how the municipality is modernizing.

A discussion of income should also look at expenditures to determine what resources are available for investment. *Exhibit 3* provides a snapshot for the sample municipalities of the resources that remain after annual expenditures in a given year.

**Exhibit 3: Current Savings in Sample Municipalities
Based on 2001 Financial Statements (in 000's)**

Municipality	Current Income	Current Expenditures	Current Savings	Current CE/CI^a (%)
Villanueva	31,735.1	15,624.6	16,110.5	49
El Progreso	30,274.3	14,360.1	15,914.2	52
La Ceiba	57,064.0	24,791.9	32,272.1	43
La Lima	16,909.6	10,611.9	6,297.7	62
Omoa	3,074.8	2,424.0	650.8	78
Tela	18,614.9	10,740.2	7,874.7	57
Porterillos	2,167.5	1,970.7	196.8	90
Sta. Cruz de Yojoa	6,359.5	2,873.0	3,486.5	45
Choluteca	NA	NA	NA	NA

NA = Not available.

^aTotal income is defined as the combination of Current Income (municipal taxes, fees for services, contributions paid, etc.) and Capital Income (e.g., bank loans, government transfers, donations and grants). Current Income is critical since it is wholly within the control of the municipality and therefore the municipality can count on this revenue for overhead and for investment without dependence on other actors or government decisions. All Operating Expenses should come from Current Income. The difference between the two is Current Savings. The higher the savings, the more efficient the local government, and the more locally generated resources for investment. The Mission asked that an MDP indicator be the Current Expenditures (CE) divided by Current Income (CI). This measures the amount of Current Income required to pay for the Current Expenditures.

The data indicate that the municipalities in the sample have more income than expenditures. Although there are savings to invest, this does not inevitably mean better services for the communities. Mayors and other local authorities sometimes prefer investing in parks, municipal buildings, and more visible works than in underground water and sewerage systems, which would be more beneficial to the health and well-being of the community.

e. MDP Indicators for Measuring Impact on Service Delivery

An underlying assumption of the MDP design is that as revenues increase in participating municipalities, increased investment and basic services for the population will result. *Exhibits 4 and 5* provide information on the original levels of coverage of basic services in the sample municipalities and the change that has occurred over the years that each municipality has participated in the project.

Municipal services can be classified as follows:

- Basic services: water, sewerage, garbage collection and disposal, and electricity. In Honduras, water (partly because the SANAA controls 17 water systems in the country) and electricity are provided by national institutions.
- Non-basic municipal services: public markets, slaughterhouses, cemeteries, street construction and maintenance, rural roads, and urban lightning.
- Additional, traditional public services: public registry, building permits, birth certificates, etc.
- Social services: especially health and education.

Project-participating municipalities should receive assistance in the provision of water service. Those municipalities that are already responsible for this service can be assisted in improving the quality and coverage of the service. Those municipalities that expect to receive the system in the future—and the requisite laws are pending in Congress—should be prepared to receive this function.

Although by law SANAA is responsible for providing sewerage, only Tegucigalpa receives attention. Project municipalities have made an effort to construct sewerage systems. However, the cost of this service is too high and mayors are reluctant to build them because, as they say, “it’s burying resources.” It is urgent that municipal resources (current savings, loans transfers, etc.) be invested in this basic infrastructure.

Municipalities assisted by FUNDEMUN have made real progress in garbage collection and disposal. Some have prioritized garbage disposal projects in their development plans. Collecting the garbage is a relatively basic investment, and the private sector is interested in taking on this responsibility through concessions. Disposal, however, is costly and requires not only good design, but also a significant investment in land, equipment, and construction. Again, the project municipalities should be encouraged to invest their savings in these kinds of projects and to build partnerships with the private sector. Such projects can also be promoted through *mancomunidades*.

Exhibit 4: Baseline Percentage Coverage of Population at Time of Entry into Project, by Public Service

Municipality	Years in Project	Water	Sewerage	Garbage Collection
Villanueva	11	68	41	52
El Progreso	11	98	61	15
La Ceiba	8	79	30	57
La Lima	11	85	63	84
Omoa	3	75	0	0
Tela	8	85	35	67
Porterillos	1	NA	NA	NA
Sta. Cruz de Yojoa	6	87	1	0
Choluteca	8	91	26	23

NA = Not available.

Note: Baseline data for coverage are for 1995 because earlier years were not available.

Exhibit 5: Percentage Change in Public Service Coverage, 1995-2001

Municipality	Years in Project	Water	Sewerage	Garbage Collection
Villanueva	11	4	5	42
El Progreso	11	(1)	4	61
La Ceiba	8	4	33	27
La Lima	11	(8)	(29)	(35)
Omoa	3	13	0	0
Tela	8	0	0	(4)
Porterillos	1	NA	NA	NA
Sta. Cruz de Yojoa	6	1	1	NA
Choluteca	8	(1)	4	35

NA = Not available.

Note: The percentages shown for the provision of public services represent the increase (or decrease) in service coverage between 1995 and 2001. A decrease in services is usually a sign that the population has grown without a corresponding expansion of services. No change means that the municipality has increased the service only to cover population increase.

The increased levels of income in participating municipalities, noted in the previous section, have not had a corresponding impact on the provision of public services. Even the municipalities with the largest increases in revenue have barely kept up with population growth in terms of service provision.

There are factors that could partially explain the lack of progress in basic services, which include water, sewerage, garbage collection and disposal, and electricity. The damage done by Hurricane Mitch in late 1998 may have damaged existing infrastructure and set back investments as resources were required to address the emergency.

Also, with regard to water, about 90 percent of Honduras' municipalities are responsible for providing this service. For some 17 large municipalities, SANAA is still the entity charged with that function. There is a law now pending in Congress—it has been under consideration for years and continues to face considerable political hurdles—to transfer the responsibility for the provision of water services to the remaining municipalities in the country and to allow concessions to private companies for water service.

Although SANAA may also have the legal responsibility for sewerage, it has only built sewer lines in Tegucigalpa. It has not carried out wastewater treatment projects in any municipality. This is the most expensive of all basic services, and municipalities are very likely to need to borrow resources to construct city-wide systems. This point raises dual questions about credit-worthiness and the availability of credit to municipalities. A recent analysis on municipal indebtedness¹ indicates that five of the sample municipalities (La Lima, La Ceiba, Santa Cruz de

¹ *Análisis Personalizado sobre el Crédito Municipal* (Tegucigalpa: FUNDEMUN, USAID, PADCO, 2001).

Yojoa, Villanueva, and Tela) are creditworthy to a degree. Of these, Villanueva and La Ceiba have made notable improvement in some services. Both La Ceiba and Villanueva have obtained loans for the construction of the services (USAID helped these municipalities to gain access to resources from the Central American Bank for Economic Integration [CABEI] and guaranteed loans through the Ministry of Finance). Another possibility for infrastructure financing could be a recently established line of credit through the local banking system. The Development Credit Authority (DCA) provides a partial (50 percent) guarantee by USAID for a selected group of municipalities.

For smaller service projects, such as the extension of water lines and sanitary landfills, municipalities in the sample have generated substantial amounts of resources (see Exhibit 3) that should be used, at least partially, to increase investment in services. There has been progress in garbage collection and disposal. Several municipalities in the sample have privatized this service and others are planning improvements, such as the construction of sanitary landfills to treat solid waste. Santa Cruz de Yojoa is negotiating with a company that will construct a landfill, and the municipality will provide the land. La Lima is in the process of buying land to build its own treatment system. Villanueva is planning to construct a landfill jointly with neighboring municipalities (San Manuel and Pimienta and probably Potrerillos). A number of municipalities expressed the need for collection trucks, tractors, and other equipment as well.

In addition to investment resources, one of the greatest difficulties in operating solid waste systems is collecting fees from users. Every municipality visited indicated that it was collecting only a fraction (20 percent or less) of the costs of this service.

f. Community Participation and the MDP

One of the goals of the MDP was to bring about more responsive democratic processes with greater citizen participation, by encouraging more responsive and effective municipal government. Citizen participation in the local decision-making process has always been an extremely important target. The indicator chosen for the project was the number of community members participating in municipal activities such as town meetings, plebiscites, and other community meetings. *Exhibit 6* provides data on changes in average participation in *cabildos abiertos* in the sample municipalities since they began participating in the MDP, or since baseline data were established.

**Exhibit 6: Change in Average Community Participation Meetings, by
Number of People in Attendance**

Municipality	Baseline Year	Average Participation	2001 Participation	Change
Villanueva	1994	167	323	156
El Progreso	1995	400	303	(97)
La Ceiba	1994	641	116	(525)
La Lima	1994	272	155	(117)
Omoa	2000	82	88	6
Tela	1997	100	250	150
Porterillos	2001	145	NA	NA
Sta. Cruz de Yojoa	1998	288	110	(178)
Choluteca	1994	67	190	123

NA = Not available.

There has been a decrease in participation in half of the sample municipalities. This might indicate that assistance in community participation has not been as effective as it should have been. It is also a clear indication that this indicator is a weak and inconsistent measure of community participation.

The questionnaire used in the field included a number of questions about the municipality's current activities in community participation. Ten years ago interactions between municipal governments and communities were often described as contentious—even hostile—or nonexistent. Municipal government was usually seen as politicized and insulated from the community.

From interviews, it seems that contact between municipalities and communities has increased as their role had grown, in some cases significantly. Municipalities are required to hold five *cabildos* each year, and they are now required by a recent change in the Municipal Law to select a *comisionado*. In most of the municipalities visited, the ombudsman had been selected by vote of the mayor and council, as required, during a town meeting at which the community presented a list of candidates. Also, almost all municipalities had held their required five public meetings.

In general, municipality-to-community relations seem to be more cooperative and constructive than in the past, but there is still room for considerable improvement. With regard to the sample municipalities, several have made strides in advancing a progressive community development strategy. In Villanueva, all neighborhoods participate in a planning process whereby area needs are identified, and priorities are identified for that year's municipal budget. Similar neighborhood-level negotiations occur in most municipalities, but there is no guarantee that there will be enough resources in a given year to fund the projects. Also, it should be noted that it is not the community that is ultimately making the decision on how resources should be allocated, and Honduras is notorious for sectarian politics in which the party in power delivers the spoils of office—municipal staff positions, investment projects, etc.—only to its party cohorts or supporters.

The municipality of Potrerillos is working in close coordination with its local development council and community organizations, such as neighborhood associations (*patronatos*) and senior citizen groups, to analyze community needs and priorities and to work on co-financing. The municipality of Taulabe, although not integrated into the MDP, is working closely with its community to implement needed public investments.

Despite this evidence of community participation, it was not clear what came about as a result of the MDP technical assistance. Although FUNDEMUN's assistance may have helped municipalities comply with the law or improve how they use town meetings, after 10 years, there has been little change in the nature of local authority-citizen interaction.

It should be noted that the original intention of the MDP was to work directly with community organizations to strengthen their capacity to work with local government. This aspect of the program has never really been executed (except through UNITEC's training, which invites community leaders as well as municipal employees to courses).

g. Cost of Technical Assistance Provided Through FUNDEMUN

Analysis of FUNDEMUN agreements with different municipalities indicates that a rough estimate of the cost of technical assistance is Lps. 20,000 per consultant per month. FUNDEMUN typically commits to providing over 20 person-months in each municipality each year for a cost of approximately Lps. 400,000. Thus, assistance for 41 municipalities costs about Lps. 16.4 million or an equivalent US\$1.0 million per year. This appears excessive.

FUNDEMUN is well organized to provide technical assistance. It has a small staff (total of 40 persons). Coordinators are responsible for 10 to 12 municipalities, supported by a few technical staff (by area) for assessing needs and designing systems and programs. FUNDEMUN contracts from a bank of consultants who are registered in the institution, so the program has access to a wide range of specialists. This is an efficient way to provide assistance. The high cost, then, emerges in the amount of assistance provided and to some degree in the amount of follow-up and data collection.

FUNDEMUN tracks and records municipal progress every month, which increases costs and is not necessarily productive. Also, quarterly reports are extremely detailed, which is another costly activity, and information needed for decision making is not readily accessible. The tracking of indicators should be done yearly, rather than quarterly, and indicators should be compared against baseline data, not against the previous year's indicators.

The MDP includes a requirement for municipalities to share costs. There are several important issues related to this counterpart funding. First, the municipalities have a high delinquency rate (Lps. 4.1 million as of 9/30/02). This is a chronic problem: Many municipalities are slow to pay their counterpart. In a few municipalities, arrears on counterparts are quite high, having accumulated over a number of years. In this and other areas, FUNDEMUN needs to be more businesslike in its dealings with municipalities. There must be consequences—perhaps a cessation of assistance under the agreement—if municipalities do not pay counterparts in a timely fashion. There also needs to be flexibility to reprogram resources from a municipality in arrears to other municipalities and activities. If necessary, a process to write off old arrears

should be established so that a municipality with a new mayor can start with a clean slate. This would become increasingly important should FUNDEMUN move to a more market-based fee structure.

A number of decisions have been made to reduce counterpart contributions—most notably, concessions made after Hurricane Mitch. *Exhibit 7* shows how counterpart requirements changed for the sample municipalities between 1995 and 2001.

Exhibit 7: Percentage of Municipal Counterpart Contributions, by Year

Municipality	1995	1998	1999	2000	2001
Villanueva	50	33	NA	10	10
El Progreso	50	25		10	10
La Ceiba	25	25		NA	10
La Lima	50	30		10	10
Omoa	NA			5	5
Tela	33	25		10	10
Porterillos	25 ^a	NA		NA	5
Sta. Cruz de Yojoa	25 ^a	25		5	10
Choluteca	35	33		10	NA

^aThese counterparts correspond to 1996, the year in which these municipalities were incorporated.

FUNDEMUN should have more control over setting the counterpart levels of participating municipalities. These decisions should be made based on time in project and progress in increasing revenues.

Finally, the Cooperative Agreement signed between FUNDEMUN and USAID requires from FUNDEMUN a cash counterpart that is based on the cost of the agreements signed with participating municipalities and their counterpart requirements. This is currently about 10 percent of the annual program. Similar USAID agreements with other institutions allow in-kind counterpart, which could be a more appropriate arrangement for FUNDEMUN. Consideration should be given to forgiving this counterpart altogether if a decision is made to help FUNDEMUN become more self-sustaining in a post-USAID-support period. This and other recommendations are discussed later in the report.

3. Findings and Conclusions

FUNDEMUN has been an important actor in improving local government management capacity in the past 10 years. With USAID financing, FUNDEMUN has developed an extremely responsive and well-regarded capability for providing assistance to local governments and has proven itself, especially in the areas of administrative systems, organization, and revenue generation. It is viewed as unique in this field.

Although progress in income-related activities has been substantial, indicators related to basic services have shown inadequate progress. One assumption of project design was that increased

local revenues would translate into improved basic services, but this has not always been the case. As noted, many municipalities still are not responsible for water and sewerage systems, but all are responsible for solid waste services. For municipalities that have been receiving assistance for a number of years, more pressure and higher expectations should exist for basic services. The team noted that in a recent agreement between FUNDEMUN and one of the original MDP municipalities, a condition of the assistance was that coverage of public services (water, sewerage and garbage collection) “not fall below” a designated percentage. That percentage was the same level of services seen in that municipality at the beginning of the project, more than 10 years earlier.

A program of technical assistance to local government should concentrate initially (perhaps three years) on income generation and subsequently focus on utilizing the newly generated resources to improve the basic local services. This does not seem to have happened in the MDP.

FUNDEMUN has used the same form of technical assistance since the beginning of the project. The institution is excellent at assisting municipalities in designing administrative systems, preparing operating manuals, and training staffs in their use and application. However, it is not an institution that will observe a unique need in a municipality and be prepared to help that municipality to address that need. In other words, FUNDEMUN does what it is asked to do quite well, but does not go beyond that. Assistance is highly supply-driven; it is not inherently innovative.

For example, a number of municipalities need assistance with preinvestment studies and have been seeking private sector assistance to obtain it. Perhaps municipalities would do more in basic services if they could get a cost-effective design, demonstrate creditworthiness, and access lines of credit. FUNDEMUN is not organized to help municipalities in an ad hoc manner, however. Its energy is concentrated on complying with the agreements reached on the year’s schedule of on-the-job training and assistance with each municipality.

FUNDEMUN does not routinely look for new ways to increase interaction among municipalities that could help them to learn from each other; that is, there is no plan for replicating positive experiences or avoiding past mistakes.

FUNDEMUN’s assistance in the area of citizen participation has been quite limited, focusing on how to improve attendance and participation at town meetings and securing compliance with the basic terms of the Municipal Law. Community participation and the involvement of civil society in municipal affairs should be a much more important, fundamental objective.

Over time, a larger number of medium and small municipalities have been added to the FUNDEMUN program. Many of these municipalities do not have the same absorptive capacity as the larger, earlier ones, yet they are receiving the same modules of assistance, in the same order, with the same expectations. Efforts need to be made to develop a system for providing FUNDEMUN-like assistance in smaller municipalities in a less intensive and costly manner.

To date, no effort has been made through FUNDEMUN’s assistance to promote economic development in participating municipalities. Municipalities such as Villanueva and El Progreso could take the lead in promoting private sector development and especially in encouraging small

and medium businesses to generate local employment. Training on the role of local government in economic development could be a priority.

B. Training and Assistance Provided by UNITEC

1. Scope of the Assistance

USAID supports two programs carried out by UNITEC. One was defined in the original USAID/UNITEC Cooperative Agreement and has been under way since 1995. Under this program, UNITEC organizes short (two-day) seminars for a wide range of municipalities on a series of topics related to municipal management, community participation, and municipal project design. These seminars, which generally have 30-35 participants, are open to all municipalities, including the 41 where FUNDEMUN is providing assistance. The courses are free to participants, except for transportation and some meals. Since the beginning of the program, more than 31,000 participants have attended 864 courses; these participants have come from 293 of the 298 municipalities in Honduras. In 2001, training was provided to 1,675 municipal participants throughout Honduras. The estimated number of participants in 2002 is 2,302. The budget for training in 2002 is about 60 percent of the total estimated budget for UNITEC's assistance for the year.

In addition to training, a Community Development Program was initiated after Hurricane Mitch and subsequently integrated into the ongoing UNITEC-USAID Cooperative Agreement. This program targets very small municipalities (Classified as C and D by the GOH, or as poorly managed municipalities with annual budgets less than L1.5 million).² In most instances, training and assistance is provided in communities where FUNDEMUN does not work, and it covers three areas: design of civil works, assistance to micro business, and training in municipal management. UNITEC students and professors work together in providing assistance, which gives students practical experience and allows more customized training and assistance. In 2002, the community development program represented about 40 percent of the estimated budget. In the future, this will be a much smaller share since the SO 4 team has advised UNITEC to concentrate its Community Development Program activities on the municipal management training and assistance component.

2. UNITEC Training Program

a. Organization and Evolution of Training

UNITEC plans and publishes its schedule of municipal courses a year in advance. Shortly before a course is given, UNITEC staff contact local authorities to encourage participation and to give guidelines on the number of participants that can come from a particular locality. UNITEC has a campus in Tegucigalpa and one in San Pedro Sula, which are used extensively for courses. In addition, each campus oversees courses held off-campus to make training more accessible to participants. In the Central Region, training sites include: Tegucigalpa, Comayagua, Danli, Juticalpa, Choluteca, La Esperanza, and Marcala. Sites in the Northern Region include San Pedro Sula, La Ceiba, Tocoa, Santa Barbara, Santa Rosa de Copan, Gracias, and Ocotepeque.

²See discussion of categories of municipalities in Lessons Learned, Section V.B.3.

Over the years, topics for courses have become less general and more focused on specific aspects of local management and development. For example, in 1995 and 1996, course titles included “Leadership,” “Ecology and the Environment,” and “Communication,” as well as “Municipal Accounting” and “Managing and Updating Property Tax Rolls.” In 2001-2002, course materials were aimed at a wide range of problems and users. Topics included “Quality of Services and Participatory Municipal Planning,” “The Role of Tourism in Local Development,” “Systems and Alternatives for Management of Solid Waste,” and “Citizen Safety.” During election cycles, UNITEC emphasizes the needs of new mayors and council members with courses such as the two-part “Municipal Legislative Framework” seminar. UNITEC has also added new seminars and included material in existing courses on community participation, transparency, and other important themes.

RTI team members observed part of a course given on the Tegucigalpa campus on “Strengthening the Community Participation Process.” The course was attended by 32 mayors, municipal employees, and representatives of community organizations from medium-sized and small municipalities. Material covered in the course included topics such as creating a department of social development to strengthen the municipality’s community outreach capability, developing and implementing community development policy within municipal government, and applying participatory mechanisms established under law. The course used small groups to work on problems that might occur within municipalities, such as how to secure greater participation of women in local government and projects. Participants in these small groups were active and engaged.

b. Indicators, Impact, and Issues Related to the Training

Indicators established in the Cooperative Agreement for this component were number of courses and number of participants involved in the UNITEC training. These are easily measured and may be the best indicators available for this type of program. However, the team posed a number of questions about the impact of training for field visits, as noted in *Exhibit 8*.

**Exhibit 8: Impact of UNITEC Training:
Key Questions Used During Field Visits**

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| <ul style="list-style-type: none"> • Are participants satisfied with UNITEC courses? • Do the appropriate people come to these courses? • Does the current system address the real demand for the training? • Are municipal authorities willing to pay something for UNITEC courses, and would this affect demand? • Do participants share what they learn with colleagues and apply lessons learned? • Are participants still working in the municipality in some capacity years after the completing the program? |
|---|

(1) Satisfaction with UNITEC courses

Most of the mayors interviewed by the team took office in January 2002, and have taken only about three or four courses from UNITEC. Only a few of the mayors visited were serving a second or longer term. Those who had been reelected had participated in many more UNITEC courses over the four-and-a-half years (or longer) that they had been in office. When asked about

the impact of the training on the municipality, all 12 mayors responded that it has been favorable or very favorable. All agreed that such training in the future would be very important or somewhat important to the municipality. In discussions, it became clear that municipalities that receive FUNDEMUN technical assistance do not give quite as much priority to UNITEC courses as the mayors of municipalities that are not involved in the FUNDEMUN program.

For many of the latter, UNITEC courses have widened horizons. The training was often the first exposure for mayors and municipal employees to material about the roles and duties of public officials and about the importance of carrying out strategic planning, improving tax systems, and encouraging community participation. Several mayors said that longer courses should be required for new mayors since many have little idea at the outset of the scope and difficulty of their new jobs. A mayor of a small town indicated that a seminar on urban planning sparked his interest in strategic planning. Several mayors mentioned the emphasis given in the courses to transparency in accounts and budgets and to community participation.

A number of mayors said that they would appreciate more help in the practical application of the material presented in seminars. Many would like to have some on-the-job training related to the UNITEC coursework. As mentioned, UNITEC does have a more limited but more focused and practical training on administrative systems for very small municipalities under the community development component, which might provide the beginning of a model for helping small municipalities strengthen their administrative capacity. (See the discussion in Section IV.B.3 below.)

(2) Short versus long-term impact on employees and municipal operations

Some UNITEC courses are aimed at improving the understanding of the roles of mayors and council members, who can be expected to change to some degree every four years. Courses such as “Training for Mayoral Candidates,” “Municipal Legislative Framework I & II,” “Application of Municipal Law,” “Strengthening Community Participation,” and others are particularly important at this level.

Training for other participants—for example, from tax, accounting, auditing, and community development offices—might be expected to have a longer-lasting impact if these employees had longevity with the municipality. In fact, the RTI team found a large amount of turnover of staff within municipalities. This was particularly evident in municipalities with mayors representing a party different from that of the previous administration. In one fairly large municipality, the mayor indicated that at least 50 percent of all employees were new; in another very small municipality, all 20 employees of the previous administration were gone and 18 new employees had been hired.

Even in municipalities with a reelected mayor or where the party of the new mayor was the same as the last, there had been significant turnover of personnel since 1995, when UNITEC courses started. This can be attributed in part to low pay and better opportunities in the private sector, as well as to poor job performance in some cases.

(3) Measuring real demand for UNITEC courses

In almost all the municipalities visited, the maximum number of participants (established by UNITEC) attended every course made available. From UNITEC records and from interviews, however, it appears that participants were not always the appropriate candidates for the training that was given. For example, secretaries and drivers were sent for municipal accounting and leadership training. An employee in a property tax office was sent to a course on monitoring ground water. It is not possible to determine precisely what percentage of participants over the years might have been the wrong fit for the courses given, and this is not something that UNITEC should police in the future. Municipal authorities are still in the best position to judge training needs of their staffs, and they are likely to do a better job of selecting individuals if their stake in the training is greater.

Under current arrangements, UNITEC courses are essentially free, which allows municipalities to send a less-than-optimal person to a course at little cost if the “right” employee is not able to attend. If municipalities were required to pay for training, the incentive to ensure a good fit would increase dramatically. When municipalities were asked if they would be willing to pay something for UNITEC courses in the future, only two declined (one because it has FUNDEMUN assistance and does not see a strong need for UNITEC training, and another very small municipality said it had no budget to spare). The other 10 municipalities replied that they would be willing to pay 20 to 50 percent of the cost of future courses, and it seemed that the larger municipalities might be able to pay even more than 50 percent. One small municipality said that it was not sure how many participants it could support if there were fees, but it would definitely sacrifice to send some people to training in the future. Most of the municipalities, especially the larger ones, had a budget line item for staff training and had paid for computer courses, among others. The institution of a fee requirement would provide a clear sense of the continued level of demand for UNITEC training.

3. UNITEC Community Development Program

a. Organization of the Program and Activities

To allow easier access for staff and students who participate in these activities, UNITEC concentrates most of its Community Development Program in small municipalities that fall within a 100-kilometer radius of San Pedro Sula and Tegucigalpa. Some 40-50 municipalities are located in the two target areas. Activities are designed to use graduating students, together with professors, to provide different types of assistance. For UNITEC, this is a win-win approach, since students get practical experience and heightened social awareness, and small municipalities get services.

The three types of assistance are as follows:

1. Design studies for public works. There have been seven requests from three very small municipalities for help in designing civil works. In 2000, engineering students designed two projects in one municipality (Orica), but construction is not yet under way for lack of financing. In 2001, students worked on the design of two projects in Tatumbla, and there are indications that these may be constructed. Three project designs are still pending for Nueva Armenia.

2. Economic development activities. UNITEC approaches a municipality to determine interest in participating in a program to advise micro and small businesses and to organize a fair (*feria*) for their products. Seven enterprises are selected, and each one works over a two-month period with two UNITEC students specializing in marketing and business administration to improve products and develop strategies for increased sales. At the end of the period, a *feria* is held, coordinated with the mayor and chamber of commerce (if there is one), at which potential buyers are brought together with the producers. To date, 15 *ferias* have been held.³ Six are expected to be held in 2002. Mayors have been quite receptive to the activity. Every municipality that has been approached, with one exception, has been willing and able to participate in the activity. The field visits for this evaluation included Sabanagrande, where a *feria* was held last year. The acting mayor was very positive about that experience and has made efforts to get producers from the area into *ferias* in nearby municipalities.

3. Manuals and training for poor municipalities. This activity involves the preparation of operating manuals in a series of administrative areas. Manuals prepared by the Ministry of Government are simplified and in some cases separated into manageable pieces for training.

To date, courses have been given on “Job Descriptions for Municipal Officials” (to help avoid duplications in administration); “Organization and Functions” (to define departments and create an organizational framework), and “Budgets and Fiscal Control” (broken down into three parts). Participants in each course spend two days in Tegucigalpa or San Pedro Sula. Usually municipalities are invited to send two people, and courses have about 30 participants. Up to 15 students with backgrounds in accounting, finance, or other related fields work with participants during the two days to ensure they understand the material and get plenty of practice in using formats and procedures.

Training is given on three topics each year. The courses given in Tegucigalpa are also provided in San Pedro Sula, so up to 180 participants in a given year (90 on each campus) can participate. During the year, UNITEC staff visit each municipality once to determine if municipal employees are still on the job and using the formats and systems they learned in training. Last year, 106 of 124 participants were still on the job, and the vast majority were applying what they learned.

The current approach used by UNITEC is low cost and reaches very small municipalities. It could be made more effective by (1) selecting target municipalities based on criteria that ensure ability to absorb assistance; (2) providing each selected municipality with **all** available core training, and (3) looking for ways to provide additional on-the-job training. This could be done through training of trainers within *mancomunidades* with selected municipalities. Efforts should also be made to establish indicators for improvements in local operations, and to collect data on a regular basis.

³ Ojojona-Santa Ana, Jacaleapa, Yuscaran, Sabanagrande, La Villa de San Francisco, Santa Lucia, Comayagua, Danli, San Buenaventura, Omoa, Santa Cruz de Yojoa, Puerto Cortez, Trinidad, Choloma, Tela.

b. Indicators and Issues

Benchmarks established in the Cooperative Agreement for the Community Development Program include the number of prefeasibility studies carried out, number of *ferias* or economic development activities held, and number of manuals prepared. For municipalities that participate in the training and development of administrative systems, simple baseline data and benchmarks are more in line with other technical assistance provided by the MDP, e.g., municipal accounting system in place, property tax system in place, etc.

4. Findings and Conclusions

UNITEC training is a valuable component of USAID's MDP. UNITEC has been agile and responsive in developing curricula that address municipal management and policy needs. Participants praise the quality of professors and materials. UNITEC's training delivery system is effective in reaching a very wide range of municipalities, including some of the smallest, poorest ones. Per person costs of training are reasonable as estimated by UNITEC (Lps.1,200 per person) and USAID (Lps.1,500 per person).

Demand for training is inflated, however, because it is completely subsidized. As noted, municipalities are able and willing to share the costs of training. A sliding fee schedule could be established according to characteristics of municipalities, with the largest and more capable ones paying 50-100 percent of training costs, and small and medium-sized ones paying 0-50 percent of the costs. UNITEC is already considering the possibility of charging fees and does not see any administrative difficulty in doing so. Once fees are established, it is probable that the total number of participants will decline, but there is no way to predict by how much.

One benefit of demand-driven training would be to reduce duplication between FUNDEMUN and UNITEC activities. Several mayors mentioned duplication of efforts among UNITEC, FUNDEMUN, and AMHON. While there are attempts to coordinate activities, it seems impossible to completely eliminate overlap, especially between FUNDEMUN assistance and UNITEC training. UNITEC's training schedule is established a year in advance, and FUNDEMUN's intensive technical assistance modules can last two months or more in a particular municipality. If, however, municipalities are to pay for training, they are in a position to reduce duplication by simply not sending employees to a given course.

Most participants do not formally share information learned in UNITEC courses with their departments, and materials are often not kept within the municipality. In addition, turnover is a serious, well-known problem. One can argue that the training has increased the national pool of municipally trained individuals in Honduras. Yet, until there is a mandated civil service system that protects municipal employees and improves the municipal career track, donors should view training as short-term assistance. They cannot expect that years afterward, participants will still be in place, applying in some municipality what they have learned.

C. Policy Dialogue and Representation of AMHON Assistance

1. Breadth and Impact of Assistance

USAID assistance to AMHON has been extensive. Early on, USAID covered the association's operating costs. By 1996, AMHON had brokered an agreement with the municipalities and the Ministry of Finance to meet those costs by receiving automatically up to 1 percent of municipalities' current income. USAID assistance continued in other areas, however. As reported in the association's recent draft strategy, in 1998, 100 percent of its external resources were provided by USAID. The following year that amount declined to 73.7 percent, most of which was used to address the fallout from Hurricane Mitch. As AMHON has grown, especially in the past few years, it has had difficulty adequately managing its resources. Various donors, as noted above, have established projects with the association and taxed its capabilities. USAID suspended further assistance in 2001 pending the completion of a financial audit (financed by USAID) and the subsequent receipt of certification from Price Waterhouse. The certification process is currently under way.

AMHON suffers from a number of weaknesses. First, the association is centralized and does not seem to appreciate the value of a regular regional presence of some kind. AMHON tends to be jealous of any possible competition on the municipal front from a potential regional association or from *mancomunidades* (that is, the possibility of a federation of *mancomunidades*). Much of the technical support and administration is directed by one person. The institution needs to broaden its base of support, and yet consolidate itself around the defense of municipal interests. A measure of regionalization or regular regional presence of the association is essential, however, because geography alone makes effective municipal work around the country from a base in Tegucigalpa nearly impossible.

Second, AMHON is criticized for getting involved in activities, such as technical assistance projects and ill-advised lawsuits, that do not support the larger vision of municipal representation. AMHON, it is widely felt, should not be involved in the many technical assistance and training projects it currently manages; it is not an executing organization. Third, the association communicates poorly with municipalities. Municipalities do not receive letters AMHON sends, have little idea what AMHON has been doing, and derive relatively little benefit from the technical expertise or experience the association has at its disposal. This is especially true for the smallest municipalities. Larger municipalities appear more likely to understand and appreciate AMHON's role as a lobbyist.

Finally, AMHON has to develop a core technical staff that is capable of addressing municipal problems of technical assistance and, more broadly at the national level, lack of autonomy. Turnover has been a problem. This team would help the association develop lessons learned and other experiences for use country-wide—something that AMHON does not have the capacity at present to do.

AMHON recognizes these problems, thanks in part to donor pressure, and appears to understand that the association very much needs to reassess and implement a new strategy for its development. The association needs to set priorities and focus on a reengineering of its internal processes to ensure its success in the years to come. AMHON has presented a draft plan for

institutional development and expects to have a new strategy complete at the end of this year. Donors must continue to push AMHON to complete the new strategy, and to implement it once it is complete.

How to measure the impact of assistance to AMHON is a difficult question, the answer to which may depend on what one is trying to achieve. On the one hand, AMHON has operated in a centralized fashion for years and has yet to develop mechanisms, such as the regular regional presence noted earlier, to better serve constituent municipalities. If one looks at the national agenda, it might appear that AMHON has been ineffective in its lobbying efforts. Municipalities are still only receiving 1.9 percent of the national budget in municipal transfers, and it will be several years at best before the transfers reach the 5 percent level—the level mandated 12 years ago under the Municipal Law. This is of great concern to the smallest municipalities, since this transfer is most critical for these revenue-starved authorities. Increasing the transfer has long been a MDP indicator that has not been met. The same can be said for the transfer of public services such as secondary roads and drinking water to municipalities.

Nevertheless, AMHON remains today an important voice in municipal affairs, despite difficulties that have emerged with its rapid growth and lack of institutional vision and development. It remains one of the few, if not the only, governmental institutions that represent all major political parties, and it has largely overcome or submerged political sectarianism in an effort to achieve a larger, more collective purpose. From the broader perspective of democratic development, this point is especially important.

Although some municipalities complain about AMHON ineffectiveness vis-à-vis their daily concerns, other municipalities mention how much they appreciate AMHON's help when they have legal problems at the local level. AMHON is a critical lobby for decentralization of public services to municipalities (the association participated in the recent debate on the water law): It has created and continues to create space for the municipal agenda. Donors also rely on the organization for a better understanding of municipal affairs and (mistakenly) for the execution of technical assistance projects. It bears emphasizing that a municipal association cannot be expected to carry the entire burden for decentralization of a highly centralized national government and political party system; one must be realistic. It also bears emphasizing that AMHON appears to be committed to addressing its weaknesses and becoming a stronger, more effective institution.

2. Opportunities for Future Assistance

In the current environment favoring decentralization, the potential impact of AMHON grows considerably. Assistance to AMHON—which would both support the improvement of the national enabling environment and help strengthen the municipal system (see below)—should be a central component of any future programming. Future assistance to AMHON can be best considered as part of the main activities that any national municipal association plays.

Advocacy and lobbying on behalf of municipal interests. AMHON has begun to use mayors more effectively in its lobbying efforts. This form of advocacy should be expanded. Also, AMHON should be encouraged to develop its own technical capacity to assess policy issues, develop responses, and present alternative legislative proposals. Some of this is being done, but

it could be expanded significantly. If AMHON is seen primarily as a technical unit seeking to defend municipal concerns alone, it will face less political opposition and prove more effective.

Channel for municipalities to obtain technical assistance and support for solving municipal problems. Given its existing and potential network of contacts with international donors, government institutions, and the municipal sector generally, AMHON can provide critical direction and orientation to municipal officials so that they can address technical and other problems. Acting as a channel for or facilitator of technical assistance—as opposed to executing projects—should be a primary goal of the association. This is one of the ways in which AMHON can become more representative.

Vehicle for the collection and dissemination of best practices and lessons learned, in tandem with FUNDEMUN. Collecting best practices and working to replicate them is an extraordinarily important role for the advancement of municipal development. One can be certain that best practices are being developed throughout Honduras in a variety of areas. Such practices also can be exchanged internationally.

Effective engagement in the national and international arena. AMHON needs to represent itself effectively before the national government. Unlike any previous administration, the Maduro government supports decentralization and increased municipal autonomy: AMHON is no longer the only advocate in town. AMHON must adjust to the new reality and coordinate with the executive branch. The Maduro government has a broader agenda, however, that will not always be in sync with the municipalities' interests, yet AMHON should have its municipal interests at heart and defend them and its own autonomy. On the international stage—through assistance in developing a website, participating in international conferences, and building links to international federations of municipalities or municipal associations—AMHON can broaden its technical and political horizons.

VI. LESSONS LEARNED AND RECOMMENDATIONS FOR ASSISTANCE IN THE SECTOR

In an effort to provide a better sense of the degree of priority that each of the following recommendations should receive in Mission programming, each recommendation, when appropriate, is coded as follows:

Immediate: Activity should begin as soon as practically possible.

Short-Term: Activity targeted for implementation within 0-3 years or generally as part of any new programming effort.

Medium-Term: Activity targeted for implementation within 3-7 years.

Long-Term: Activity targeted for implementation after 7 years.

The evaluation team emphasizes that these codes are judgments that are subject to differing interpretations and may or may not coincide well with the realities of Mission operations. The codes will, however, give an idea of the relative urgency of implementing each activity. As seen below, the large majority of the recommendations are proposed to occur within three years. Additional prioritization and potential long-term activities are noted in the exhibits in the subsequent section.

A. Mission-Specific Strategies

1. **Establish within the Mission a mechanism—monthly meetings, for example, or the creation of an Intra-Mission Decentralization and Municipal Development Group—for the coordination of activities and sharing of staff and program experiences. Immediate.** Each meeting could address progress in one of the sectors or experiences in a single area, such as citizen participation or municipal capacity building. The discussion should generate opportunities for further coordination of activities.

A number of key areas of decentralization and municipal development are cross-cutting; that is, they are relevant across all sectors or Mission SOs. Citizen participation should be pursued in health and education as well as governance, among other areas. Intergovernmental fiscal transfers and municipal finance are other examples. These areas in particular should be targeted by SO team leaders for collaboration. One suggestion for the creation of effective incentives for inter-SO collaboration on decentralization and municipal development is to establish an annual Mission fund. The fund could support one or two awards per year to the SO teams that jointly develop the most innovative, cross-cutting proposals in decentralization or municipal development programming. The award would provide the financing for joint implementation of the proposed project, and the award criteria could vary each year according to Mission interests.

2. **When municipal training and assistance overlaps with USAID activities covered under other SOs, target assistance or training to municipalities given priority by other Mission-funded projects. Immediate.** For example, if technical assistance and training are provided to very small municipalities, efforts should be made to target the 15 municipalities supported under the P.L. 480 program. Synergies are possible between UNITEC's community development program of ferias and the Mission's activities in support of micro and small business (SO 1), which "promote nontraditional agriculture exports and improved small producers' access to regional and international markets." Activities such as *Proyecto Políticas Económicas y Productividad* (PEP) and Aid to Artesans provide technical assistance to small producers and could be appropriate for some of the small businesses that UNITEC is reaching. These USAID-supported activities, however, have definite target groups and geographic areas of concentration; that is, business development services concentrate on Choluteca, Comayagua, La Ceiba, Danli, and their surrounding areas. If a FUNDEMUN assistance module is designed for economic development, it could be first used in these target cities. Also, the SO 1 and SO 4 teams should develop a matrix of business development services available through USAID-supported institutions, which UNITEC staff and students could use in counseling small producers involved in the UNITEC economic development program. This matrix should clearly define eligibility criteria, to avoid raising expectations, and to make sure that only appropriate small businesses make contact with these institutions.

3. **USAID can and should continue its role among donors as a leader in municipal development. Immediate.** That leadership should also be extended to new and innovative activities in decentralization reform and civil society participation at the national and municipal levels. Donor consultative meetings should be used to prod and create incentives for the government of Honduras to move forward effectively with reform. Additional electoral reform,

municipal civil service reform, fiscal decentralization, and other areas are long-term goals that can be pursued in coordination with key GOH, municipal, and civil society institutions.

B. Improving the Enabling Environment

In Honduras today, the time is right to begin a democracy and governance assistance program that moves beyond the current primary focus on municipal development. Events in Honduras call for the development of a more **comprehensive decentralization and democratic local governance initiative**. By “comprehensive,” we mean that the USAID Mission should work at all three levels: the national, the municipal, and civil society. USAID experience demonstrates that, circumstances permitting, incorporating each level of governance is more likely to be mutually reinforcing and more effective in achieving results. Thanks in large part to the foresight of the MDP, today—12 years since MDP’s inception—the opportunities for pro-democracy and developmental progress by working with national institutions, continuing to support municipalities, and bringing in civil society in innovative ways are real. The assessment team is confident that the USAID Mission can work to take advantage of a variety of targets of opportunity with considerable success.

More than ever, the environment in Honduras is ripe for promoting the improvement of the national enabling environment for decentralization. Future program activities should be aimed at encouraging the national government to enact or institute effective pro-decentralization legal and institutional reforms. Such an effort should not be undertaken, however, without an appreciation of the key political realities that will influence potential results, as described in the following recommendations.

4. The USAID Mission should move expeditiously with future programming so as to take maximum advantage of the opportunities. Immediate. Despite the stated commitment of President Maduro, his government has continued, and will continue, to push up against strong opposition to decentralization. The president’s majority within Congress is slim, and not all of his own party agrees with his state reform plans. As of the third year of a Honduran president’s term, the president increasingly takes on lame duck status. A key question, then, is the extent to which this administration is willing to expend political capital to make gains in this area. Furthermore, Honduras’s next president may have no interest in or may even oppose decentralization. In short, it is important to recognize that while the window for decentralization reform is open, how long this will be the case is unclear.

5. USAID should work with as many partners within the government as possible and look for opportunities to advance within each of them. Immediate to short-term. The Ministry of Government and Justice is clearly interested in working with donors, but has not yet set priorities, while the Ministry of Finance has indicated an interest in working with USAID. Congress appears interested and could greatly benefit from workshops and other informational events.

Key government institutions involved in the decentralization effort do not provide a single, clear message as to the planned course of decentralization. The Ministry of Government and Justice is proactive and insistent about devising and implementing a plan for moving ahead. The Ministry of Finance is much more cautious, naturally concerned about financial impact and disposed to

take a pilot-based approach. The Ministry of the Presidency sees PRODDEL as a general framework for the long run and also advocates a gradual, pilot-based approach. The ministries of health and education, especially the former, appear to be moving on their own tracks as well, which, again, provide opportunities for intra-Mission synergies. Congress, which is in open competition with mayors for influence, is skeptical and perhaps the biggest roadblock.

6. In future programming, the Mission should consider a systematic mechanism for the provision of specific technical assistance and training to key Honduran national government institutions—the relevant ministries, Congress, the Comptroller General, and others as they are identified—to reinforce the national policy debate and the establishment of national systems supportive of decentralization. Immediate to short-term. The MDP does not provide a vehicle for the regular provision of training and technical assistance in support for pro-decentralization activities. When a government initiative calls for support, the Mission would have to respond with ad hoc contracts or agreements. Such a mechanism would allow the Mission to be much more proactive and significantly increase the potential for effective reform.

The assessment team has identified a number of specific activities and policies that, as part of an effort to build a more favorable enabling environment, deserve particular consideration. These suggestions are provided in *Exhibit 9*.

Exhibit 9: Suggested Activities to Improve Enabling Environment

- **Engaging the Ministry of Government and Justice to establish a reasonable, achievable set of institutional or legal reforms to pursue.** The Ministry is wading into four major areas of reform: the legal framework, citizen participation, finances, and public services. Taking on all of these areas at once is an impossible task. The Mission can work with the ministry and other donors to establish realistic priorities and develop legislation.
- **Supporting the Ministry of Government and Justice’s expressed interest in developing a national system of municipal information.** Good policy cannot be prepared unless governments have accurate, reliable data on which to base their decisions. At present, Honduras does not have a consolidated system for the collection and analysis of municipal information. Coordination with the Ministry of Finance, the Comptroller, AHMON, and other donors will help avoid duplication of effort.
- **Providing improved coordination among the ministries with respect to decentralization policy.** The Ministry of Government and Justice appears in many respects to be moving ahead alone or with little interaction with ministries such as Health, Education, and Finance. This effort could, however, prove politically difficult.
- **Work with AMHON and other pro-decentralization and municipal reformers to support specific reform measures.** Securing passage of the water law is an obvious area for attention, as is the mandated 5 percent transfer of the budget to municipalities. Separation of national and municipal elections and allowing independent candidates or civic committees to participate in municipal elections are two critical reforms, though they are unlikely to be seriously considered by Congress absent a sustained lobbying effort.
- **Convening national government officials, mayors, and civil society groups for conferences and workshops on decentralization and democratic local governance.** There appears to be a weak understanding among the Honduran general public about what decentralization is and how it can benefit the average citizen. The absence of a national debate on the topic is surprising, indicating that the reform process is emerging entirely from the central government. Conferences and workshops, either national in scope or more targeted, serve an important educational function and can improve the reform environment.

C. Municipal Development Project Assistance

7. Establish a new classification of municipalities which clarifies absorptive capacity and levels of need for TA and training, and develop models for assistance for each level. Short-term. This should also help in developing a common vocabulary and understanding on the characteristics of target cities. The way target municipalities are currently categorized by MDP institutions is confusing. FUNDEMUN has target municipalities in two groups, A and B, which have to do in part with their length of time in the project, but also with their administrative capacity and other factors. Other institutions in Honduras, including UNITEC, use categories established by the Ministry of Government and Justice when deciding where assistance should be provided. As of 1998, the GOH categories were as follows:

Category A: “Developed municipalities with budgeted income estimated at L 6 million or more.”
Total number: 25.

Category B: “Underdeveloped municipalities with budgeted income estimated at L 1.5 million to L 6 million.” Total number: 54.

Category C: “Poor municipalities with budgeted income estimated at L 400,000 to L1.5 million.”
Total number: 117.

Category D: “Very poorly developed municipalities with budgeted income estimated at zero to L 400,000.” Total number: 102.

For the purposes of the MDP, more than four categories would be appropriate since MDP municipalities in Category A have incomes ranging from Lps. 6.5 million (Tocoa) to Lps. 98 million (Puerto Cortes)! The classification system should allow municipalities to change categories as municipal income and other characteristics change over time. Also, models of assistance that are tailored to the characteristics of municipalities would be much more effective than the current broad approach.

8. With respect to FUNDEMUN, look for lower cost and increased effectiveness of any future Mission assistance. Short-term. FUNDEMUN needs to be more businesslike in its dealings with municipalities and more entrepreneurial as an organization. It should be encouraged to look more proactively for business opportunities, given its comparative advantage in the market for municipal services.

Agreements between FUNDEMUN and municipalities should place much greater emphasis on ensuring that savings are invested in basic infrastructure and services. Much more work can be done in the collection of solid waste fees. FUNDEMUN needs to strengthen its community participation module. The organization should also look at the issue of changing the structure of assistance for those municipalities that have the need for more sophisticated levels of support.

New models of assistance, and perhaps other service providers, are necessary as needs of the municipalities change. Design of infrastructure projects, loan financing, and creditworthiness are areas that need more attention. Many municipalities are moving toward privatization of services, and this should be encouraged. Nothing should be done to subsidize these activities, but perhaps there are ways to facilitate them by, for example, developing a data bank of private sector providers of services, counseling on the parameters and requirements for private institutions interested in constructing or lending for such projects. The more sophisticated municipalities

may need information on issuance of bonds, as well as international borrowing, if they are to be in a position to take advantage of such loans.

On the other hand, new, more cost-effective models of assistance should be developed for smaller municipalities. Criteria for selecting these municipalities would need to be established. One possible approach for providing assistance is to structure a system of municipalities helping municipalities. Many of the original FUNDEMUN municipalities should be in a position to help smaller nearby municipalities improve their operating systems. Some assistance is already being provided, informally. Villanueva is helping Pimienta and San Manuel to improve their operations. Arizona has asked Tela for some help in developing its cadastre. If such an approach is deemed feasible, two to four core modules—e.g., accounting, property tax, garbage collection—would be selected for the two- or three-year program. Staff from smaller municipalities could be trained as interns or by staff of the larger municipalities in an on-the-job capacity. Incentives—perhaps in exchange for technical assistance in new priority areas—could be developed.

FUNDEMUN and other Honduran municipal organizations as they develop can greatly benefit by drawing on experiences of other countries in the region, such as the community development model used by municipal development projects in El Salvador and Guatemala. These projects use a three-pronged strategy in every participating municipality: strengthening of information dissemination and publicity capacity; community needs assessments and negotiation of priority projects which are carried out with community oversight, and creation of mechanisms for the community to review expenditures. A number of these activities are implemented by NGOs.

Through FUNDEMUN and other local NGOs, the Mission should spearhead the effort to promote municipalities as facilitators of local economic development. The local government's role in economic development could be included in FUNDEMUN's program. This might include materials on tax and other incentives for business investment; businesses responses to the availability of services, roads and other infrastructure; issues of availability and quality of the work force; and relations with chambers of commerce and producer associations. Activities like the assistance to small business and *ferias* implemented by UNITEC in small municipalities could be a model for replicating in areas with great development potential. FUNDEMUN should identify a target group municipalities within its program to work on strategic issues and activities aimed at attracting new businesses. Municipalities such as Villanueva, El Progreso, Choluteca, and La Ceiba have the potential to become models for this activity. The lessons learned could be used to replicate those experiences on a larger scale.

9. With respect to UNITEC, look for lower cost and increased effectiveness of any future Mission assistance for training. Short-term. Municipalities should pay for UNITEC courses according to ability. Municipalities clearly indicate that they are able and willing to pay part of the cost of UNITEC courses. A sliding fee schedule should be established according to the characteristics of municipalities. The largest and more capable municipalities (Category A) should pay 50-100 percent of the costs of training; medium-sized municipalities (Category B) should pay 30-50 percent; and the smaller communities (Categories C and D) should pay 0-25 percent. UNITEC is already considering the possibility of charging fees and does not see any administrative difficulty in doing so.

In addition, some effort should be made to encourage participants to share what they have learned, especially within the municipality. UNITEC should be required to develop guidelines for participants to share course material and insights with other municipal employees or community members.

10. A training-of-trainers program should be considered in the area of community development. Short-term. Many municipalities have an office or person in charge of community development and outreach. One municipal promoter worked in 64 communities. He was anxious to get more training on how to work with groups and suggested that it would be good to train trainers within communities on the democratic organization of *patronatos* and project development. Community members should be involved as well since it is impossible for a municipal employee to adequately cover all communities.

11. Impact and broad coverage are not compatible with limited resources. A dichotomy can be seen in the assistance provided under the MDP. Intensive technical assistance was designed to have maximum impact on the largest municipalities, yet over time the program has been expanding to smaller municipalities where absorptive capacity, and impact, are lower. On the other hand, training was designed to reach the maximum number of municipalities and participants, which it has done, but impact in such a broad program is very difficult to measure since the interventions are so short-term.

In many ways, both FUNDEMUN and UNITEC have carried out programs that have accomplished what USAID set forth for them and have had an important role in the changes that have occurred in the municipal sector to date.

12. Provide a clear beginning and well-defined end, coupled with clear objectives, in providing technical assistance to municipalities. Immediate. The FUNDEMUN program has grown from four to 41 municipalities, and all of the original municipalities are still receiving assistance. Although there are progress indicators for municipalities receiving technical assistance, these are not used as criteria for determining when a municipality has completed the program, or to establish a new stage of assistance with different cost-sharing arrangements. Instead, new assistance is simply provided each year. Where there has been staff turnover, previous assistance is reinforced. Expectations for continued technical assistance are open-ended.

If municipalities were required to cost-share to a greater degree as time went by, or as municipal income improved (or according to some other agreed up indicators), the program would look very different than it does today. In fact, the size of the municipal counterpart has moved in the wrong direction. In the aftermath of Hurricane Mitch, counterpart requirements have been reduced from levels of 35-50 percent to 10 percent. Technical assistance is therefore practically free, even for the municipalities that have the strongest economic base. This approach needs to be reversed quickly, and guidelines are needed which tie the counterpart to years in the program and to local revenue generation. Some municipalities should be paying 100 percent of the costs of technical assistance.

13. In project development, address as early as possible questions of self-financing and sustainability of programs and implementing institutions. FUNDEMUN has developed into an excellent implementing institution for delivering donor-funded project assistance, but it is

much more. It is a valuable resource to AMHON and to the GOH, especially the Ministry of Government and Justice, and is spearheading a number of decentralization initiatives involving municipal government. The World Bank and other donors call on FUNDEMUN for assistance in producing and analyzing data in the sector. Most importantly, municipalities rely heavily on this Foundation for clear and effective assistance in solving management and operational problems.

To date, little planning has been done for what will happen to FUNDEMUN when USAID funding ends, as it inevitably will. To make FUNDEMUN sustainable in a post-USAID period, it needs to get all of its clients to pay for all of its services, and possibly to raise funds for a trust or reserve fund that could provide a cushion for fluctuations in operating expenses from year to year. These changes would require several years of concentrated effort.

National organizations, both governmental and private, would have to be encouraged to make appropriate financial arrangements with FUNDEMUN. Currently, FUNDEMUN is viewed either as a branch of government or as a free resource in many cases. This should not continue.

USAID would have to agree to make substantial changes in the way the program operates. For instance, municipal counterpart payments should be set on a sliding scale, and be regularly revised as municipalities meet established income criteria. Municipalities that pay more, will be less inclined to see technical assistance as free, as is now the case. The type of demand for services as well as the total demand may change as a result. However, the RTI team believes that there will be a demand for FUNDEMUN services even as the cost to clients increases.

Fundraising for a trust or reserve fund is difficult as well. The Board of Directors of FUNDEMUN would have to spearhead such an effort. USAID might be able to contribute to this effort as well, perhaps through forgiving its counterpart requirements, or in more substantial ways. If a trust fund were established, there would have to be safeguards that it would be operated independently, with appropriate fiscal oversight and control.

14. USAID should support local and international technical assistance that will allow AMHON to develop the technical capacity to assess policy issues. Short-term. There is a wealth of experience within Latin America, outside the region, and from the United States on the effective development of municipal associations, particularly their capacity to offer alternative legislative ideas.

15. All donors, including USAID, should refrain from financing technical assistance projects for execution by AHMON. Immediate. AMHON is currently being sidetracked from what should be its central mission because it is one of the few municipal organizations that donors turn to as a partner. Existing projects should be executed independently through a distinct, physically separate organization and should not interfere with the daily operation and mission of the association itself.

16. Provide technical assistance to AMHON to support the systematization, collection, analysis, and regular dissemination of best practices and lessons learned. Short-term. This can be accomplished through electronic communications (websites), bulletins, national campaigns and awards, and other means. This activity should also be part of AHMON's broader effort to become more representative and communicate better with its clients—the

municipalities. Becoming more electronically connected national and internationally is especially important in this regard. It should be done in coordination with FUNDEMUN and other municipal technical assistance providers.

AHMON could develop a program of “Model Municipalities,” designed to recognize those with excellent performance, or a “Green Municipalities” program, created to recognize cutting-edge environmental control practice (perhaps in coordination with the Mission’s forestry program).

D. Strengthening Coverage and Impact of Municipal Assistance

17. Deliver training and technical assistance to municipalities through market-based and market-generating mechanisms. Short-term to medium-term. As municipal governments gain stature and strength, Honduras is experiencing the growth of a small market for municipal services—small private firms, universities, NGOs, government institutes, and others with municipal experience are now charging for their assistance or looking to provide it in the future. USAID can carefully promote this development, we feel, without distorting the market; GTZ, as noted above, is engaged in developing such a network. One option is to create a Technical Assistance Fund to reimburse municipal officials, especially in the small municipalities, for a small percentage—say 25 percent—of their technical assistance expenses purchased in the private sector. Criteria for accessing the fund would need to be developed. Another option is to use a voucher system for the same purpose.

Private firms, universities, and NGOs cannot compete with FUNDEMUN especially, given its heavy subsidization. As subsidization is reduced and FUNDEMUN is encouraged to move into the private market, FUNDEMUN will necessarily be forced to become more innovative, while the smaller competitors will be able to compete on a more equal footing.

E. Working with the Community: Strengthening Citizen Participation in Municipal Affairs

As noted above, civil society’s role in Honduras has long been notoriously weak. Party-controlled clientelism and *asistencialismo*—the tacit control and manipulation of collective citizen interests—are the predominant features of the local political culture. This pattern will not change quickly. Yet building a much stronger sense of public service to one’s constituents, stronger public accountability, and a collective approach to community governance should be central elements of future USAID assistance in this sector.

18. Provide sustained support for efforts to decentralize effectively and strengthen municipal government. Why should Hondurans participate in a municipal system that yields little in terms of community investment, services, and other public goods? They must be given a stronger incentive than they have now to become involved in municipal affairs. Increased participation, then, is a direct outcome of the general process of decentralization and municipal development.

19. Promote innovative approaches to citizen involvement in municipal decision making. Short-term to medium-term. At present, the degree of citizen involvement is driven by the agenda of the mayor. Compliance with norms—the number of *cabildos abiertos* held in a year,

for example—is often a formality. Mayors inform the community and may ask for their opinions; in the end, however, it is the mayor who decides.

Some civil society organizations, however, such as Aldea Global, are advocating another approach to citizen interaction with the municipal government. At the core of this approach is working within civil society—educating citizens about municipal operations, teaching them to oversee financial decisions, and then working with them to hold their elected officials accountable. This type of civic education and the pressure that it puts on mayors to take citizens into account is valuable and should be encouraged, as it can generate innovative methods for increasing citizen involvement.

The disadvantage in the approach is that it tends to be confrontational, as opposed to collaborative, and can become highly politicized. Civil society organizations should be encouraged to accomplish their goals with an understanding of the political realities and resource constraints municipal governments face. They should also be encouraged to consider alternative, more collaborative approaches, such as participatory budgeting.

20. Promote participatory budgeting. Short-term through medium-term. Participatory budgeting, which has gained fame from the Porto Alegre, Brazil, experience but is increasingly widespread throughout Latin America, begins with the commitment of the mayor and citizens to work together to invest municipal resources in a way that will maximize the benefit to the community as a whole. It is basically a means of forcing a collective approach on the budgeting process.

Techniques differ, but the community is typically organized into neighborhood assemblies or committees in which the citizens participate and advance their investment priorities. A delegate may be elected to represent the committee as the process develops. Priorities are ranked and then a set of objective criteria is developed for the distribution of resources among the various communities. In some cases, resources are divided geographically according to population or some other criterion, leaving the committees to decide how they will spend them. The key elements are a complete municipal openness on available resources and continual communication as to unexpected changes in resource outlook. The mayor must allow the community to make investment decisions; the community must participate and recognize the difficulty of apportioning scarce resources to a community facing great needs.

It appears that adoption of participatory budgeting—which is simply not discussed as an option in Honduras—would be a radical departure for municipal officials. USAID has long been a leader in supporting municipal development in Honduras, however, advocating for progress years before policymakers or other donors felt it was necessary. This same vision should govern USAID’s advocacy of participatory budgeting: the Mission can push the envelope of change. Early on, programming can support a series of pilots, working with progressive mayors who see the value and are willing to begin working collaboratively with their constituents.

Developing, introducing, implementing on a broad scale, and consolidating participatory budgeting (which is often tied to participatory planning) in Honduras will be a gradual, rather slow process. Based on the experience of other Latin American countries, the phases of the process will be similar to that shown in *Exhibit 10*.

Exhibit 10: Potential Phases in the Emergence of Participatory Budgeting in Honduras

1. Development of the procedures through entities such as FUNDEMUN’s future specialized/priority assistance, <i>Aldea Global</i> , or the Ministry of Government and Justice. Given the considerable international experience in this area and the lack of experience in Honduras, international assistance will likely be required. This is short-term activity.
2. Institution of the process in a group of 20 or so pilot municipalities that are amenable and likely to succeed, so as to demonstrate success. Honduras NGOs could be trained to do the implementation on a demand-driven basis through the fund or voucher system or through strategic, defined support provided by USAID. This is also a short-term activity.
3. As participatory budgeting successes, best practices, and notoriety emerge, a kind of movement or broader level of support appears. Additional demand can be met through the USAID-supported market-based mechanisms. This is a medium to long-term activity.
4. The Honduran government is convinced to condition some or eventually all of its transfers to municipalities on the institution of participatory budgeting. Over time, the process would become institutionalized. This is a long-term activity.

Measuring the institution of any participatory practice is a difficult task. At the risk of self-promotion, RTI suggests consideration of its innovative Basic Criteria system, developed and successfully implemented for USAID/El Salvador, for evaluating the sustainability of participatory practices. Use of the criteria—and the system is designed to allow self-assessment by the municipality and community—allows a determination of the degree of sustainability of participatory budgeting. The Basic Criteria system addresses the areas and specific elements of the process shown in *Exhibit 11*.

Exhibit 11: Basic Criteria for the Evaluation of Participatory Municipal Processes

<p><i>Institutionalization of the Process</i></p> <ul style="list-style-type: none"> • Existence of a formal Participatory Development Plan (PDP). • Existence of a permanent participatory body (MDC), composed of municipal authorities and civil society representatives. • Level of coverage and formal constitution and functioning of the civil society organizations that participate in the process and are represented on the development council. • Percentage of municipal investment budget that has financed projects agreed to as part of the PDP. • Existence of norms that give legal force to the agreements and institutions that form part of the participatory process. <p><i>Social and Gender Equity</i></p> <ul style="list-style-type: none"> • Percentage of women holding positions on the MDC and in the local organizations. • Percentage of resources assigned to projects prioritized on gender grounds. • Percentage of budget resources assigned to projects that directly benefit indigenous citizens, senior citizens, the disabled, abandoned children, and other marginalized groups. • Percentage of resources designated for beneficiaries lacking in basic needs.

Citizen Co-Responsibility in Municipal Development

- Percentage of voluntary contributions provided by the community relative to the total amount of investment executed (labor, materials, equipment, money, land, etc.).
- Percentage of municipal investment executed with a management committee that includes community representatives.

Transparency in Management and Execution

- Existence of mechanisms for informing the public about the operational, administrative, and financial management of the municipality.
- Existence of mechanisms for oversight and control of the execution and financing of municipal projects.

Complementarity: Support from Local, National, and International Actors

- Degree of municipal association with economic, social, athletic, cultural, and other municipal actors.
- Degree of association—based on territorial, economic, social or other links—with other municipalities for the development of complementary projects.
- Degree of association with public and private institutions nationally and internationally that provide technical assistance and/or finance for development.

Sustainability of Local Performance

- The existence of a strategic vision—including the economic, social, and territorial-environmental spheres—agreed to as part of the long-term development plan.
- Municipal investment projects executed within the past year to promote development in the economic, social, and territorial-environmental spheres.
- Existence of efforts to address territorial and environmental concerns as an integral part of the PDP.

VII. A ROAD MAP: STRATEGY IDEAS FOR THE FUTURE

A. National Decentralization Policy Support

The progress of decentralization programming at the national level is often strongly tied to the commitment of the country—its government—to the enactment of decentralization reform and its effective implementation. Short, medium, and long-term perspectives will very much depend on the progress of such reform over the coming months and years. Predicting the future for decentralization in Honduras, especially given the lack of any legal framework to date, is a perilous task. *Exhibit 12*, however, provides some ideas for benchmarks or indicators for determining program progress.

Exhibit 12: Benchmarks and Indicators on National Policy

Short-Term Objectives	Medium-Term Objectives	Long-Term Objectives
<ul style="list-style-type: none"> • Four decentralization studies are well-done and complete. • Ministry of Government’s establishment of 2-3 priority goals in decentralization and donors support execution. • Municipal information collection and database system established. • Transfers to municipalities reach 3.5 percent of national budget (0.5% increase each year). • Passage of the Framework Law for Drinking Water and Sanitation. • Garbage collection and disposal service is improving a significant number of municipalities, aided by the increased use of concessions. 	<ul style="list-style-type: none"> • National training plan in place with donor support. • A second sectoral decentralization law is enacted (forestry, education, health, etc.) • Water service provided by municipalities for all formerly SANAA-operated systems. • <i>Ley de Ordenamiento Territorial</i> enacted. • Comptroller audits of municipal financing is more frequent and effective. • Law for establishing national and municipal elections on separate dates enacted. • Transfer to municipalities reaches 5 percent of national budget. 	<ul style="list-style-type: none"> • Municipal civil service career law established. • Independent candidates or local civic committees are permitted to run for municipal election. • Health or education decentralization law achieved. • Municipalities are accorded greater authority to set their tax rates. • Law to increase municipal transfer beyond 5 percent of national budget under consideration.

B. FUNDEMUN

The plan for developing the sustainability of FUNDEMUN is based on the following concepts:

1. By phasing out over three years the current subsidies for technical assistance, FUNDEMUN will have to begin to act increasingly like a business, market its services, and focus on cost recovery.
2. In strategic areas, FUNDEMUN technical assistance would be subsidized for a limited time and conditioned on the recipient municipal government providing a firm, annually increasing counterpart and/or support for replication in non-FUNDEMUN municipalities.
3. Creation of—and FUNDEMUN’s participation in—a market-driven mechanism for supporting the financing of training and technical assistance to municipalities.
4. Encouraging FUNDEMUN to establish a reserve fund to support operating and other costs as USAID support gradually declines.

Our proposed implementation strategy for FUNDEMUN also involves distinguishing among the three “types” of municipalities that it currently supports. Each type of municipality would be treated differently according to the stage it has reached as part of FUNDEMUN’s program, as follows:

1. Group 1 municipalities that have received the core package of technical assistance (municipal organization, administration, accounting and budgeting, revenue collection, and public services) and also moved well beyond into other areas currently on the FUNDEMUN menu (GIS support, governance, environment, etc). These municipalities would be required to pay all of the costs future FUNDEMUM assistance by the expiration date of the current cooperative agreement in September.

2. Group 2 municipalities that have received the core package and virtually no other assistance from FUNDEMUN. These municipalities would be given an additional two years of subsidized assistance so as to consolidate the basic package. Their counterpart should be based on ability to pay and in no case should be less than 50 percent.
3. Group 3 municipalities (about seven) that have recently joined the FUNDEMUN program. These municipalities would receive the basic package over a three-year period. The counterpart would be based on ability to pay and in no case be less than 25 percent, increasing significantly each year. In this and the preceding group, the increased income generated by the technical assistance would liberate resources to increasingly pay for the core package and any additional technical assistance desired.
4. Any of these municipalities would be able to receive subsidized technical assistance or “advanced modules” from FUNDEMUN and other entities in those areas identified by the Mission as strategic, such as GIS, participatory budgeting, local economic development, and others. The counterpart should be at least 50 percent and would be based on ability to pay. The counterpart should increase each year until the third year, at which point the assistance would conclude. Especially in those areas in which the demand for well-developed assistance is strong, the mechanism for providing the assistance should be shifted to the market fund or voucher system mentioned below.
5. Any municipality receiving priority, specialized technical assistance from FUNDEMUN should be required to deliver, to varying degrees, the core package of technical assistance to surrounding municipalities. Such assistance to neighboring municipalities would be provided as part or in lieu of the counterpart. This would be the basis for a replication strategy. The number, size, and political affiliation of assisted municipalities, the length of the assistance, and other parameters would have to be negotiated with FUNDEMUN and USAID.

In practice, many municipalities will likely have to negotiate their status with FUNDEMUN and perhaps USAID because not all of them fit nicely into the above three categories. The categories are provided for illustrative purposes. Finally, the Mission should work early on to develop the market mechanism for financing technical assistance. By the time subsidized FUNDEMUN support for the core package comes to an end in the fourth year, the competitive cost-reimbursement market fund or voucher system should be operating reasonably well and providing new, demand-driven access to assistance. By the fourth year, FUNDEMUN and other qualified organizations can be providing USAID-supported technical assistance in strategic or advanced areas for now more than a three-year period with a strong counterpart defined in part or entirely by the municipalities’ work in replicating the core package in surrounding municipalities. FUNDEMUN would also be charging for the cost of any services or publications it provides and continually looking for additional business elsewhere in a growing demand-driven market. *Exhibit 13* shows suggested benchmarks or indicators in key areas.

Exhibit 13: Objectives and Technical Assistance Benchmarks for FUNDEMUN

Objectives	Technical Assistance Benchmarks and Indicators		
	<u>Short-Term (1-3 years)</u>	<u>Medium-Term (4-6 years)</u>	<u>Long-Term (7+ years)</u>
Increased number of municipalities increasing own-source revenue and effectiveness and coverage of public services.	Group 1, 2, and 3 municipalities completing phasing out of non-strategic FUNDEMUN assistance.	Non-strategic assistance no longer supported by USAID.	
	Clear municipal classification system established for monitoring absorptive capacity.	Classification system being used to support technical assistance and decentralization of functions.	
	At least 25 surrounding municipalities receive assistance from FUNDEMUN or other-assisted municipalities through replication counterpart requirement.	At least 50 surrounding municipalities receive assistance from FUNDEMUN or other-assisted municipalities through replication counterpart requirement.	At least 100 surrounding municipalities receive assistance from FUNDEMUN or other-assisted municipalities through replication counterpart requirement.
	Modules and new sources of TA for USAID-defined strategic areas tested and provided to at least 10 municipalities for set period and with counterpart condition.	Modules and new sources of TA for USAID-defined strategic areas tested and provided to at least 30 municipalities for set period and with counterpart condition.	Modules may continue to be developed, but much of the TA is funneled through well-established market mechanism.
	Competitive market fund or voucher system designed and funded at \$250,000 for TA in small municipalities, but not exclusively.	Funding increased to \$500,000 as appropriate.	Funding increased to \$750,00 as appropriate.
	<ul style="list-style-type: none"> • Local revenue raised X% • Garbage collection increased X% • Fees cover X% of garbage service costs • Number of new concessions increases by X% • Cost recovery for water service increases X% • Water service coverage increases by X% • The percent increase in current savings invested in public services. 	Same type of indicators as short-term, but revised to reflect higher levels and greater achievement.	Same type of indicators as short-term, but revised to reflect higher levels and greater achievement.

Implementing Institutions are sustainable.	<p>FUNDEMUN strategy for sustainability is in place.</p> <p>FUNDEMUN charges fees for services and publications provided to government, donors, and other institutions.</p> <p>FUNDEMUN begins marketing itself to potential clients.</p> <p>FUNDEMUN TA is largely demand-driven and at least 50% of costs recovered from participants.</p>	<p>FUNDEMUN is self-sustainable.</p> <p>FUNDEMUN charges for services.</p> <p>FUNDEMUN has broad client base and receives X% of its income from private clients.</p> <p>FUNDEMUN TA is demand-driven and has at least 75% cost recovery rate (assuming USAID support continues).</p>	<p>If FUNDEMUN receives some subsidy from USAID, it comes through the market fund or vouchers.</p>
	<p>UNITEC is charging fees for services and publications provided to non-municipal entities.</p> <p>UNITEC training is largely demand-driven and at least 50% of costs are recovered from participants.</p> <p>Training of trainers (TOT) established for community participation; 100 trained.</p>	<p>UNITEC training is demand-driven through market fund or vouchers with at least 75% cost recovery rate.</p> <p>TOT training for about 400 people completed.</p>	<p>TOT training for about 800 people completed.</p>

C. UNITEC and Plans to Reach the Small Municipalities

As noted in the above table, a scenario for the gradual sustainability of UNITEC can be developed. Ultimately, UNITEC would be recovering almost all costs with perhaps the exception of the smallest and poorest municipalities. UNITEC would also be able to access the market fund or voucher system to support its training assistance programs. As indicated at points above, a number of options can be developed for the small and low-income municipalities, such as the following:

1. UNITEC would continue, expand its training capacity in some areas, and become sustainable—that is, a key vehicle for reaching the small and low-income municipalities would continue. UNITEC would be able to secure subsidized assistance on a competitive basis through the market fund or voucher system.

2. The competitive market fund or voucher system should be oriented early on toward subsidizing the FUNDEMUN-type core package of assistance—budgeting, accounting, rendering of accounts, and revenue collection, etc.—for not only poor and poorest municipalities, but also for mancomunidades. Support for mancomunidades is a key way to support the small and weak municipalities. This approach allows these municipalities and municipal associations to, most importantly, expand their fiscal base and generate increased revenue.

3. The incentive system described above for the replication of the core package (and perhaps additional assistance) by more advanced municipalities would, with some creative designing of the procedures to overcome likely obstacles, significantly assist small municipalities. They would be receiving direct assistance from the staff of a large and relatively advanced municipality.

With regard to the size of the municipalities to be selected, a clear classification of the Honduran municipalities would give a good sense of their relative absorptive capacity. A good analysis of the features of Honduran municipalities is required.

D. AHMON

The discussion above provides many of the recommendations with respect to the future of AHMON. *Exhibit 14*, with suggested benchmarks and indicators, can serve as a general timeline for the progress of AHMON and for prioritization of future Mission-supported activities. Again, long-term objectives are dependent on prior progress and therefore are less predictable.

Exhibit 14: Objectives for AHMON

Short-Term Objectives	Medium-Term Objectives	Long-Term Objectives
<ul style="list-style-type: none"> • Adoption and implementation of new AHMON strategic plan. • Technical assistance and training activities reorganized and operated independent of AHMON. • Advocacy and lobbying on decentralization proves successful through specific indicators, for example, ensuring annual increase of 0.5% for national budget transfers and passage of drinking water and sanitation framework law. • A measurable increase in use of mayors for lobbying efforts. • Serves as regular channel for municipal access to TA through other entities. • Long-term work plan for new communications strategy developed in a participatory way and implementation underway. 	<ul style="list-style-type: none"> • AHMON is widely regarded as a regular source of good technical advice, information, and lessons learned. • AHMON has access to municipal information database established in collaboration with Ministry of Government. • AMHON’s execution of donor-funded TA projects comes to an end. • AHMON has a well-functioning, internationally linked web site. • AHMON helps successfully lobby for election of national and municipal offices on separate days. • Regional presence is consolidating through regular, planned meetings in the field in accordance with long-term plan. • Transfers to municipalities, with 	<ul style="list-style-type: none"> • AHMON helps successfully lobby for municipal civil service career law and the introduction of independent candidates or local civic committees in municipal elections. • AHMON is lobbying for passage of a law to increase municipal transfer beyond 5 percent of national budget. • AHMON regional affiliates are established in the departments. • AHMON is electronically connected to all its affiliates in Honduras.

<ul style="list-style-type: none"> • Price-Waterhouse certification achieved. • Long-term plan for institutionalizing regional or departmental presence is created and implementation underway. 	<p>AHMON support, reaches 5% of national budget.</p> <ul style="list-style-type: none"> • AHMON participates in 1-2 key Latin American meetings on decentralization and municipal development each year. 	
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ANNEX A

METHODOLOGY FOR FIELD VISITS AND QUESTIONNAIRE

SELECTION OF SAMPLE MUNICIPALITIES

Municipalities were selected for field visits by the RT I team and USAID staff. In light of time constraints, twelve municipalities were selected. This sample is too small for statistical analysis, but was aimed at providing as broad a look as possible at the target group receiving technical assistance and training and at the qualitative measures of satisfaction and impact.

Some municipalities in the sample have been receiving technical assistance from FUNDEMUN for years; others have only recently been brought into the program. Some were selected because they have excelled, and others were known to have problems.

Populations in the urban centers of the sample municipalities ranged from an estimated 6,000 or less to close to 80,000. These were rough estimates; 2000 census data was not available at the time. Nine of the municipalities were in northern departments; three were in southern departments.

All of the municipalities have had opportunities for UNITEC training. In three, UNITEC's courses were the only assistance provided under the MDP.

The municipalities selected for field visits were: Choluteca, El Progreso, La Ceiba, Santa Cruz de Yojoa, La Lima, Omoa, Pespire, Potrerillos, Sabana Grande, Taulabe, Tela, and Villanueva.

QUESTIONNAIRE DEVELOPMENT

A draft questionnaire was prepared with the goal of assessing the success of technical assistance and training from the viewpoint of municipal participants. It also probed into current practices with regard to community participation and other areas of interest in municipal development. The questionnaire was reviewed by USAID and was revised in the field after the first interview to reflect the realities of the municipality and the interview process. The questionnaire the team used follows.

Two RTI team members traveled to the sample of municipalities from October 7-10 and on October 14. In every case, interviews were conducted with the mayor. In some municipalities, technical staff and participants in UNITEC training were also interviewed.

QUESTIONARIO PARA VISITAS PDM HONDURAS

Primera parte: Informacion General—Bases para las entrevistas

1.- Entendemos que esta municipalidad ha participado en el PDM. De cual o cuales instituciones ha recibido asistencia la municipalidad?

a.- FUNDEMUN Si, _____ No _____

b.- UNITEC Si, _____ No _____

c.- AMHON Si, _____ No _____

2.- Con respecto a FUNDEMUN, cuales son los tipos de asistencia que la municipalidad ha recibido:

Desde cuando Como la califica (1 a 5)

_____ Administracion/Organización _____, _____

_____ Catastro Urbano y Rural _____, _____

_____ Impuestos y Recaudación _____, _____

_____ Contabilidad y Presupuestos _____, _____

_____ Planificacion Urbana y de Inversiones _____, _____

_____ Participacion Ciudadana _____, _____

_____ Seguridad Ciudadana. _____, _____

_____ Servicios Publicos _____, _____

_____ Otros. Cuales _____, _____

3.- Cuantas personas de la municipalidad reciben o han recibido asistencia de FUNDEMUN? _____
_____. Cuantos trabajan aun en la municipalidad? _____

Segunda parte: Analisis del impacto de la Asistencia Tecnica (Preguntar unicamente sobre aquellas areas en las cuales se ha proporcionado A.T.)

4.- Con respecto a Administracion/Organizacion:

- a.- Existe un Organigrama de la organizacion en funcionamiento. Pedir una copia.
- b.- Tienen manuales operativos para cada area de la organizacion?
- c.- Ha tenido que introducir usted mismo cambios en la administracion que encontro al llegar?. Cuales?_____
- d.- Si hablamos de resultados, cual diria usted que es el resultado mas positivo obtenido de la asistencia en Administracion/Organizacion?
- e.- Hablando de resultados, cual seria el resultado mas negativo de la asistencia en Administracion/Organizacion?
- f.- Como resultado de la asistencia recibida por la municipalidad en Administracion/Organizacion, diria usted que las operaciones de la municipalidad son:
 - 1.- Mas transparentes que antes?
 - 2.- Mas o menos lo mismo que antes.
 - 3.- Menos responsable y transparente que antes.
 - 4.- No opina o no sabe.
 - 5- Porque piensa usted de esta manera. Alguna evidencia de esto?

5.- Con respecto a la asistencia recibida en Catastro Urbano y Rural de FUNDEMUN:

a.- La municipalidad tiene catastro: Urbano_____ Rural_____

b.- Catastro y Bienes Inmuebles estan separados en dos areas diferentes?

Si,_____, No_____

Que beneficios obtiene de tenerlos asi?

Cuantos empleados tiene en cada area_____

c.- En el catastro, cada cuanto tiempo se actualiza:

La tasa_____, La valuacion_____

Cual fue la ultima fecha de actualizacion de alguna de ellas?

d.- En su opinion, cual ha sido el resultado mas positivo en esta area?

e.- En su opinion, cual seria el resultado mas negativo de la asistencia recibida en esta area?

f.- Como resultado de la asistencia tecnica en Catastro, cree usted que la capacidad de la municipalidad para cobrar este impuesto:

1.- Sigue igual que antes de la asistencia

2.- Ha mejorado algo.

3.- Ha mejorado significativamente.

4.- No tiene opinion al respecto/no sabe.

5.- Porque opina usted de esa manera? Tiene alguna evidencia?

6.- Con respecto a los Impuestos y la recaudacion.

a. Tiene la Municipalidad una Oficina de recaudacion de impuestos?

Cuanto personal?_____ Tiene manuales de procedimiento?_____

b.- Con respecto a la recaudacion de impuestos, cual cree Ud. que ha sido el hecho mas positivo?

c.- Con respecto al mismo tema, cual diria Ud. que ha sido el hecho mas negativo?

d.- Como resultado de la asistencia tecnica en Impuestos y Recaudacion, cree Ud. que la municipalidad esta:

- 1.- Lo mismo que antes de la asistencia.
- 2.- Ha mejorado mas o menos.
- 3.- Ha mejorado significativamente.
- 4.- No opina/ No sabe.
- 5.- Porque opina Ud. en esa forma? . Tiene alguna evidencia?

e.- Con respecto a la asistencia recibida en Recaudacion de Impuestos la municipalidad y sus operaciones son ahora:

- 1.- Mas transparente y responsable
- 2.- No mas transparente y responsable que antes.
- 3.- Menos transparente y responsable que antes.
- 4.- No opina/ No sabe.
- 5.Porque opina Ud. en esa forma. Tiene alguna evidencia de esto.

7.- Contabilidad y Presupuestos

a.- Como resultado de la asistencia tecnica, se ha montado una contabilidad general?

b.- Con la asistencia de FUNDEMUN la municipalidad ha montado un sistema presupuestario?

c.- Tiene la municipalidad una seccion de Control Presupuestario? Si no, quien ejecuta este control?.

Existen manuales de control interno? Si_____, No_____

d. En su opinion, cual ha sido el resultado mas positivo en esta area?

e.- En su opinion, cual seria el resultado mas negativo de la asistencia recibida en esta area?

f. Como resultado de la asistencia tecnica en Contabilidad y Presupuestos, cree usted que la capacidad de la municipalidad para cobrar este impuesto:

- 1.- Sigue igual que antes de la asistencia
- 2.- Ha mejorado algo.
- 3.- Ha mejorado significativamente.
- 4.- No tiene opinion al respecto/no sabe.
- 5.- Porque opina de esa manera?. Tiene evidencia de esto?

g.- Con respecto a la asistencia recibida en Contabilidad y Presupuestos, la municipalidad y sus operaciones son ahora:

- 1.- Mas transparente y responsable
- 2.- No mas transparente y responsable que antes.
- 3.- Menos transparente y responsable que antes.
- 4.- No opina/ No sabe.
- 5.- Porque opina Ud. en esa forma? Tiene alguna evidencia de esto?

8.-Planificacion Urbana y de Inversiones

a.- Con respecto a Planificacion Urbana e Inversiones:

1. Dispone la municipalidad de un plan de inversiones, diferente del contenido en el presupuesto anual?. Si si, cuantos anos cubre?_____
- 2.- Dispone la municipalidad de un plan de Desarrollo? Desde cuando viene ejecutandolo _____
- 3.- Con la asistencia de FUNDEMUN se ha desarrollado un plan de uso del suelo del municipio o de la ciudad?

b.- En su opinion, cual ha sido el resultado mas positivo en esta area?

c.- En su opinion, cual seria el resultado mas negativo de la asistencia recibida en esta area?

d.- Como resultado de la asistencia tecnica en Planificacion Urbana, cree usted que la capacidad de la municipalidad para ofrecer mejores servicios a la comunidad:

- 1.- Sigue igual que antes de la asistencia
- 2.- Ha mejorado algo.
- 3.- Ha mejorado significativamente.
- 4.- No tiene opinion al respecto/no sabe.
- 5.- Por que opina en esa forma? Tiene alguna evidencia de esto?

e.- Con respecto a la asistencia recibida en Planificacion Urbana, la municipalidad y sus operaciones son ahora:

- 1.- Mas transparente y responsable?
- 2.- No mas transparente y responsable que antes.
- 3.- Menos transparente y responsable que antes.
- 4.- No opina/ No sabe.
- 5.- Porque opina Ud. en esa forma? Tiene alguna evidencia de esto?

9.- Participacion de la Comunidad en la toma de decisiones locales.

a.- Tiene la municipalidad en su organización una persona o seccion encargada de las relaciones con la comunidad?

b.-Como participa la ciudadanía en las reuniones de la Corporación Municipal (en promedio cuantos ciudadanos asisten)

c.- Cuales Organizaciones comunitarias han sido las mas participativas en las discusiones y toma de decisiones del Municipio?

d.- En que forma participa la comunidad en la toma de decisiones:

- 1.- Mediante cabildos abiertos? Cuantos realiza en el ano? _____
- 2.- Negociacion directa con los patronatos comunales?

3.- Otros metodos de participacion? Cuales son:

e.- Cree Ud. que el nivel de participacion de la ciudadania en su municipio:

1.- Es fuerte y no deberia ser fortalecido

2.- Esta bien y no deberia ser cambiado

3.-Es debil y deberia ser fortalecido

4.- No sabe/no opina.

5.- Por que opina Ud. en este forma? Alguna evidencia de esto?

f. En su opinion, caul seria el resultado mas positivo en esta area?

g.- En su opinion, cual seria el resultado mas negativo de la asistencia recibida en esta area?

h- Con respecto a la asistencia recibida en Participacion Ciudadana, la municipalidad y sus operaciones son ahora:

1.- Menos participativa que antes?

2.- Mas o menos lo mismo que antes.

3.- Mas participativa que antes.

4.- Mucho mas participativa que antes

5.- No opina/ No sabe.

6.- Porque opina Ud. en esa forma? Alguna evidencia de esto?

10.- Seguridad Ciudadana

1.- Con respecto a Seguridad Ciudadana:

a.- Que ha hecho la municipalidad para mejorar la seguridad de la ciudadanía?

b.- La comunidad colabora en el mejoramiento de la seguridad ciudadana:
Si _____ No _____ , como participa? _____

c.- Contribuye la comunidad al financiamiento de los esfuerzos de la municipalidad?

c.- En su opinion, cual ha sido el resultado mas positivo en esta area?

d.- En su opinion, cual seria el resultado mas negativo de la asistencia recibida en esta area?

e.- Como resultado de la asistencia tecnica recibida en este campo, diria Ud que la seguridad ciudadana en su municipio:

1.- Sigue igual que antes de la asistencia

2.- Ha mejorado algo.

3.- Ha mejorado significativamente.

4.- No tiene opinion al respecto/no sabe.

5.- Por que opina Ud. en este forma? Alguna evidencia de esto?

11. Servicios Publicos

a.- Con respecto de los Servicios publicos que recibe la ciudadanía:

1.- Nivel de cobertura del servicio de Agua Potable (%)

2.- Que porcentaje de la poblacion tiene servicio de Alcantarillado Sanitario _____

3.- Que porcentaje de la poblacion Urbana recibe Recoleccion de Basura _____

4.- La Basura se trata mediante que sistema _____

5.- Que otros servicios basicos presta la municipalidad.

b.- En su opinion, cual ha sido el resultado mas positivo en esta area?

c.- En su opinion, cual seria el resultado mas negativo de la asistencia recibida en esta area?

d.- Como resultado de la asistencia tecnica en Servicios Publicos, cree usted que la capacidad para prestar mejores servicios a su comunidad:

1.- Sigue igual que antes de la asistencia

2.- Ha mejorado algo.

3.- Ha mejorado significativamente.

4.- No tiene opinion al respecto/no sabe

5.- Por que opina Ud. en este forma? Alguna evidencia de esto?

Tercera parte: Planes futuros para el Desarrollo Municipal:

12. Cuales diria Ud. que son los tres problemas principales de la municipalidad?

a.- _____

b.- _____

c.- _____

13.- Que esta Ud. haciendo para resolver estos problemas?

14.- En cual area de su Municipalidad considera Ud.. que la asistencia de FUNDEMUN seria de mayor utilidad e importancia?

15.- Que tan exitosa ha sido la municipalidad para conseguir asistencia tecnica o entrenamiento de otros donantes u otras instituciones?. Cuales:

a.- _____

b.- _____

c.- _____

16.- La Municipalidad participa o ha participado en una Mancomunidad?

Si _____ No _____ No sabe _____

a.- Cual y con que otras municipalidades?

b.- Para que propósito?

17.- Que recomendaciones tendria Ud para la continuación por 5 anos mas del programa de asistencia municipal de USAID?

Cuarta parte: Preguntas relacionadas con la asistencia recibida de UNITEC y/o de AMHON.

18.- Con respecto de UNITEC, cual ha sido la naturaleza del entrenamiento y la capacitacion recibida?

a.- Nombre del Curso _____ b.- Numero de participantes _____

19.- Desde el punto de vista de la municipalidad, diria Ud. que el impacto de la capacitacion recibida ha sido:

- a.- Favorable
- b.- Algo favorable
- c.- desfavorable
- d.- No opina/ No sabe
- e.- Porque opina de esa manera? Alguna evidencia de esto?

20.- De los miembros del personal de la municipalidad que ha recibido capacitacion de UNITEC, cuanto de este personal trabaja actualmente en el municipio?

21.- Del personal capacitado en su municipalidad y que se ha ido, cuantos conoce Ud.. que trabajan en otras municipalidades o en cualquier otro campo municipal en el pais?

22. Si hay algun funcionario capacitado trabajando aun, en que area se encuentra ahora?

23.- En su opinion, que tan importante para su municipalidad seria recibir entrenamiento de UNITEC en el futuro?

- a.- Muy importante
- b.- Mas o menos importante.
- c.- ni mas ni menos
- d.- No es importante

e.- No tiene opinion/ No sabe.

f.- Porque opina de esa manera?. Tiene alguna evidencia de esto?

24. Tiene la municipalidad una partida presupuestaria para capacitacion del personal?

25.- Estaria la municipalidad dispuesta a pagar algo por los cursos de UNITEC que reciba su personal en el futuro? Si _____ No _____

1.- Si si, en su estimación, cual porcentaje de los costos estaria dispuesta a pagar la municipalidad?: _____

26. Al regreso de un curso de capacitacion, los funcionarios estan obligados a presentar sus nuevos conocimientos a otros funcionarios de la municipalidad?

27.- A que otras capacitaciones, diferentes de UNITEC, ha enviado personal municipal?

28.- Con respecto de AMHON, cual es el entrenamiento y la capacitacion que la municipalidad y sus miembros han recibido:

a.- _____

b.- _____

c.- _____

29.- Que otros servicios recibe la municipalidad de AMHON y como los califica Ud..

a.- Satisfactorios

b.- Regulares

c.- No muy Buenos

d.- Malos definitivamente

e.- Porque opina de esa manera?. Alguna evidencia de esto?

30.- En su opinion, que tan importante es para su municipio recibir asistencia o servicios de AMHON?:

a.- Muy importante

b.- Algo importante

c.- No muy importante

d.- No tiene ninguna importancia

e.- No opina/ No sabe

f.- Porque opina de esa manera?. Alguna evidencia de esto?

DATOS DE LA ENTREVISTA

1. Nombre y cargo de la persona
2. Fecha y lugar de la entrevista
3. Profesión de la persona
4. Nivel de educación

ANNEX B

KEY DOCUMENTS CONSULTED

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UNITEC/USAID Cooperative Agreement.

USAID Honduras Annual Report 2002, March 2002.

USAID/Honduras Concept Paper for FY2004-FY2008 Strategy, April 2002.

ANNEX C

INDIVIDUALS CONTACTED

USAID MISSION:

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Olga Nazario

NATIONAL LEVEL ENTITIES:

Ministry of Government and Justice

Jorge Ramón Hernández Alceró, Minister
Cesar González, Vice-Minister

Ministry of Finance

Ralph Oberholzer, Vice Minister

FUNDEMUN -

Mirtha González, Executive Director
Miguel Munguia, Municipal Coordinator
Juan Escoto, Municipal Coordinator
Victor Flores - Consultant
Manuel Vallecillo - Consultant
Alva Luz Bindell - Consultant

AMHON – Asociacion de Municipalidades de Honduras

Guadalupe López, Executive Director
Oscar Orlando Burgos, President of the Board of Directors
Alan Díaz, Project Manager
Virgilio Zelaya Calix, Technical Advisor

CEDAC - Centro de Diseño de Arquitectura y Construcción
Mario Martín

COINMA, Consultores Municipales
Manuel Oyuela, Manager

Proyecto Aldea Global
Demetrio Martínez, Director of Operations
Carlos Soto – Consultant

Price Waterhouse Coopers
J. Roberto Galindo, Director

Synthesis Consultores Internacionales
José Silvério Marques, Executive Vice President

BID – Inter-American Development Bank
David Carias, Municipal Development Specialist

FHIS – Fondo Hondureño de Inversión Social
Patricia Pérez, Directora de Fortalecimiento Municipal

ASDI - Swedish International Development Agency
Alfredo Stein, Program Officer

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Mariel Rivera, Profesor Asesor de Proyectos
Romeo Uncles, Profesor, Curso “Fortacelimiento de los Procesos Participativos Comunitarios”.

GTZ - German assistance program
Reinhard Frotscher, Coordinator of the Municipal Program
Wilfredo Rodezno, Advisor

PAAR – Programa para la Administracion de Areas Rurales
Henry Merriam, Director

PRODEMTHON – Program de Fortalecimiento Municipal y Desarrollo Local de Honduras
J. Antonio Samperi, Director

State Modernization Commission
Ricardo Callejas, Director

National Congress

Hugo Vasquez, Deputy, President of the Municipal Affairs Council
José Celin Dscua, Deputy, Chief of National Party bloc

MUNICIPALITIES:

Santa Rosa de Copán (not part of sample)

Juan Carlos Elvir Martel

El Progreso

Sra. Nelly Margoth Soliman, Mayor
Milton Bonillo, City Manager

La Lima

María Alejandrina Mesa, Mayor
Miguel Trejo, Head of Community Development Office
Jorge Nery López, Assistant Head of Tax Collections
German W. Henriquez, Head of Public Works and Services

Villanueva

José Felipe Borjas, Mayor
Nicolas Katan, Finance and Administration Manager
Jose F. Casco, Public Services Manager

Omoa

Domingo Menjivar, Mayor
José Angel Brito, Auditor

Potrerosillos

Lizandro V. Ramírez, Mayor

Tela

Daniel Flores, Mayor
Sergio Rivas, Public Relations
Marco Yanes, Public Services

La Ceiba

Gonzalo A. Rivera, Mayor

Santa Cruz de Yojoa

Osman Hernández, Mayor

Taulabe

Digoberto Cortez, Mayor
Rafael Sabillon, Council Member
Lectorio Maldonado, Council Member

Choluteca

Ricardo Trinidad Andino, Mayor

Carlos Guillén, City Manager

Gloria Veliz, Accounts

Yadina Macias, Assistant Head of Property tax office

Gerson Tabora, Head of Property tax office

Luis Alonso Rodríguez, Council Member

Pespire

Juan José Villatoro Ortiz, Mayor

Sabana Grande

Guillermo Díaz, Acting Mayor

Romeo Nuñez, Council Member