USAID FROM THE AMERICAN PEOPLE | Decentralization and Local Governance Program

DECENTRALIZATION AND LOCAL GOVERNANCE PROGRAM

ANNUAL MONITORING & EVALUATION REPORT

For the period of: October 2007 - September 2008

Submitted to USAID/Guatemala Democracy and Governance Office

October 17, 2008

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Submitted to:
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USAID/Guatemala Democracy and Governance Office

Submitted by:
DevTech Systems, Inc.
Contract No. GS-10F-0048L, Order No. 520-M-00-05-0037-00
USAID Central America and Mexico (CAM) Strategic Objective 1: "Ruling Justly: More responsive, Transparent governance"

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Acronyms-English

CAM	Central America and Mexico
COP	Chief of Party
DevTech	DevTech Systems, Inc. (Institutional Contractor)
DCOP	Deputy Chief of Party
CTO	Cognizant Technical Officer
EU	European Union
ICMA	International City/County Management Association
LED	Local Economic Development
LLR	Lower Level Results
M&E	Monitoring & Evaluation
MTC	Municipal Tax Code
OAS	Organization of American States
RRF	Rapid Response Fund
SOW	Scope of Work
Sub-IR	Sub Intermediate Result
TOR	Terms of Reference
USAID	United States Agency for International Development

Acronyms-Spanish

AC	Acción Ciudadana
ADIMAM	Asociación de Desarrollo Integral de las Municipalidades del Altiplano Márquense
AFIM	Administración Financiera Integrada Municipal
AGAAI	Asociación Guatemalteca de Alcaldes y Autoridades Indígenas
ANAM	Asociación Nacional de Municipalidades
ASAE	Arbitrio Sobre Actividades Económicas
ASIES	Asociación de Investigación y Estudios Sociales
ASMUGOM	Asociación de Mujeres en el Gobierno Municipal
CEMUNI	Centro de Estudios y Formación Municipal
CODEDE	Consejo Departamental de Desarrollo
COMUNIPREVI	Cuerpo Consultivo Municipal de Prevención de la Violencia y Apoyo a la Seguridad Ciudadana del Municipio de Villa Nueva
COMUDE	Consejo Municipal de Desarrollo
COPADES	Construcción y Consultoría para el Desarrollo Socioeconómico
COPREDEH	Comisión Presidencial para los Derechos Humanos
CTM	Código Tributario Municipal
DEMI	Defensoría de la Mujer Indígena
ERIPAZ	Encuentro Regional Ixil para la Paz (Mancomunidad de municipios del área Ixil)
FONAPAZ	Fondo Nacional para la Paz
FRR	Fondo de Respuesta Rápida
GTZ	Cooperación Alemana al Desarrollo

INAP	Instituto Nacional de Administración Pública
INFOM	Instituto de Fomento Municipal
MAGA	Ministerio de Agricultura, Ganadería y Alimentación
MFP	Ministerio de Finanzas Públicas
OMP	Oficina Municipal de Planificación
PNUD	Programa de Naciones Unidas para el Desarrollo
POA	Plan Operativo Anual
PRODERQUI	Programa de Desarrollo del Quiché
PROMUDEL	Programa Municipal de Desarrollo Económico Local
PRONACOM	Programa Nacional de Competividad
RENICAM	Red Nacional de Instituciones de Capacitación para el Fortalecimiento Municipal
SEGEPLAN	Secretaría de Planificación y Programación de la Presidencia
SEPREM	Secretaría Presidencial de la Mujer
SCEP	Secretaría de Coordinación Ejecutiva de la Presidencia de la República
SIAF-SAG	Sistema Integrado de Administración Financiera y Sistema de Auditoria Gubernamental
SIAFITO	Sistema Integrado de Administración Financiera Municipal (módulo de ejecución presupuestaria)
SIAF-Muni	Sistema Integrado de Administración Financiera Municipal
UDAI	Unidad de Auditoria Interna Municipal

Executive Summary

This is the third Annual Monitoring and Evaluation Report for the United States Agency for International Development (USAID) Guatemala Mission's Decentralization and Local Governance Program, which covers Fiscal Year (FY) 2008 (October 2007 – September 2008). DevTech Systems, Inc. (DevTech) is the institutional contractor for the Program. The Report reviews the progress to date for the indicators and benchmarks established in the Monitoring and Evaluation Plan (M&E Plan), approved by the USAID/Guatemala Mission on 14 October 2005.

DevTech has conducted a review of Program results from two complementary perspectives. First, the report reviews the *quantitative objectives* included in the "Performance Tracking Table." Second, the report examines the *qualitative benchmarks* included in the "Categories of Performance Matrix" (see Annex A). The unit of analysis is the Program's Lower Level Results, as established and amended in the contract signed between USAID/Guatemala and DevTech.

According to the M&E Plan, USAID's Decentralization and Local Governance Program should achieve positive results for four Sub-Intermediate Results (Sub-IRs) and 25 Lower Level Results (LLRs).

Of note due to the 2007 election process two-thirds of the municipal representatives supported by the Program were replaced by newly elected representatives in January 2008. Notwithstanding, the results for the indicators for Fiscal Year (FY) 2008 are satisfactory.

During Fiscal Year 2008, nine of the 28 indicators as established in the Program's Monitoring and Evaluation Plan have met their targets. A total of 15 of the indicators have been met partially or fully for the year.

Another important achievement for Fiscal Year 2008 is that the number of indicators pending has been reduced from nine to four from Fiscal Year 2007 to Fiscal Year 2008, which is consistent with what would be expected since Fiscal Year 2009 is the last year of the Program. This is graphically represented in *Figure A*.

Report on Benchmarks (End-of-Program) Completed

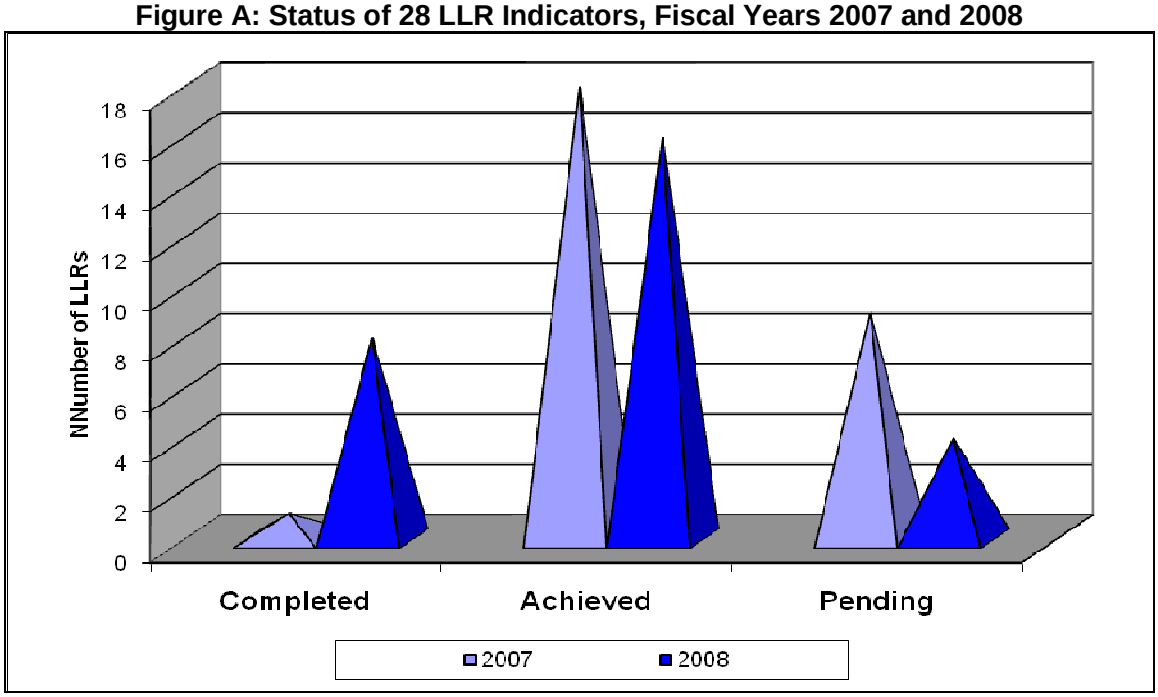
As of September 2008, nine of the 28 indicators have been completed satisfactorily.

Sub-IR 2.1: More transparent systems for management of public resources by local governments. The Municipal Financial Officials Certification Program has been institutionalized in August of 2007 (LLR 2.1.4). The Certification Program has been consolidated during the period of this report, and is being replicated all over the country in coordination with the municipal associations and INAP. Consequently, the result is now considered complete.

Progress was also made towards completing several results under *Sub-IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs*. Specifically, the proposals for reform of the intergovernmental transfers (LLR 2.2.1) and the municipal debt (LLR 2.2.4) were accepted and assumed by the *Instancia Municipal* (Municipal Advocacy), and presented by the *Instancia* to

the Ministry of Public Finance, which participated in the Inter-Institutional Commission that worked on the proposals. Training on the National Decentralization Policy (LLR 2.2.2.) was conducted in the selected municipalities, as established for the indicator, in February 2008.

Figure A: Status of 28 LLR Indicators, Fiscal Years 2007 and 2008



In addition, a Municipal Tax Code proposal has been developed, assumed by the *Instancia Municipal,* and presented to various parties in the Congress. A prolonged process of discussions is anticipated by the Technical Working Committee. To date, one-third of the articles of the Municipal Tax Code have been discussed. It is possible that the process could extend beyond the end date of the Program. DevTech will request that the USAID/Guatemala Mission provide approval to amend this indicator and LLR.

To date, one LLR has been completed under *Sub-IR 2.3: More opportunities for citizen participation in and oversight of local government decision-making*. An initial report was included in the Fiscal Year 2007 M&E report and explains the results from the general and municipal elections (LLR 2.3.5), which were successfully held without incident on 9 September 2008. As previously reported, the number of registered voters increased 18 percent over the prior election, and abstention was the lowest level since 1985 when democratization began. Of the total number of persons registered, 46.9 percent were women.

Of the 1,653 Deputies up for election, 24.1 percent had female candidates; however, only 14 women (8.9%) were elected into the positions. At the local level 106 of the 332 (31.9%) mayoral positions had female candidates, but only 8 (2.4%) of the female candidates won their elections. Although, there was an increase in the number of female candidates for Deputies and Mayors, the percentage of women elected remained the same.

The participation of indigenous Guatemalans improved at a local level, although moderately. In the 2007 election 129 (38.8%) indigenous mayors were elected in comparison to the 118 (35.6%) that won in 2003. In the last four elections there has been a gradual increase in the number of indigenous mayors.

Finally, the three LLRs for *Sub-IR 2.4: Strengthening Local Capacity of the Development and Implementation of Reconstruction Programs* has been completed as the Program work in San Marcos has concluded. The last activity is to publish the website.

Report on FY08 Benchmarks Achieved

At the end of Fiscal Year 2008, 15 of the 28 indicators have been achieved completely or partially. Eight of the indicators (all for Sub-IR 2.1) exceeded the Program goals. The primary achievements are:

- ✓ Acceptance of the Municipal Financial Officers Certification Program has been significant (LLR 2.1.3); to date 114 financial officials have been participated, including 11 officials from five Program municipalities.
- ✓ Thirteen (100 percent) of selected municipalities are using *Guatecompras*.
- ✓ The target for the number of Internal Audit Units has been achieved with the appropriate personnel contracted; to date nine municipalities already have functioning organizations.
- ✓ Ten municipalities have transferred their civil registry to the National Registry of Persons (Nactional de Personas – RENAP), and the target during this period was nine municipalities. The only pending municipalities are Pachalum, San Martín, and Cotzal.
- ✓ The taxpayer registry (SIAF-Muni module) is functioning in eleven of the thirteen municipalities; this result is critical to implementing successfully the policies of collecting fees for basic services and increasing own-source revenues.
- ✓ Eleven municipalities have created their Integrated Financial Administration (AFIM, acronym in Spanish). Only two municipalities, Cotzal and San Antonio Ilotenango, have not established their AFIMs. In general, these two municipalities have the weakest financial structures and internal control. The Program plans to focus during Fiscal Year 2009 on these two municipalities to strengthen them.

In addition to those achieved, targets for six of the indicators have been partially met during the year. Of these, most are related to Sub-IR 2.1. The main difficulties have been in the areas of cost-recovery for basic services and citizen participation.

For Fiscal Year 2008 the rate of increase for own-source revenues (LLR 2.1.8) for seven of the municipalities monitored increased by 57% in contrast to a 22% increase during the previous fiscal year. Both increases are within the rate of inflation and the established targets, and indicate a recovery from the 31% decrease suffered in 2006. The increase in own-source revenues (57%) is greater than the increase in transfers received (18%). The new municipal officials have expressed an interest in continuing to strengthen the fiscal performance of their respective municipalities.

The percentage of municipalities that increased their coefficient of own-source revenue/total revenue surpassed the established target Fiscal Year 2008. The coefficient increased from 4.72 to 6.92 in seven of the selected municipalities.

The strategies to increase own-source revenues have varied. With technical assistance from the Program, the majority of municipalities have utilized the taxpayer registry to implement proactive policies to collect revenues and reduce delinquency/evasion. To date, this has been the strategy most successful, but the rate of improvement could be exhausted in the near term.

Consequently, the Program has begun to work on updating the fees for services that can be collected by preparing and updating the regulations for basic services, which includes a chapter on updating rates for services, as well as, the review of the current rate plans. Nevertheless, only 44% of the municipalities have been able to successfully update their rate plans. For the next fiscal year, there is a strong interest in continuing to improve fiscal performance, and it is anticipated that most of the municipalities will participate in this LLR.

Despite working closely with the selected municipalities, progress in the strategic planning process (LLR 2.1.12) has been much slower than expected. To date, five of the ten municipalities (Camotán, Olopa, San Juan Ermita, San Martin Jilotepeque and Pachalum) are preparing or updating their strategic plans. Both ERIPAZ and Copán Chortí (LLR 2.1.13) have already begun elaborating strategic plans.

The only indicator for Sub-IR 2.2 that has partially been completed is that related to the reform of the statues for AGAAI (LLR 2.2.6). AGAAI is planning on approving the statutes during its next assembly in February 2009.

Even though the targets for accountability (*rendición de cuentas*) and social audits (LLR 2.3.1) were not achieved, the Program still expects to be able to potentially meet the targets. The number of municipalities that have presented their municipal reports (State of the Municipality) has increased from six to ten in Fiscal Year 2007 and 2008. The only municipalities that did not present Municipal Reports were Granados, Pachalum, and Cotzal.

The number of established and functioning COMUDES (LLR 2.3.3) is the same in Fiscal Years 2007 and 2008 (10 municipalities in both years). To date, COMUDES have not been established in Chajul, Nebaj and Chiché. The program target is 100% (13 municipalities), which was only fulfilled partially (77%). Nevertheless, the quality of those COMUDEs that are functioning has been an important achievement; eight of the ten COMUDES are functioning at the highest possible level (category 4 on the performance scale), because they have met more than three times this year and the committees/commissions are functioning well.

For LLR 2.3.4, the target was partially achieved given that only three of the six municipalities have implemented innovative methods of communication: Pachalum, Santa Cruz, and Coban (where activities have been completed).

Report on FY08 Benchmarks Pending

An important achievement in Fiscal Year 2008 is the number of pending indicators has been reduced from nine to four from Fiscal Years 2007 to 2008, respectively. This as the Program begins its final year. The progress to date for the four pending indicators is as follows.

One of the main delays occurred in relation to the promotion of public-private partnerships for local economic development-LED (LLR 2.1.9). Although, the Program intensely supported the design of the LED Plan for the *Mancomunidad* of Copán Chortí, the process stalled for more than a year because the people contracted by the *mancommunidad* did not write the Plan proposal. At the end of Fiscal Year 2008, the Program reinitiated its direct technical assistance in to prepare the Plan, and is disseminating the LED Guide, as well as preparing proposals involving PRONACOM in coordination with other USAID programs.

Another complex area of assistance has been the elaboration and/or the update of regulations (LLR 2.1.10), which are the tools to improve the services, operations, sustainability, and quality of basic municipal services. To date, only three of the nine municipalities have approved and implemented new regulations for basic services: Jocotán, Nebaj and San Martín Jilotepeque.

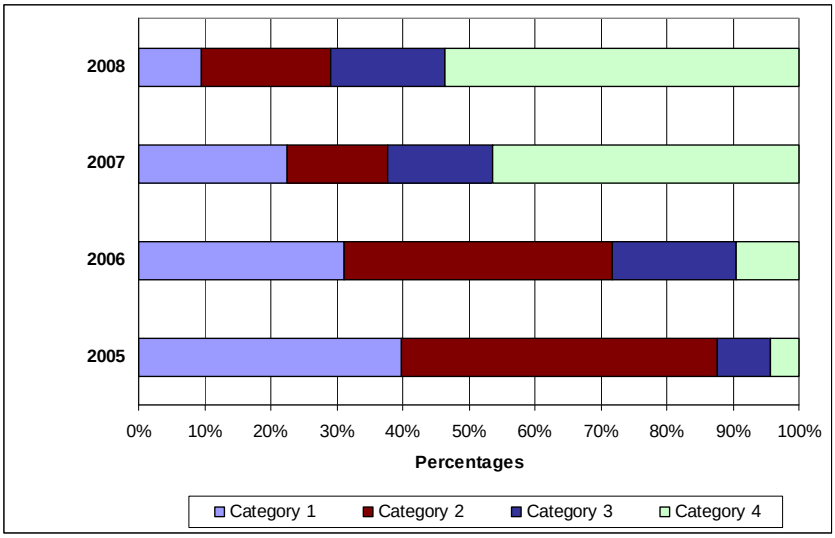
Given the change in the elected officials at the national and municipal levels, the Program contracted a consultant to work with SCEP to evaluate the level of coordination of the public, national, and municipal investment (LLR 2.2.3), in particular at the level of CODEDES. The Program will implement those applicable study recommendations in the 13 municipalities.

In earlier Program years, there was not a specific demand for assistance related to leadership and conflict resolution in the nine municipalities identified for such assistance (LLR 2.3.2). Nevertheless, during Fiscal Year 2008, the Program took advantage of a series of Training Workshops on citizen participation and organization of COCODEs that were to be held at the *aldea* (village) level in six of the selected municipalities to incorporate into these Training Workshops the topic of leadership and conflict resolution. Consequently, the Program has begun to expand the training on leadership and conflict resolution.

Overall Results

As highlighted above, most of the municipalities supported by the Program have evolved positively in the advancement of each LLR of the Sub-IR 2.1 (*Figure B*).

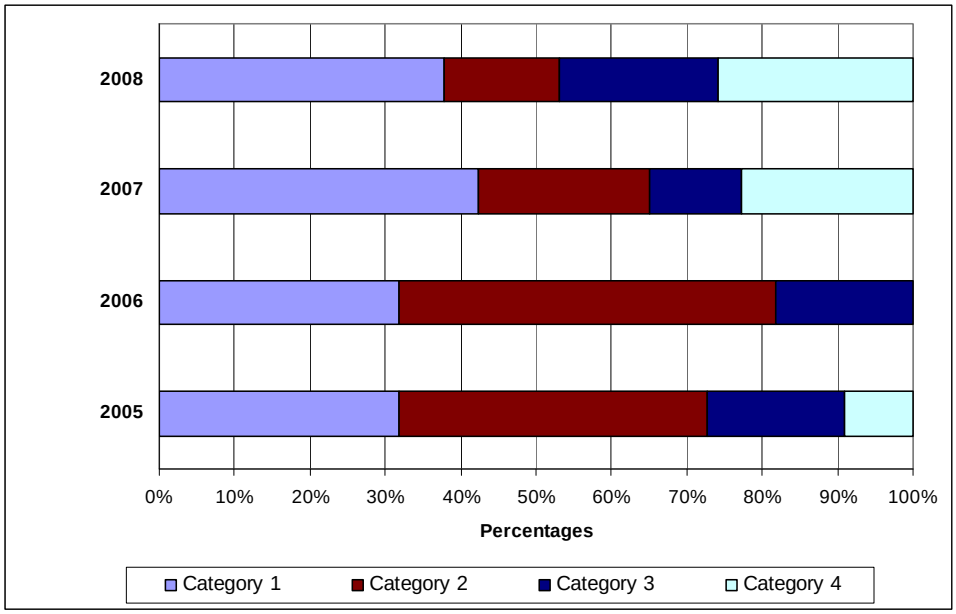
Figure B: Progress of Municipal Development for Sub-IR 2.1, 13 Program Municipalities by Fiscal Year



The most important change in Fiscal Year 2008 is that 54% of the municipalities have reached "Category 4" (the highest category), as opposed to 46% for Fiscal Year 2007. The challenge for the Program in Fiscal Year 2009 is to intensify and focus the technical assistance in the municipalities that are still in categories 2 and 3 (37% of the total).

As noted above, progress for most of the selected municipalities in the areas of Sub-IR 2.3 has been more limited (*Figure C*).

Figure C: Progress of Municipal Development for Sub-IR 2.3, 13 Program Municipalities by Fiscal Year



The progress for Sub-IR 2.3 (*Figure C*) is more moderate and reflects the natural process of these LLRs, which are related to citizen participation and oversight. Nevertheless, 26 percent of the municipalities have managed to "graduate" (category 4), slightly surpassing the results of Fiscal Year 2007. Furthermore, an important achievement is that the number of municipalities scored in category 3 (prior to graduation) has increased from 12% of the total in 2007 to 21% of the total in Fiscal Year 2008. During Fiscal Year 2009, the consolidation of these results will be emphasized and in general, the Program will work more intensely with the municipalities in the areas (LLRs) that are still at stage 2 or 3 so that the municipalities can reach "graduation" for the respective LLRs by the end of the program.

Introduction

The Contract for the Decentralization and Local Governance Program established that Contractor Performance will be evaluated on the basis of the approved M&E Plan and targets met. The Plan was submitted to USAID on 21 September 2005 and approved on 14 October 2005. The contract required that the Program submit an Annual Monitoring and Evaluation Report. The first M&E Report was submitted 19 of October 2006 and the second was submitted 18 of October 2007.

This is the third M&E report for the Program and is for the period from October 2007 to September 2008. It provides the basis for evaluating progress for each of the LLRs from two distinctive perspectives. On the one hand, the report reviews achievements of the *quantitative benchmarks* established for Fiscal Year 2008 in the "Performance Tracking Table." On the other hand, this report analyzes the advancement in the process of development, towards achieving the Lower Level Results. This process reflects the *qualitative changes* identified in the "Categories of Performance Matrix" designed specifically for the Program.

As is reflected in this Third Annual M&E Report, the Program has achieved at an accelerated rate results at the municipal level. As would be expected, the Program has had significant success in some LLRS, but only partial success in others. The dynamics at the local level and the initial delay in some municipalities related to work for several LLRs are some of the factors that explain the partial results.

As the Third Annual Report, this report is more than an accounting of benchmarks achieved or not achieved, and instead is designed to identify lessons learned as the basis to make decisions on changes in course.

Section I of the report summarizes the strategic objective, sub-intermediate results and the Program's LLRs, which are included as part of the M&E Plan. This section also summarizes changes in Program scope (elimination of the two mancomunidades and adjustments in the performance scales) that affect the M&E Plan.

Section II of the report details the methodology utilized to calculate the level of completion for the quantitative and qualitative benchmarks. In addition, the section provides a guide for interpreting the indicators.

Section III begins with the presentation of the primary results. In order to provide the basis for understanding the results to date, the report also presents an overall and specific evaluation of those LLRs for which the Program met or exceeded the targets, as well as those for which the Program achieved only partially the targets. This analysis is based on the "Performance Tracking Table," included in the section.

Section IV presents a qualitative analysis of the current situation as compared to the Baseline Study, completed at the start of the Program. The Categories of Performance Matrix (see Annex A) demonstrates how the municipalities have advanced in almost all of the LLRs, even though they have not yet achieved the benchmark target.

I. Strategic Objective, Purpose and Intermediate Result

1. Program's Strategic Framework

The overarching USAID Central America and Mexico (CAM) strategic objective to which this program will contribute is ***more responsive and transparent governance***.

The purpose of this program is to significantly improve capacity and resources made available to local governments to respond to citizens' needs for efficient and transparent delivery of basic services, security and employment so citizens can play a more active role in the decision making process and democracy.

The Intermediate Result to be achieved by this program is: ***greater transparency and accountability of governments***.

2. Principle Changes

During the course of Fiscal Year 2008, the sub-intermediate results (IRs) and the results at the local level (LLRs) of the Program were updated in three ways:

1. The number of *mancomunidades* was reduced from 4 to 2, leaving only Copán Chortí and ERIPAZ. There has not been enough demand to create a *Mancomunidad* for Central Quiché and the *Mancomunidad* of *Convergencia de los 8* could not be reactivated.

2. The monitoring database was updated to track increases in own-source tax revenues.

3. The definitions were adjusted in some categories in the performance scale to make every year comparable.

Table 1 summarizes Sub-IRs and LLRs updated and effective for Fiscal Year 2008.[1]

Table 1: Sub-IRs and LLRs

	Sub Intermediate Results (Sub-IRs) and Lower Level Results (LLRs) Descriptions
Sub-IR 2.1: More transparent systems for management of public resources by local governments	
2.1.1	SIAF-Muni fully implemented in selected municipalities.
2.1.3	Certification Program for municipal financial managers developed and implemented in selected municipalities.
2.1.4	National level replication plan for municipal financial managers Certification Program promoted
2.1.5	Improved transparency in municipal procurement processes, procedures & systems (Guatecompras) in selected municipalities.

[1] On 16 October 2006, the Contract was modified to include Sub-IR 2.4 for Fiscal Year 2007 and the first quarter of Fiscal Year 2008.

	Sub Intermediate Results (Sub-IRs) and Lower Level Results (LLRs) Descriptions
2.1.6	Internal audit units and financial management units (AFIMs) are operating effectively in selected municipalities and best practices developed are disseminated nationally.
2.1.8	Selected municipalities present sustained increase in own-source revenues.
2.1.9	Public-private partnership for local economic development (LED) functioning in selected municipalities and mancomunidades, based on USAID strategic planning methodology.
2.1.10	Critical basic municipal service improved in selected municipalities.
2.1.11	Cost recovery system improved in selected municipalities.
2.1.12	Municipal level planning improved in selected municipalities.
2.1.13	Planning process strengthened in selected mancomunidades
Sub-IR 2.2: Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens´ needs	
2.2.1	Increased transparency and efficiency in the system of intergovernmental transfers.
2.2.2	Pilot implementation of decentralization policy (and/or de-concentration efforts) in selected municipalities (and/or departments) & development of policies & procedures for successful national replication.
2.2.3	Better coordination between municipal investment and national social investment, especially those that complement USAID Programs in health, education, security, etc.
2.2.4	Policies and practices that regulate and stimulate responsible municipal indebtedness developed and disseminated nationally.
2.2.5	Municipal Tax Code (MTC) passed and implementation supported.
2.2.6	Ability of ANAM, AGAAI, and (possibly) select departmental associations to participate in national policy dialogue strengthened and opportunities for engagement identified.
Sub-IR 2.3: More opportunities for citizen participation in and oversight of local government decision-making	
2.3.1	USAID Accountability and Citizen Oversight methodologies fully institutionalized in selected municipalities and disseminated broadly at the national level.
2.3.2	Leadership and conflict resolution and negotiation skills of local community and municipal leaders improved in selected municipalities.
2.3.3	Development councils functioning according to applicable Law in selected municipalities.
2.3.4	Innovative media and communication mechanisms to improve transparency of municipal operations in place in selected municipalities.

	Sub Intermediate Results (Sub-IRs) and Lower Level Results (LLRs) Descriptions
2.3.5	Participation in the 2007 elections, particularly for women and the indigenous in selected municipalities increased.
Sub-IR 2.4: Strengthening of local capacity in the implementation of reconstruction programs	
2.4.1	Development and implementation of reconstruction/emergency initiatives by local governments in selected municipalities
2.4.2	Departmental Development Councils strengthened in selected departments
2.4.3	Monitoring and coordination mechanisms developed and implemented in selected municipalities of the Hurricane Stan affected area

II. Methodology

1. Scope of the M&E Plan and Report

The M&E Plan is an integral part of the Program. The Plan's active integration into the program is important because it will:

1. Serve as a tools for a learning organization (implementing team and USAID)
2. Provide a solid basis for decisions about program activities
3. Guide corrective action in those instances when benchmark targets as established in the M&E Plan have only been partially met.

To this end, this Third Annual M&E Report:

⇒ Audits the benchmark targets (see Performance Tracking Table, Planned and Actual Targets)
⇒ Reviews the current level of progress towards achieving these targets (see Categories of Performance Matrix).

2. Benchmarks

To correctly interpret the level of completion for the quantitative benchmarks included in this Report it is important to note that these targets were established in accordance with:

1. The baseline data collected in May 2005
2. The priorities identified in the Memorandum of Understandings signed with each Municipality, *Mancomunidad*, and Institution or Agency

The selected benchmarks for the life of the program were based on four primary factors:

1. Nature of the evolutionary process for some LLRs
2. Analysis by the team of the local context
3. Technical viability and/or dependence on institutional alliances for each LLR
4. Balance between the number of municipalities and areas supported in each geographic sub-region

For these reasons, even though the achievement of the target percentage (of the benchmark) for each LLR is important in itself, this Report also attempts to highlight those factors that influence the process for achieving success.

To assist in this analysis, the Contractor has prepared the Categories of Performance Matrix as part of its M&E Plan. For each LLR, the Contractor has identified four possible categories of 'development' or 'change', with number 1 representing the lowest level and four the highest level. When a municipality successfully achieves the classification of Category 4, this means that the benchmark and thereby the LLR has been achieved for that municipality.

It is important to clarify that the calculation of the percentage for these benchmarks is based on taking as 100% the specific number of municipalities in which the Program is working under each specific LLR (and not over the total number of municipalities supported by the Program).

The level of completion of the quantitative benchmarks is a comparison of the percentage projected in the Plan and the actual percentage achieved. The actual percentage achieved is taken by dividing the number of municipalities that have achieved the classification of Category 4 for each LLR of the total municipalities in which the Program is working in the LLR (see the far right column in the "Performance Tracking Table" of the M&E Plan).

For example, the calculation of how many municipalities are classified, on average, "Category 1" for the four LLRs of Sub-IR 2.3, where the Program worked would be as follows (see Table 2):

Table 2: Selected Municipalities

Local Level Results (LLRs)	Number of Municipalities
Accountability (Rendición de cuentas)	3
Social Auditing	4
COMUDEs	1
Communications	0
Total	8
Average (Total / 4 LLRs)	2.0

III. Report on Benchmarks

1. Summary Assessment

According to the updated M&E Plan, the Decentralization and Local Governance Program should achieve positive results for four (4) Sub-Intermediate Results (Sub-IRs) and 28 Lower Level Results (LLRs).

This Report presents the level of completion for the benchmarks for Fiscal Year 2008, reflecting the status as of 30 September 2008. The level of completion for the four Sub-IRs and 25 LLRs (in some cases there are two indicators for a single LLR) is summarized in Table 3.

Table 3: Summary Table: Quantitative Benchmarks for LLRs

Benchmark	Number	Comments
Benchmarks completed	9	The planned target has been fully completed.
Benchmarks achieved fully or partially	15	Yes: Percentage greater than or equal to the target. Partial: Percentage less than the target, but more in the mid-point of the prior target.
Benchmarks pending	4	Utilized when the target is yes/no or no progress (0%), or less than the mid-point from the prior target. See progress report in the next section.

The level of completion for each of the Sub-IRs and LLRs are summarized in *Table 4*.

Table 4: Level of Completion: Quantitative Benchmarks

Sub-IR or LLR	Indicator	Planned 2008	Actual[2]	Met
Sub-IR 2.1	% annual increase in tax revenues collected in the group of municipalities selected by the Program	1%	2.2%	Yes
2.1.1	% of Municipalities that have implemented the SIAF-Muni, in relation to the total Program target for this LLR	79%	79%	Yes

[2] A rating of greater than 100% means that the total number of municipalities that comply with the indicator exceeds the planned number for 2008.

Sub-IR or LLR	Indicator	Planned 2008	Actual[2]	Met
	% of Municipalities that have Civil Registry Systems implemented, in relation to total Program target for this LLR	100%	111%	Yes
2.1.1	% of Municipalities that have electronic tax roll systems operational, in relation to the total Program target for this LLR	100%	92%	Yes
2.1.3	% of Municipalities in which the Certification program for municipal financial managers is developed, in relation to total Program target for this LLR	33 %	67%	Yes
2.1.4	Signature of corresponding letter or agreement	Oct 2007	Aug 2007	Completed
2.1.5	% of Municipalities that have implemented Guatecompras, in relation to the total Program target for this LLR	77%	100%	Yes
2.1.6	% of Municipalities that have AFIMS operating effectively, in relation to the total Program target for this LLR	93%	85%	Yes
	% of Municipalities that have UDAIs, in relation to the total Program target for this LLR	80%	180%	
2.1.8	% of Municipalities that register an increase in tax revenue as a percentage of total revenues, in relation to the total Program target for this LLR	71%	69%	Yes
2.1.9	% of Municipalities with local economic development plans elaborated, in relation to the total Program target for this LLR	86%	0%	Pending
2.1.10	% of Municipalities with at least one critical basic service improved, in relation to the total Program target for this LLR	100%	33%	Pending
2.1.11	% of Municipalities that have implemented a cost recovery system, in relation to the total Program target for this LLR	78%	44%	Partial
2.1.12	% of Municipalities with Strategic Plans approved, in relation to the total Program target for this LLR	91%	45%	Partial

Sub-IR or LLR	Indicator	Planned 2008	Actual[2]	Met
2.1.13	% de Mancomunidades with Strategic Plans approved, in relation to the total Program target for this LLR	75%	50%	Partial
Sub-IR 2.2	Number of Municipalities that have developed at least one new competency as detailed in the National Decentralization Policy	0	0	Yes
2.2.1	Presentation to the Ministry of Finance of the proposed modification to the system of Inter-governmental transfers system	August 2006	April 2008	Completed
2.2.2	% de Municipalities with staff trained regarding the implementation of the National Decentralization Policy, in relation to the total Program target for this LLR	67%	133%	Completed
2.2.3	% de Municipalities in which coordination between national and municipal public investment has been improved, in relation to the total Program target for this LLR	100%	0%	Pending
2.2.4	Presentation of the study on legal framework of municipal debt	100%	100%	Completed
	Presentation of the proposal regarding the regulation of municipal indebtedness practices	100%	100%	
2.2.5	Presentation of the study on the Municipal Tax Code	100%	100%	Completed
	Resolution by the Congressional Commissions of Municipal Affairs and Public Finances Affairs.	100%	100%	
2.2.6	Approval dates of new statutes for ANAM	March 2006	July 2008	Partial
	Approval dates of new statutes for AGAAI	Sept. 2006	Pending	
Sub-IR 2.3	Number of Municipalities with COMUDE Citizen Participation Commissions operating	7	6	Yes
2.3.1	% of Municipalities that present accountability reports, in relation to the total Program target for this LLR	100%	77%	Partial

Sub-IR or LLR	Indicator	Planned 2008	Actual[2]	Met
	% of Municipalities in which social auditing reports are presented, in relation to the total Program target for this LLR	86%	43%	
2.3.2	% of Municipalities in which leadership and conflict resolution training has been delivered, in relation to the total Program target for this LLR	82%	0%	Pending
2.3.3	% of Municipalities with COMUDEs conformed, in relation to the total Program target for this LLR	100%	77%	Partial
2.3.4	% de Municipalities that have implemented innovative media and communication mechanisms, in relation to the total Program target for this LLR	100%	50%	Partial
2.3.5	Increase in the percentage of voting amongst women in the 2007 elections, in 3 municipalities of the Program.	100%	100%	Completed
Sub-IR 2.4	Local capacity for the development and implementation of reconstruction programs strengthened			
2.4.1	Number of reconstruction projects monitored and implemented in the selected municipalities	37	55	Completed
2.4.2	Disaster Reconstruction and Risk Mitigation Plan validated	Feb. 2007	Feb. 2007	Completed
	Disaster Reconstruction and Risk Mitigation Plan implemented	March 2007	Pending	
2.4.3	Municipal Information System developed (SIM)	Julio 2007	Julio 2007	Completed
	SIM institutionalized in Reconstruction office	Agt. 2007	Agt. 2007	

2. Analysis of Benchmarks Completed

As of September 2008, nine of the 28 indicators have been completed satisfactorily and four of the indicators completed correspond to Sub-IR 2:2:

1. Proposed modification to the system of inter-governmental transfers was presented to the Ministry of Finance (LLR 2.2.1) in April 2008.

2. Municipalities were trained in the National Decentralization Policy (LLR 2.2.2), as established in the M&E Plan, in February 2008 when a training workshop for the newly elected municipal authorities was held by the then Undersecretary of Decentralization.

3. A study was delivered on a revised legal framework for municipal debt (LLR 2.2.4), and the proposal was approved in the Inter-institutional Commission and soon thereafter included in the proposal for reforms of the Municipal Code that has been assumed by the *Instancia Municipal.*

   In June 2008, the "Technical Working Group" tasked with evaluating the reforms almost completely subscribed to the presented proposal and soon thereafter the Board of Director of ANAM validated the written proposal sending it to the Legislative Committee on Municipal Affairs for its opinion.

4. A study on the Municipal Tax Code-MTC (LRR 2.2.5) was delivered and assumed by the *Instancia Municipalista*, and presented to various parties in the National Congress. The Patriotic Party presented it as a Legislative Initiative.

   A prolonged process of discussion is anticipated at the Technical Working Group. To date they have discussed less than one-third of the articles that are included in the proposal of MTC. It is foreseeable that the process will extend beyond the period of the program.

   Given this situation and that the *Instancia Municipalista* accepted the MTC proposal, the Contractor plans on requesting that USAID/Guatemala amend this LLR, as noted in the Annual Work Plan for Fiscal Year 2009 (approved according to the letter dated 29 of September 2008).

The other LLRs that have been completed include *2.3.5 Participation in the 2007 elections, particularly for women and the indigenous in selected municipalities increased* and LLR 2.1.4 related to the Certification Program for Municipal Finance Officials.

In addition the three LLRs of *Sub-IR 2.4: Strengthening of local capacity in the implementation of reconstruction programs* have been completed, related to the work in San Marcos. To date the only pending approval is the webpage for CODEDE, which will house the database of 55 projects of reconstruction that were monitored through the Municipal Information System developed with the support of the Program.

3. Analysis of Benchmarks Achieved

At the close of Fiscal Year 2008, 15 of the 28 indicators have been achieved completely or partially.

3.1 Targets Fully Met

Eight of the indicators have exceeded the expected targets.

Sub-IR 2.1. There are three indicators related to LLR 2.1.1, all of which the Program achieved the targets during Fiscal Year 2008. SIAF-Muni has been implemented in the expected number of municipalities. The other two indicators are related to modules.

To date ten (the target for the period was nine) of the municipalities have transferred their civil registry (incorporating LLR 2.1.1 like the SIAF-Muni model) functions to the *Registro Nacional de Personas* (RENAP). The three municipalities that are pending are Pachalum, San Martín and Cotzal.

The taxpayer registry module of the SIAF-Muni is functioning properly in 11 of the 13 municipalities, which meets the target for Fiscal Year 2008. Only Cotzal and San Antonio Ilotenango have not installed the module, but they have advanced management (they are 3-4 in the performance scale). The status of the taxpayer registry in these two municipalities is linked to the problems related to the installation of the SIAF-Muni (LLR 2.1.1) in these two municipalities and in Granados. However, it is anticipated that the three will progress in this area without problems during the first three months of Fiscal Year 2009. Even, Granados (the last municipality to join the Program) has installed the most up-to-date version of the Integrated Financial Management System (SICOIN GL) that operates through the internet.

The replication of the Certification program for municipal financial managers (LLR 2.1.3) continues advancing. To date, three classes (as of the end of September) with 114 people have been certified, which includes eleven financial officials from six of the selected municipalities (exceeding the target by 100 percent).[3] It is predicted that the Program will support two classes, and it is expected that nine municipalities will participate, meeting the target. Human resource development is extremely valued among the municipalities and municipal associations, which have been participating in the Certification Program.

The target for Fiscal Year 2008 was that ten of the thirteen municipalities (77%) would be using the *Guatecompras* (LLR 2.1.5). This target has been exceeded as 100% of the municipalities have installed and are using the system. The challenge is to assure sustainability and that the system is used properly, since there has been significant turnover in the municipal officials and personnel.

The Program has also exceeded by 100% of the targets for the number of Internal Audit Units to be established and staffed. Given the lack of tradition and the resources to pay for this type of services, it was predicted that only five of the thirteen municipalities would contract an internal auditor in the course of the Program. To date, nine municipalities have an auditing unit working properly. Jocotán and Granados have shown the least amount of interest in an auditor program, although Cotzal and Chajul have taken the initial steps to create their UDAI.

The target for the establishment of the AFIMs (LLR 2.1.6) was for twelve of the thirteen municipalities to have created and established a working system. To date, only Cotzal and San Antonio Ilotenango have not have not created their AFIMs. In general these two municipalities

[3] The municipalities that have had officials certified include Pachalum, Chajul, Olopa, Camotán, Jocotán and San Martín Jilotepeque.

have weak financial structures and internal controls. As such, the Program will focus its efforts to strengthen these municipalities in this area in Fiscal Year 2009.

3.2 Targets Partially Completed

During Fiscal Year 2008 the Contractor has achieved partially the established targets for seven LLRs, as per the M&E Plan for the Program. The indicators that have been challenging are those related to strategic planning, cost recovery, reform of statutes, communication strategies, accountability, and social auditing.

Sub-IR 2.1 In spite of the advances already described in the improvement of own-source revenues in the selected municipalities, the processes for establishing systems for recovering costs for services (LLR 2.1.11) have proved to be very complicated.

Only 44% of municipalities have approved and/or are implementing 'actual rate plans', as opposed to the 91% that had been established as the target for Fiscal Year 2008. Olopa, Pachalum, Nebaj, and San Martín Jilotepeque are the municipalities that have advanced on this indicator. In addition to the potential conflicts that are expected when rates for municipal services are raised, the municipal officials argue that the cost of publishing the plans in the *Diario Oficial* is so high it will take several years of collecting fees at the new rates to recuperate the costs of the publication.

The LLRs that have been the most challenging to meet the targets for each of the indicators are those that require citizen participation and consensus. Thus, advances in the planning processes for municipalities (LLR 2.1.12) and *mancomunidades* (2.1.13) has progressed at a slower rate.

To date, five of the ten municipalities (participating in this area of the Program) have prepared or updated their strategic plans (Camotán, Olopa, San Juan Ernita, San Martín Jilotepeque and Pachalum). Furthermore, the three municipalities of the Chortí have initiated a process of updating those plans that have been approved, making the case that due to the long period of time that passed between the preparation of the plan and the time it took to debate and approve the plans they are now out of date.

The *mancomunidades* of ERIPAZ and Copán Chortí also have begun to update their strategic plans. With technical and financial assistance from the Program, the authorities and civil employees of ERIPAZ held a workshop to evaluate progress to date for their executive plan and to update the basis for working on the strategic plan, taking into account the basic points from the Ixil Declaration, signed by President Alvaro Colom. It is anticipated that the written plan will be presented for approval to the Ordinary Assembly during the first quarter of Fiscal Year 2009. The process of updating the strategic plan for Copán Chortí could take a little longer. This is because the plan must be reviewed to ensure it conforms with the municipal plans, and furthermore the plan needs to be coordinated with various donors and potential department plans for SEGEPLAN.

Notwithstanding both *mancomunidades* were strengthened institutionally during Fiscal Year 2008. The Program supported the reform of the statutes, the individuals responsible for reporting on the finances of ERIPAZ (*cuentadancia*), and initial adaptation of the SIAF-Muni to be

implemented in and used by the two *mancomunidades*. These two will be the first *mancomunidades* to utilize this system, hopefully during the second quarter of Fiscal Year 2009.

Sub-IR 2.2 According to the M&E Plan, LLR 2.2.6 has two indicators, which include a) the date of the approval of the reform of the statutes for ANAM and b) the date of the reform of the AGAAI. To date, this LLR has only been partially completed because although ANAM has approved the reform of the statutes during the Extraordinary Assembly held on 10 July 2008, AGAAI has not yet approved the reform. AGAAI is planning on approving the statutes during its next assembly in February 2009.

Sub-IR 2.3 Even though the programmed target for accountability reports and social audits has not been met (LLR 2.3.1) the newly elected municipal administrations have demonstrated interest in improving in this area. The number of municipalities that have submitted accountability reports and social audits increased from six to ten in Fiscal Year 2007 to Fiscal Year 2008. The only municipalities that did not submit are Granados, Pachalum, and Cotzal.

During the first years of the Program there was little interest in promoting social audits. Based upon lessons learned, the Technical Team modified the strategy in Santa Cruz and created the Citizen Participation Commission, responsible for pursuing the commitments made in the COMUDE and informing the public. This initiative generated interest in five other municipalities: four from the area of Chortí and San Antonio Ilotenango, which already have established their commissions but have yet to present reports. At the Sub-IR 2.3 level, with the establishment of these six commissions, the target for Fiscal Year 2008 has been met.

The number of COMUDES (LLR 2.3.3) fully established (with all members) and functioning did not change from Fiscal Year 2007 to Fiscal Year 2008 (10 municipalities in both cases). The municipalities that have not completed the integration process are Chajul, Nebaj and Chiché, and without these three municipalities this LLR remains incomplete because the target is 100% (13 municipalities) and only 77% are complete.

Nevertheless, at a qualitative level, eight of those ten COMUDES are functioning at the highest possible level (category 4 on the performance scale), because they meet more than three times a year and have integrated commissions that function well.

4. Analysis of FY08 Benchmarks Pending

An important achievement for Fiscal Year 2008 is that the number of pending indicators has been reduced from nine to four in Fiscal Years 2007 and 2008, as the Program begins its final year.

Sub-IR 2.1 One of the main delays has occurred in the promotion of the public-private partnerships (LLR 2.1.9) for local economic development (LED). Although, the Program supported intensely the design of the LED Plan for the *mancomunidad* Copán Chortí, progress was slow during the year because the people contracted by the *mancomunidad* were unable to finish the draft. At the end of Fiscal Year 2008 at the request of the Board of Director of the *mancomunidad,* the Program began providing (again) direct technical assistance in drafting of the plan, which is expected to be approved in the first quarter of Fiscal Year 2009.

Meanwhile, the Program has been participating in the promotion of the local economic development by disseminating the Local Economic Development Guide (*Guía DEL*), as well as preparing proposals and strategies to link LED to the competitiveness strategy promoted by PRONACOM and in coordination with other USAID programs.

Another complex subject is the process of preparing and updating of the regulations as a basic tool or method to improve the services, operation, and sustainability of the basic municipal services (LLR 2.1.10 and 2.1.11). To date, only three of the nine municipalities have approved or implemented new regulations for basic services: Jocotán, Nebaj and San Martín Jilotepeque. The most frequent obstacle is the possibility of social conflicts caused by the increasing the rates and the rules for use. Another obstacle is the recuperation of the costs for publishing in the *Diario Oficial* new rates. The Municipal Associations have advocated on behalf of the municipalities to remove this as requirement.

Sub-IR 2.2 Following the inauguration of new elected-officials at the national and municipal level the Program has contracted a consultant to work with SCEP to evaluate the degree of coordination between the national and municipal levels on public investment (2.2.3), and in particular at the level of the CODEDES.

Based on this general assessment, the Program during Fiscal Year 2009 is planning to conduct a specific study as applied to the 13 selected municipalities, and will discuss a proposal to coordinate with the respective officials.

Sub-IR 2.3 During the earlier years of the Program, there was not a specific demand in the nine municipalities identified for assistance related to leadership and conflict resolution (LLR 2.3.2). For this reason the Program has taken advantage of the change in elected-officials, civil service employees, and community representatives in the COMUDES and modified the strategy to begin the cycle of Training Workshops for the Community Leaders in six municipalities: the four municipalities in Chortí, San Martín, and Granados. The second phase of the capacity building will begin in the first trimester of Fiscal Year 2009, and leadership and conflict resolution will be emphasized.

For LLR 2.3.4, the target was partially achieved given that only three of the six municipalities have implemented innovative methods of communication: Pachalum, Santa Cruz, and Coban (where activities have been completed). The municipality of Pachalum has a communication policy and an extensive activity to dissemination information through the municipal radio. There is interest in updating this policy. In Santa Cruz, the municipality has continued the mode of informing the public in Spanish and Quiché. There is interest in expanding these services.

5. Increase in Own Source Revenues: An Excellent Experience

The fiscal situation of the municipalities is one of the most critical subjects for the strengthening of local governments. The majority of the local governments depend on national government transfers. In the 13 selected municipalities the transfers represented an average of 87% of own

source revenue in Fiscal Year 2007 and 92% in Fiscal 2008[4]. There are two municipalities (Granados and San Juan Ermita) that receive 99% of own source revenue from central government transfers.

For this reason the Program has supported political dialogue among the Municipal Associations with the decision-makers to reform the intergovernmental transfer systems. The Program has also focused efforts to increase the municipality's ability to increase its own source revenues.

For Fiscal Year 2008 the M&E Plan for the Program established two indicators related to own source revenue:

Sub-IR 2.1 % annual increase in tax revenues collected in the Group of municipalities selected by the Program

LLR 2.1.8 % of Municipalities that register an increase in tax revenues as a percentage of total revenues, in relation to the total Program target for this LLR

For ***Sub-IR 2.1***, the Program target for Fiscal Year 2008 included seven selected municipalities from the Program[5] that would each increase their own source revenues by 3%. For Fiscal Year 2008 the selected municipalities increased their own source revenues by 57% as opposed to the 22% increase in Fiscal Year 2007. Both growth rates are within the rate of inflation and the proposed targets, and imply a recovery in relation to the loss of 31% in Fiscal Year 2006.

In Fiscal Year 2008, this increase in own source revenue (57%) was much higher than the transfers received, which confirms the efforts by the new municipal authorities.

Furthermore, the seven selected municipalities selected increased their ratio of own source revenues by 2.2 basis points.

Years*	Coefficient of Own Source Revenue Increase	Variation in the Coefficient
2005	6.62	n.a.
2006	3.64	- 2.98
2007	4.72	1.08
2008	6.92	2.20

*** Fiscal Years of M&E Plan.**

The same indicator is positive for the thirteen municipalities supported by the Program. In Fiscal Year 2007 the coefficient had decreased by 3.98 percentage points and in Fiscal Year 2008 increased by 1.38 percentage points.

[4] This indicator is measured compared to the results during the Guatemalan fiscal year (calendar year) since to date the report for fiscal year 2008 has not been completed. This means that for the purposes of this M&E report, the fiscal year 2007 for Guatemala is equivalent to the fiscal year of the Report.

[5] Since the beginning of the program, seven of the 13 municipalities were selected to monitor their fiscal performance: Pachalum, Camotán, Olopa, Cotzal, Chajul, Chiché, and Santa Cruz. This same list has been carried forward each year in order to be able to make comparisons.

Also, the target established for LLR 2.1.8 was completed satisfactorily. It was proposed in Fiscal Year 2008 that at least five of the seven selected municipalities would reflect an increase in their own source revenue coefficient.

The number and percentage of municipalities that increased their own source revenue coefficient totals exceeded the proposed goals for Fiscal Year 2008:

Year *	Municipalities with increases of own source revenue coefficient totals	Municipalities proposed for M&E Plan	Percent complete of goals for M&E Plan	Percent of total municipalities supported by the Program
2006	8	0	n.a.	62 %
2007	8	2	400 %	62 %
2008	9	5	180 %	69 %

*** Fiscal Years of M&E Plan.**

The best results, in order, were observed in Chajul, Olopa, San Martín, Chiché, San Antonio Ilotenango, Camotán, Cotzal, and Santa Cruz, which reached the highest category on the performance scale.

The strategy to increase the revenues has varied. With technical assistance from the Program, the majority of the municipalities have utilized their taxpayer registry to implement a proactive policy of revenue collection and reduction in delinquent accounts. To date the strategy has been successful, but could by exhausted in the near term.

For this reason, the Program has also sought to accelerate the updating of rates/fees collected for services provided, as well as the preparation and/or update of regulations on basic services (that contain a chapter on the update of rates), as well as the current rate schedules.

For the next Fiscal Year, the Program anticipates a strong demand by the municipalities to improve fiscal performance with technical assistance from the Program.

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Table 5: Performance Tracking Table – Planned and Actual Targets

Intermediate Result 2: Greater Transparency and Accountability of Governments

Table 5: Performance Tracking Table – Planned and Actual Targets												
Sub-IR, LRR and Performance Indicator(s)	Baseline Year – 2005		Project Time Frame									
			Year 2006		Year 2007		**Year 2008**		Year 2009		Life of Project	
	Data Source	Value	Planned	Actual	Planned	Actual	**Planned**	**Actual**	Planned	Actual	Planned	Municipalities (#)
Sub-IR 2.1: More transparent systems for management of public resources by local governments.												
% annual increase in tax revenues collected in the group of municipalities selected by the Program	Program and Ministry of Finance records	0%	0%	0%	1%	22%	**3%**	**57%**	5%		5%	7
LLR 2.1.1. SIAF-Muni fully implemented in selected municipalities												
% of Municipalities that have implemented the SIAF-Muni, in relation to the total Program target for this LLR	Program, SIAF-SAG, and local government records	7%	43%	43%	50%	69%	**79%**	**79%**	100%		100%	13
% of Municipalities that have Civil Registry Systems implemented, in relation to total Program target for this LLR	Program, SIAF-SAG, and local government records	78%	78%	56%	100%	100%	**100%**	**111%**	100%		100%	9
% of Municipalities that have electronic tax roll systems operational, in relation to the total Program target for this LLR	Program, SIAF-SAG, and local government records	75%	75%	50%	75%	75%	**100%**	**92%**	100%		100%	12

Table 5: Performance Tracking Table – Planned and Actual Targets												
Sub-IR, LRR and Performance Indicator(s)	Baseline Year – 2005		Project Time Frame									
			Year 2006		Year 2007		**Year 2008**		Year 2009		Life of Project	
	Data Source	Value	Planned	Actual	Planned	Actual	**Planned**	**Actual**	Planned	Actual	Planned	Municipalities (#)
LLR 2.1.3. Certification Program for municipal financial managers developed and implemented in selected municipalities.												
% of Municipalities in which the Certification program for municipal financial managers is developed, in relation to total Program target for this LLR	Program, RENICAM, and local government records	0%	0%	0%	0%	0%	**33%**	**67%**	100%		100%	9
LLR 2.1.4. National level replication plan for municipal financial managers Certification Program promoted												
Signature of corresponding letter or agreement	Program and RENICAM records		0%	0%	October 2007	Aug 2007	**100%**	**100%**				Letter or agreement
LLR 2.1.5. Improved transparency in municipal procurement processes, procedures & systems (Guatecompras) in selected municipalities.												
% of Municipalities that have implemented Guatecompras, in relation to the total Program target for this LLR	Program, SIAF-SAG, and local government records	38%	38%	92%	62%	100%	**77%**	**100%**	100%		100%	13
LLR 2.1.6. Internal audit units and financial management units (AFIMs) are operating effectively in selected municipalities and best practices developed are disseminated nationally												
% of Municipalities that have AFIMS operating effectively, in relation to the total Program target for this LLR	Program, Controller General, and local government records	21%	21%	7%	77%	77%	**93%**	**85%**	100%		100%	13

Table 5: Performance Tracking Table – Planned and Actual Targets												
Sub-IR, LRR and Performance Indicator(s)	Baseline Year – 2005		Project Time Frame									
			Year 2006		Year 2007		**Year 2008**		Year 2009		Life of Project	
	Data Source	Value	Planned	Actual	Planned	Actual	**Planned**	**Actual**	Planned	Actual	Planned	Municipalities (#)
% of Municipalities that have UDAIs, in relation to the total Program target for this LLR	Program, Controller General, and local government records	0%	0%	0%	20%	120%	**80%**	**180%**	100%		100%	5
LLR 2.1.8. Selected municipalities present sustained increased in own-sources revenues.												
% of Municipalities that register an increase in tax revenue as a percentage of total revenues , in relation to the total Program target for this LLR	Program, Ministry of Finance, INFOM, and local government records	0%	0%	0%	29%	129%	**71%**	**180%**	100%		100%	7
LLR 2.1.9. Public-private partnership for local economic development (LED) functioning in selected municipalities and mancomunidades, based on USAID strategic planning methodology.												
% of Municipalities with local economic development plans elaborated, in relation to the total Program target for this LLR	Program and local government records	57%	57%	0%	57%	0%	**86%**	**0%**	100%		100%	7
LLR 2.1.10. Critical basic municipal service improved in selected municipalities.												
% of Municipalities with at least one critical basic service improved, in relation to the total Program target for this LLR	Program and local government records	33%	33%	0%	56%	0%	**100%**	**33%**	100%		100%	9

Table 5: Performance Tracking Table – Planned and Actual Targets												
Sub-IR, LRR and Performance Indicator(s)	Baseline Year – 2005		Project Time Frame									
			Year 2006		Year 2007		**Year 2008**		Year 2009		Life of Project	
	Data Source	Value	Planned	Actual	Planned	Actual	**Planned**	**Actual**	Planned	Actual	Planned	Municipalities (#)
LLR2.1.11. Cost recovery system improved in selected municipalities.												
% of Municipalities that have implemented a cost recovery system, in relation to the total Program target for this LLR	Program and local government records	33%	33%	0%	56%	0%	**78%**	**44%**	100%		100%	9
LLR2.1.12. Municipal level planning improved in selected municipalities.												
% of Municipalities with Strategic Plans approved, in relation to the total Program target for this LLR	Program and local government records.	18%	18%	11%	64%	36%	**91%**	**45%**	100%		100%	11
LLR2.1.13. Planning process strengthened in selected mancomunidades.												
% de with Strategic Plans approved, in relation to the total Program target for this LLR	Program and Mancomunidades records.	25%	25%	25%	50%	50%	**75%**	**50%**	100%		100%	4
Sub-IR 2.2 Increased devolution of responsibilities and resources to the local level resulting in greater responsiveness by local governments to citizens' needs												
Number of Municipalities that have developed at least one new competency as detailed in the National Decentralization Policy	Program, SCEP, and local government records	0	0	0	2	0	**0**	**0**	2		2	2

Table 5: Performance Tracking Table – Planned and Actual Targets												
Sub-IR, LRR and Performance Indicator(s)	Baseline Year – 2005		Project Time Frame									
			Year 2006		Year 2007		**Year 2008**		Year 2009		Life of Project	
	Data Source	Value	Planned	Actual	Planned	Actual	**Planned**	**Actual**	Planned	Actual	Planned	Municipalities (#)
LLR 2.2.1. Increased transparency and efficiency in the system of inter-governmental transfers and results well communicated to Guatemalan municipalities												
Presentation to the Ministry of Finance of the proposed modification to the system of Inter-governmental transfers system	Program and Ministry of Finance records		August 2006		August 2006	Pending	**August 2006**	**April 2008**				Proposal
LLR 2.2.2. Pilot implementation of decentralization policy (and/or de-concentration efforts) in select municipalities (and/or departments) & development of policies & procedures for successful national replication												
% de Municipalities with staff trained regarding the implementation of the National Decentralization Policy, in relation to the total Program target for this LLR	Program, SCEP, and local government records.	0%	0%	0%	44%	0%	**67%**	**133%**	100%		100%	9
LLR 2.2.3. Better coordination between municipal investment and national social investment, especially those that complement USAID programs in health, education, security, etc.												
% de Municipalities in which coordination between national and municipal public investment has been improved, in relation to the total Program target for this LLR	Program, SEGEPLAN, and local government records	0%	0%	0%	33%	0%	**100%**	**0%**	100%		100%	6

Table 5: Performance Tracking Table – Planned and Actual Targets												
Sub-IR, LRR and Performance Indicator(s)	Baseline Year – 2005		Project Time Frame									
			Year 2006		Year 2007		**Year 2008**		Year 2009		Life of Project	
	Data Source	Value	Planned	Actual	Planned	Actual	**Planned**	**Actual**	Planned	Actual	Planned	Municipalities (#)
LLR 2.2.4. Policies and practices that regulate and simulate responsible municipal indebtedness developed and disseminated nationally.												
Presentation of the study on legal framework of municipal debt	Program and Ministry of Finance records	August 2005		Completed	100%	100%	**100%**	**100%**				Proposal
Presentation of the proposal regarding the regulation of municipal indebtedness practices	Program and Ministry of Finance records		June 2006	Completed	100%	100%	**100%**	**100%**				Proposal
LLR 2.2.5. Municipal Tax Code (MTC) passed and implementation supported.												
Presentation of the study on the Municipal Tax Code	Program and Ministry of Finance records	July 2005		Completed	100%	100%	**100%**	**100%**				Proposal
Resolution by the Congressional Commissions of Municipal Affairs and Public Finances Affairs.	Program, Congress and Ministry of Finance records		Nov 2006	Pending	Nov 2006	Pending	**100%**	**100%**				Favorable resolution
LLR 2.2.6. Ability of ANAM, AGAAI, and (possibly) selected departmental associations to participate in national policy dialogue strengthened and opportunities for engagement identified.												
Approval dates of new statutes for ANAM	Program and ANAM records		March 2006	Pending	March 2006	Pending	**March 2006**	**July 2008**				Reform approved
Approval dates of new statutes for AGAAI	Program and AGAAI records		Sept 2006	Pending	Sept 2006	Pending	**Sept. 2006**	Pending				Reform approved
Sub-IR 2.3 More opportunities for citizen participation in and oversight of local government decision-making												
Number of Municipalities with COMUDE Citizen Participation Commissions operating	Program and local government records	0	2	2	5	6	**7**	**6**	7		7	7

Table 5: Performance Tracking Table – Planned and Actual Targets												
Sub-IR, LRR and Performance Indicator(s)	Baseline Year – 2005		Project Time Frame									
			Year 2006		Year 2007		**Year 2008**		Year 2009		Life of Project	
	Data Source	Value	Planned	Actual	Planned	Actual	**Planned**	**Actual**	Planned	Actual	Planned	Municipalities (#)
LLR 2.3.1. USAID Accountability and Citizen Oversight methodologies are fully institutionalized in selected municipalities and disseminated broadly at the national level.												
% of Municipalities that present accountability reports, in relation to the total Program target for this LLR	Program, Controller General, and local government records	69%	69%	23%	77%	46%	**100%**	**77%**	100%		100%	13
% of Municipalities in which social auditing reports are presented, in relation to the total Program target for this LLR	Program, COMUDES and local government records	0%	0%	0%	14%	0%	**86%**	**43%**	100%		100%	7
LLR 2.3.2. Leadership and Conflict Resolution and negotiation skills of local community and municipal leaders improved in all selected municipalities.												
% of Municipalities in which leadership and conflict resolution training has been delivered, in relation to the total Program target for this LLR	Program and local government records	9%	27%	0%	64%	0%	**82%**	**0%**	100%		100%	11
LLR 2.3.3. Municipal Development Councils conforming to and functioning in accordance with the applicable law in the selected municipalities.												
% of Municipalities with COMUDEs conformed, in relation to the total Program target for this LLR	Program, COMUDES and local government records.	0%	8%	54%	100%	54%	**100%**	**77%**	100%		100%	13

Table 5: Performance Tracking Table – Planned and Actual Targets												
Sub-IR, LRR and Performance Indicator(s)	Baseline Year – 2005		Project Time Frame									
			Year 2006		Year 2007		**Year 2008**		Year 2009		Life of Project	
	Data Source	Value	Planned	Actual	Planned	Actual	**Planned**	**Actual**	Planned	Actual	Planned	Municipalities (#)
LLR 2.3.4. Innovative media and communication mechanisms to improve transparency of municipal operations in place in selected municipalities.												
% de Municipalities that have implemented innovative media and communication mechanisms, in relation to the total Program target for this LLR	Program and local government records	0%	17%	0%	100%	33%	**100%**	**50%**	100%		100%	6
LLR 2.3.5. Participation in the 2007 elections, particularly for women and indigenous in selected municipalities increased.												
Increase in the percentage of voting amongst women in the 2007 elections, in 3 municipalities of the Program.	Program, TSE and local government records	0%	0%	0%	100%	Complete	**100%**	**100%**	0%		100%	3
Sub-IR 2.4: Strengthening of local capacity in the implementation of reconstruction programs												
Number of reconstruction projects monitored and executed	Program, Reconstruction Office and local government records	0%	0%	0%	37	55	**100%**	**100%**	0%	0%	100%	21
Reconstruction and Risk Management Plan developed	Program, Reconstruction Office and local government records	0%	0%	0%	Feb 07	Feb 07	**100%**	**100%**	0%	0%	10 0%	Plan developed
Reconstruction and Risk Management Plan implemented	Program, Reconstruction Office and local government records	0%	0%	0%	Mar 07	Pend	**100%**	**100%**	0%	0%	10 0%	Plan implemented

Table 5: Performance Tracking Table – Planned and Actual Targets												
Sub-IR, LRR and Performance Indicator(s)	Baseline Year – 2005		Project Time Frame									
			Year 2006		Year 2007		**Year 2008**		Year 2009		Life of Project	
	Data Source	Value	Planned	Actual	Planned	Actual	**Planned**	**Actual**	Planned	Actual	Planned	Municipalities (#)
SIM developed	Program, Reconstruction Office and local government records	0%	0%	0%	Jul. 07	Jul. 07	**100%**	**100%**	0%	0%	10 0%	SIM developed
SIM institutionalized in Reconstruction Office	Program, Reconstruction Office and local government records	0%	0%	0%	Ag. 07	Ag. 07	**100%**	**100%**	0%	0%	10 0%	SIM implemented

IV. Monitoring Qualitative Change

Achievement of the benchmarks programmed for each LLR requires working with municipalities that are at different stages of development. These differences can be very stark and vary by LLR. In order to adequately reflect the closing of the gaps among municipalities for each LLR, the Program developed a "Category of Performance Matrix."

The basic concept is that to achieve each benchmark (and ultimately result) each municipality will progress through four distinct categories (or phases). Even though each category varies by LLR, there is a general schematic associated with this classification:

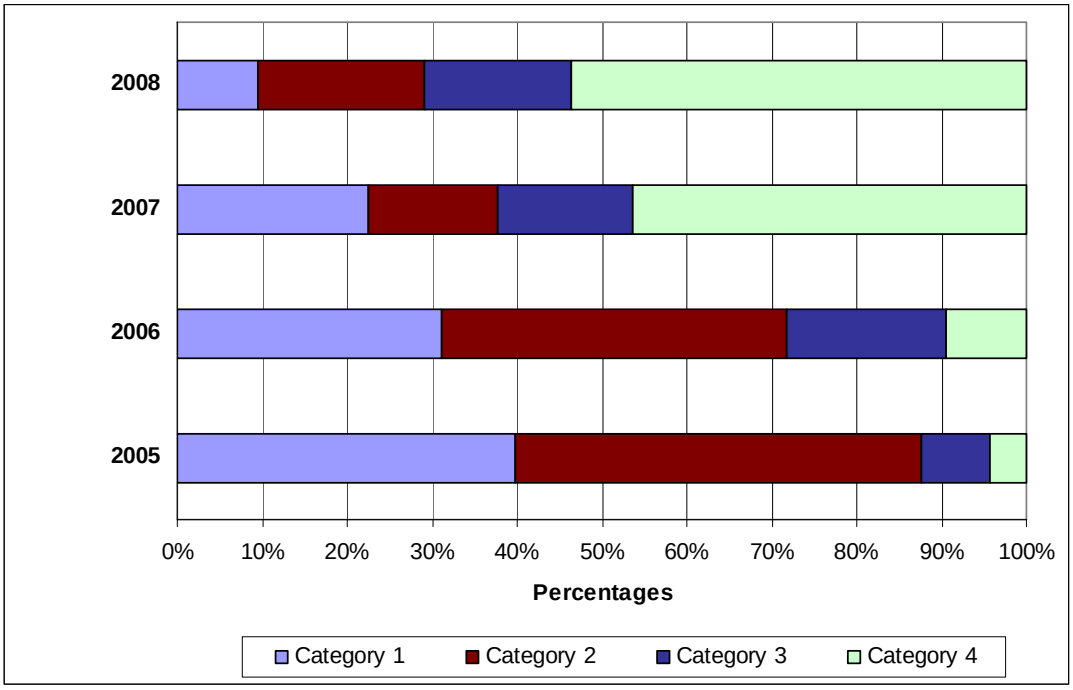
Category 1: There is no advancement towards achieving the specific LLR. There is no interest in doing so, or doing so will cause some type of conflict.

Category 2: There is interest in working with the Program, and some of the specific steps necessary have been taken. This is the preparatory phase.

Category 3: There has been progress towards the LLR, and acceptance of the change recommendations. The approval and/or execution of the change plan are pending.

Category 4: The municipalities have achieved the necessary conditions for each performance indicator as established in the M&E Plan. When a municipality has reached this stage of development, the benchmark (and LLR) is considered achieved.

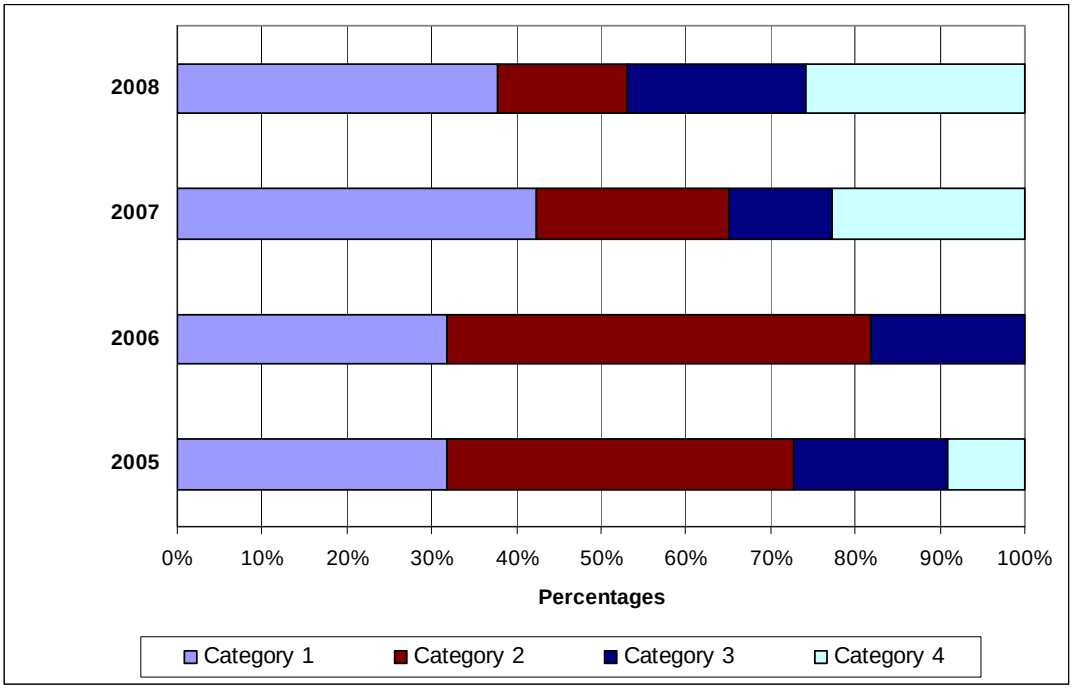
Figure 1: Progress of Municipal Development for Sub-IR 2.1, 13 Program municipalities by Fiscal Year



Note: The calculation is based on 13 municipalities where the Program is only working in one LLR.

Most of the selected municipalities have progressed positively in nearly all the LLRs of Sub-IR 2.1. Specifically, they have significantly advanced in the LLRs that include the creation of organizational structures and the use of tools to improve the municipal financial administration (SIAF, registry of contributor, Guatecompras, AFIMs and UDAIs), all of which are the foundation for building a sustainable and more efficient and transparent administration of resources at the municipal level. Challenges remain in the areas of cost-recovery, although the newly elected authorities have expressed an interest in working in this area during the next Fiscal Year.

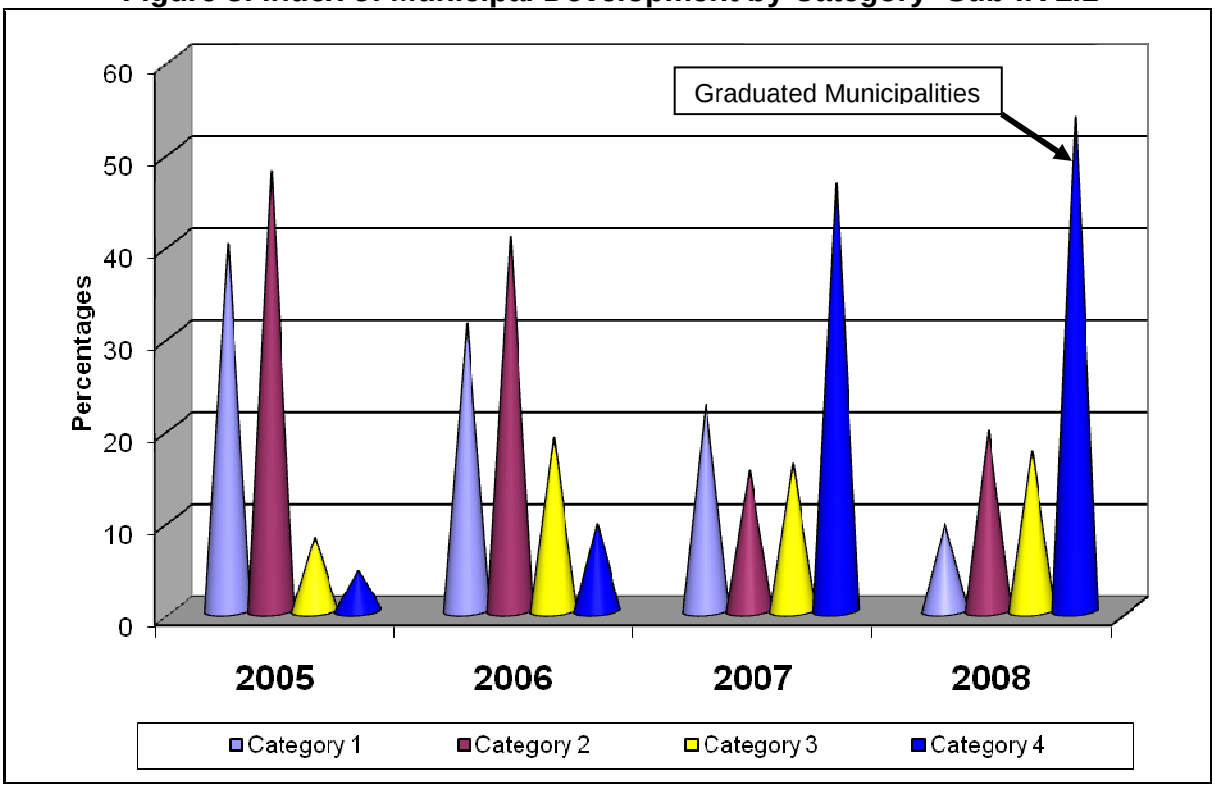
Figure 2: Progress of Municipal Development for Sub-IR 2.3, 13 Program Municipalities by Fiscal Year



Note: The calculation is based on 13 municipalities where the Program is only working in one LLR, except in the case of LLR 2.3.5, relating to the elections because they have not been "measured" in previous years and to do this for this year would distort the results, concluding that 13 municipalities "graduated".

The area of citizen participation and social auditing included in Sub-IR 2.3 continue to represent challenges for the Program. For the LLRs of this Sub-IR, the indicators have remained at a similar level to the previous year, according to *Figure 2.* Given the evolutionary process of the LLRs included in this Sub-IR 2.3 and also the changes occurring in the new municipal administrations, the efforts and technical assistance in Fiscal Year 2009 will focus graduating the municipalities that have not already reached the category of 3 on the performance scale.

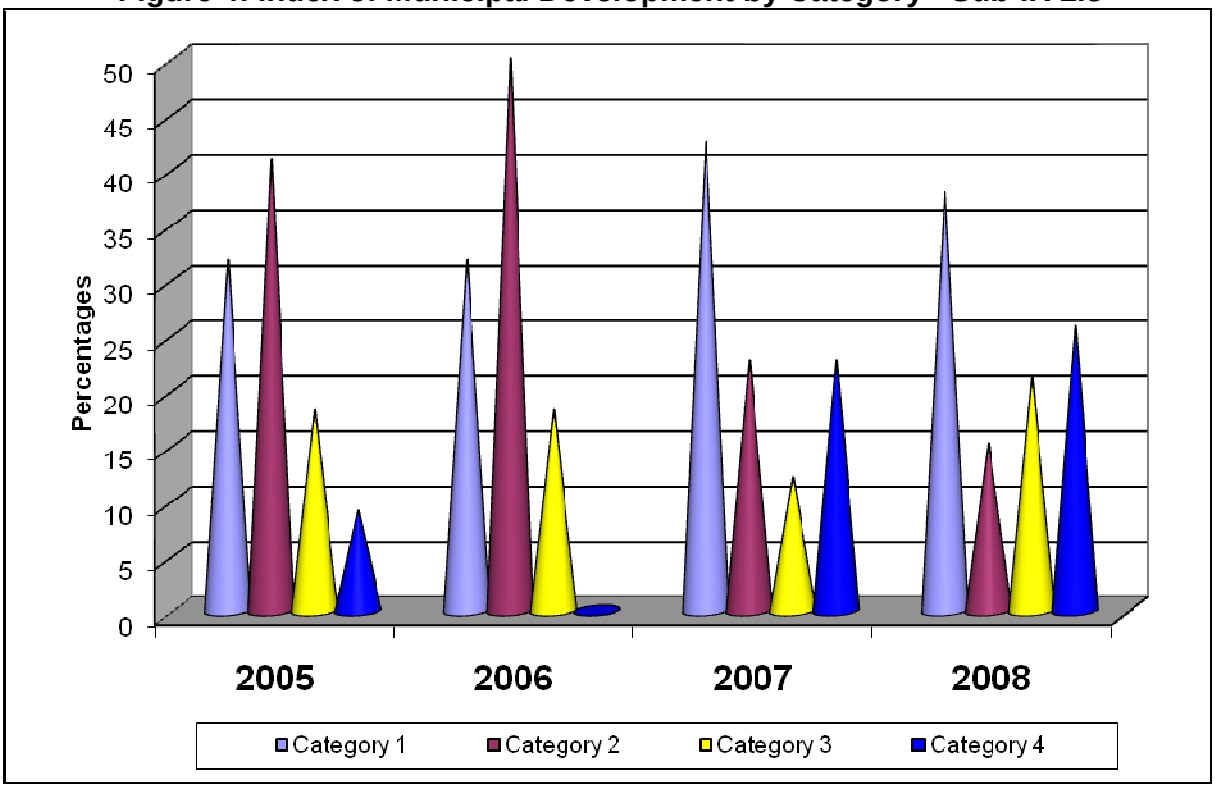
Figure 3: Index of Municipal Development by Category- Sub-IR 2.1



At the end of Fiscal Year 2008, taking from the base of "average grade" in all the LLRs for Sub-IR 2.1 (see *Figure 3*), 54% of the municipalities have reached "Category 4" (the highest), as opposed to 46% in the previous year. In "Category 1" (the lowest) there are only 9% of the selected municipalities.

In Fiscal Year 2009 efforts will increase to "graduate" the municipalities that are now in categories 2 and 3 (37% of the total) and to consolidate those that are already in the highest category.

Figure 4: Index of Municipal Development by Category - Sub-IR 2.3



In 2007, 23% of the municipalities had "graduated" and in 2008 26% had "graduated", but that small increase was compensated by the increase of municipalities that advanced to category 3 from 12% in 2007 to 21% in 2008 (see *Figure 4*).

Although 38% of the municipalities appear in category 1 for Sub 2.3, it is necessary to take into account that the scale included all the municipalities that have not requested technical assistance with leadership and conflict resolution. In any case, with the change of strategy to include the topic in the Training Workshop Days for the community leaders in six municipalities, this indicator will improve significantly in Fiscal Year 2009.

The same situation applies in the case of LLR 2.3.1 regarding the social auditing (citizen oversight). The Program has already modified the strategy and implemented the creation of Commissions/Committees of Citizen Participation, responsible for monitoring commitments made during COMUDE meetings. In six municipalities these Commissions are already working, although only in one municipality has the Commission presented monitoring plans.

The process for monitoring qualitative change for Sub-IR 2.2 is distinct since the activities are primarily at the national level. Qualitatively, during Fiscal Year 2008 four of the six LLRs for this Sub-IR were completed as measured by the indicators for: Intergovernmental Transfers

(2.2.1), National Decentralization Policy (2.2.2), Municipal Debt (2.2.4), and Municipal Tax Code (2.2.5).

Thus, during Fiscal Year 2009 Program support will focus on AGAAI and its process of reforming its statutes (2.2.6), elaborating and implementing a proposal to improve the coordination between the national and municipal level in the area of public investment (2.2.3), with the first study having already been completed.

ASMUGOM[6] has increased its activities related to advocacy, in particular with its active participation in the *Instancia Municipalista* that was created with the support of the Program during the electoral process. During Fiscal Year 2009, the Program will continue supporting the institutional strengthening of ASMUGOM, which might include the reform of the statutes whereby newly elected mayors and councilwomen would have more predominant role in the Association, as well as the establishment of a Cognizant Consultative Technical Advisor to be incorporated into the Municipal Offices of the Women Affairs.

See *Annex A* for the *Categories of Performance Matrix*, and details the progress of the municipalities by LLR.

[6] ASMUGOM was not included in the original M&E Plan; therefore, a specific target was not identified.

Annex A: Matrix for Qualitative Benchmarks by LLR

Tables A-1: Categories of Performance Matrix by LLR

2.1.1 SIAF-MUNI

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
SIAF Muni implemented	*% of Municipalities that have implemented the SIAF Muni, in relation to the total Program target for this LLR*	1	No SIAFITO	4	2	0			Use of a traditional financial registry system and/or the version before SIAFITO (w/o 1.4)
		2	SIAFITO working	9	6	1			Version 1.4 (s/b v 1.7) not installed and registered.
		3	SIAF-Muni installed	0	5	3	3		Software installed and working. In a process of migrating registries and beginning operations.
		4	SIAF-Muni working (Executed)	0	0	9	10		Without basic models (of budget, of accounting, of treasury) working and being implemented.

Category 3 includes: Cotzal, Granados and San Antonio Ilotenango.

2.1.1 a) CIVIL REGISTRY MODULE

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Civil Registry module installed and functioning at municipal level	*% of Municipalities that have Civil Registry Systems implemented, in relation to total Program target for this LLR*	1	No electronic civil registry	3	3	0			Traditional Civil Registry operating. There is no interest, or there is resistance or conflict.
		2	Have software, but not in use	8	3	0			The Municipality acquired software (including USAID's), but is not being used or implementation delayed (at least 6 months without usage).
		3	Use USAID software	1	6	4	3		The Municipality has installed USAID's software and it is operation (no more than 3 months behind in its registries).
		4	Civil Registry module working (Executed)	1	1	9	10		The Municipality has installed and is utilizing the software included in SIAF-Muni.

Category 3 includes: Pachalum, San Martín Jilotepeque and Cotzal.

2.1.1 b) TAX PAYER REGISTRY MODULE

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Tax roll system implemented	*% of Municipalities that have electronic tax roll systems operational, in relation to the total Program target for this LLR*	1	Without electronic system of taxpayer registry.	2	2	2			Traditional form of registry of taxpayers operating. There is no interest or there is resistance or conflict
		2	Software in place. No usage.	6	6	2			The Municipality acquired software (including USAID's software), but it is not being used or that implementation has been delayed (at least 6 months without usage).
		3	Use USAID software.	3	3	0	2		The Municipality has installed USAID's software and it is operational (no more than 3 months behind in its registries).
		4	Taxpayer Registry implemented (Executed)	2	2	9	11		The Municipality has installed and is utilizing the software included in SIAF-Muni.

Category 3 includes: Cotzal and San Antonio Ilotenango.

2.1.3 PROGRAM OF OFFICIAL CERTIFICATION

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Certification Program implemented	*% of Municipalities in which the Certification Program for municipal financial managers is developed, in relation to total Program target for this LLR*	1	No program	X					There is no interest, or there is resistance or conflict.
		2	Interest in the Program						Training institutions express interest. There is agreement. A consultant has been contracted.
		3	Program designed		X	X			Proposals presented and validated. Logistics prepared.
		4	Program implemented (Executed)				X		Training institutions officially began the Program.

2.1.4 PROGRAM OF CERTIFICATION REPLICATED

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Certification Program replicated	*Number of Municipalities participating in Certification Program*	1	Without participation in the Program	X	X	X			There is no interest, or there is resistance or conflict.
		2	There is interest in the Program						Council or Mayor shows interest.
		3	Program managed						Steps have been taken for those municipal financial officials participating.
		4	Program implemented (Executed)				6		Municipal financial officials have the capacity.

The municipalities that have certified their official financers are: Pachalum, Chajul, Olopa, Camotán, Jocotán y San Martín Jilotepeque (11 financial officials were certified in 6 municipalities as of September 2008).

2.1.5 GUATECOMPRAS

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Guatecompras implemented	*% of Municipalities that have implemented Guatecompras, in relation to the total Program target for this LLR*	1	Not using the system	6	0	0			There is no interest, or there is resistance or conflict.
		2	There is interest to use the system	0	2	0			Council or Mayor shows interest. Steps have been taken to install it.
		3	Implementation began	5	3	0			Software installed, there is personnel capacity. Request of use transmitted. Partial use.
		4	Guatecompras systems working (Executed)	2	8	13	13		The municipality has published some acquisitions or contracting on Guatecompras.

2.1.6 AFIMs

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
AFIMs implemented	*% of Municipalities that have AFIMS operating effectively, in relation to the total Program target for this LLR*	1	There is no AFIM	6	0	0			There is no interest, or there is resistance or conflict.
		2	There is interest	5	4	0			Council or Mayor shows interest to create AFIM.
		3	AFIM created, not implemented.	2	9	3	2		Council approves AFIM. Approval of working manual in process.
		4	AFIMs working (Executed)	0	0	10	11		AFIM working (there is a boss, personnel and manual).

Category 3 includes: Cotzal and San Antonio Ilotenango.

2.1.6 (a) UDAIs

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
UDAIs implemented	*% of Municipalities that have UDAIs, in relation to the total Program target for this LLR*	1	There is no UDAI	6	6	4	2		There is no interest, or there is resistance or conflict.
		2	There is interest.	7	7	3	2		Personnel contracted working as auditor, without manual or rules.
		3	UDAI approved, not implemented.0	0	0	0	0		Council approves UDAI. Auditor contracted, No manuals or procedures.
		4	UDAIs working (Executed)	0	0	6	9		Auditor contracted, manual in place or rules approved.

The municipalities that do not have UDAIs are: Jocotán and Granados (category 1); and Cotzal y Chajul (category 2).

2.1.8 OWN INCOME RESOURCES

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Increase in municipal tax revenues	*Number of municipalities that had an increase in the coefficient of own-source revenues/total revenues over prior year.*	1	With reduction of tax income	6	4	5	4		Negative variation in the coefficient of own-source revenues/total revenues.
		2	With slight increases of tax income	3	4	3	1		The coefficient for own-source revenues/total revenues varies between 0 and 0.5 basis points.
		3	Moderate increase	2	2	1	0		The coefficient of own-source revenues/total revenues varies between 0.6 and 1.0 basis points
		4	Significant increase	1	2	3	8		The coefficient of own-source revenues/total revenues varies more that 1 basis point

2.1.9 LOCAL ECONOMIC DEVELOPMENT

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Local Economic Development Plans designed	*% of Municipalities with local economic development plans elaborated, in relation to the total Program target for this LLR*	1	There is no plan	2	2	0			There is no interest, or there is resistance or conflict.
		2	There is interest	4	4	2			Council or Mayor shows interest. There is an act or written request.
		3	Design initiated	0	0	4	4		Workshops building capacity conform to the approved programs.
		4	Local Economic Development plans created (Executed)	0	0	0	0		Plan approved for COMUDE and/or Municipal Council.

2.1.10 IMPROVING MUNICIPAL SERVICES

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Basic Municipal Service improved	*% of Municipalities with at least one critical basic service improved, in relation to the total Program target for this LLR*	1	There is no interest	3	9	8	6		There is no interest, or there is resistance or conflict.
		2	There is interest	10	4	3	5		Council or Mayor shows interest. There is an act or written request.
		3	Proposal approved	0	0	2	0		Priority service selected. Process for identifying and proposing improves began. Proposal approved.
		4	Improving municipal service (Executed)	0	0	0	2		Mayor or municipal Council approves the proposal strategy for improving services. Implementation initiated.

Category 4 incudes: Jocotán (plaza pavement) and San Antonio Ilotenango (water).

2.1.11 COST-RECOVERY SYSTEM

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Cost recovery system implemented	*% of Municipalities that have implemented a cost recover system, in relation to the total Program target for this LLR*	1	There is no plan	3	9	8	5		There is no interest, or there is resistance or conflict.
		2	There is interest	10	4	4	4		Council or Mayor has interest. There is an act or written request.
		3	Design of initiated plan	0	0	1	0		Diagnostic of municipal finance and technical proposal in process.
		4	Recuperation system of costs implemented (Executed)	0	0	0	4		Council or Mayor approves the plan.

Category 4 includes: Olopa, Pachalum, Nebaj and San Martín Jilotepeque).

2.1.12 MUNICIPAL PLANNING

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Participatory strategic planning implemented and/or strengthened	*% of Municipalities with Strategic Plans approved, in relation to the total Program target for this LLR*	1	Without interest in achieving	13	5	3	1		There is a plan, no perceived necessity to implement it.
		2	Interest in achieving Strategic Plan	0	8	3	4		Council or Mayor shows interest.
		3	Initiating plan	0	0	3	3		Implementation in process.
		4	Plans elaborated and/or implemented (Executed)	0	0	4	5		COMUDE, Mayor or Municipal Council approves plan. Implementation begins.

Category 4 includes: Camotán, Olopa, San Juan Ermita, San Martín Jilotepeque and Pachalum
Note: Except Jocotán, the rest of the municipalities have strategic plans. The scale shows in advance the actual process.

2.1.13 PLANNING OF MANCOMUNIDADES

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Mancomunidad strategic plans improved	*% de Mancomunidades with Strategic Plans approved, in relation to the total Program target for this LLR*	1	Without interest in achieving	0	0	1			There is a plan, no perceived necessity to implement it.
		2	Interest in achieving Strategic Plan	3	3	0			Joint Director, Assembly or Manager shows interest.
		3	Plan initiated	0	0	1			Process achieved.
		4	Plans in progress or achieved (Executed)	0	0	1	2		Joint Director approves plan. Implementation begins.

Since Fiscal Year 2008 the Program is only working in two mancomunidades: ERIPAZ and Copán Chortí.

2.2.1 INTERGOVERNMENTAL TRANSFERS

Indicator	Unit of Measure	Categories	Categories of Performance	Planned categories in each year					Definitions
				2005	2006	2007	2008	2009	
Inter-governmental transfer system strengthened	*Presentation to the Ministry of Finance of proposed modifications to the inter-governmental transfer system*	1	No Proposal	X	X				There is no interest, or there is resistance or conflict.
		2	Proposal developed						There is interest. In the process of contracting or implementing assistance.
		3	Proposal validated			X			Draft of the proposal is presented, and in the process of being validated.
		4	Proposal presented (Completed)				X		Ministry of Public Finance receives and assumes responsibility to present the proposal.

The proposal was presented to the Ministry of Finance 2 April 2008.

2.2.2 SUPPORT TO DECENTRALIZATION POLICY

Indicator	Unit of Measure	Categories	Categories of Performance	Planned categories in each year					Definitions
				2005	2006	2007	2008	2009	
Decentralization policy implemented	*Percentage of municipalities with authorities trained in the implementation of the National Decentralization Policy, in relation to the total Program target for this LLR.*	1	Policy not implemented	X	X				There is no interest, or there is resistance or conflict.
		2	Operational Plan Designed			X			SCEP designs an Operational Plan for Decentralization. Validation in progress. Training needs assessment defined for municipalities.
		3	Interest in Training						Mayor or Council express interest. There are oral or written requests. Process initiated.
		4	Municipalities trained (Completed)				X		Municipal officials and staff have received training about decentralization by the Program or other institutions.

Training was completed in 12 of the 13 municipalities during a workshop held during the transition in February 2008.

2.2.3 COORDINATION OF MUNICIPAL PUBLIC INVESTMENT

Indicator	Unit of Measure	Categories	Categories of Performance	Planned categories in each year					Definitions
				2005	2006	2007	2008	2009	
Investment coordination mechanisms established and/or improved	*Percentage of Program municipalities that exhibit improved coordination, in relation to the total Program target for this LLR.*	1	Mechanism not implemented	X	X	X			There is no interest, or there is resistance or conflict.
		2	Design of mechanism in process				X		SEGEPLAN, Municipalities and Program team debate possibilities to coordinate and design in collaboration a mechanism.
		3	Mechanism approved						Municipalities approve the designed coordinating mechanism, and express interest in its use.
		4	Mechanism being implemented (Completed)						The mechanism is applied in the preparation of budgets in the selected municipalities.

The first assessment of SCEP (September 2008) has already been completed by the consultant contracted by the Program, Vivian Lemús.

2.2.4 MUNICIPAL DEBT REGULATORY FRAMEWORK

Indicator	Unit of Measure	Categories	Categories of Performance	Planned categories in each year					Definitions
				2005	2006	2007	2008	2009	
Strengthened regulatory framework for municipal debt	*Proposed reforms presented to the Ministry of Finance*	1	No Proposal						There is no interest, or there is resistance or conflict.
		2	Proposal developed	X					There is interest. In the process of contracting or implementing assistance.
		3	Proposal validated		X	X			Draft of the proposal is presented, and in the process of being validated.
		4	Proposal presented (Completed)				X		Ministry of Public Finance receives and assumes responsibility to present the proposal.

The proposal was completed with the support of the Program and validated by the Inter-institutional Commission (which the Minister of Finance participated on), and was included almost in its entirety in the recommendations to the Technical Working Group of the Instancia Municipalista, within the proposal of reforms for the Municipal Code. The Board of Director for ANAM guaranteed support of the proposal and sent it to the Legislative Commission of the Municipal Subjects that is making a final ruling.

2.2.5 MUNICIPAL TAX CODE

Indicator	Unit of Measure	Categories	Categories of Performance	Planned categories in each year					Definitions
				2005	2006	2007	2008	2009	
Municipal Tax Code supported	*The Congressional Commissions on Municipal Affairs and Public Finances formalizes its supports*	1	No Proposal						There is no interest, or there is resistance or conflict.
		2	Proposal developed	X					There is interest. In the process of contracting or implementing assistance.
		3	Proposal validated		X	X			Draft of the proposal is presented, and in the process of being validated.
		4	Proposal presented (Completed)				X		Congressional committees release report in favor of the legislation,

The Technical Working Group is studying the Municipal Tax Code proposal. DevTech will be requesting a modification of this LLR.

2.2.6 STRENGTHENING ANAM AND AGAAI

Indicator	Unit of Measure	Categories	Categories of Performance	Planned categories in each year					Definitions
				2005	2006	2007	2008	2009	
Strategic plan or/and statutes revised, updated, and approved	*ANAM and AGAAI strategic plan or/and statutes approved and/or updated*	1	No Proposal	X					There is no interest, or there is resistance or conflict.
		2	Proposal developed		X				There is interest. In the process of contracting or implementing assistance.
		3	Proposal validated			X			Draft of the proposal is presented, and in the process of being validated.
		4	Proposal presented (Completed)				X		ANAM and/or AGAAI approve a strategic plan and/or reform of bylaws.

ANAM approved the reform of statutes during the Assembly Celebration on 10 July 2008.

2.3.1 ACCOUNTABILITY

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Accountability and citizen oversight reports published	*% of Municipalities that present accountability reports, in relation to the total Program target for this LLR*	1	No Reports presented	2	1	2	2		There is no interest, or there is resistance or conflict.
		2	There is interest	1	9	1	1		Council or Mayor express interest with a written act or request.
		3	Partial reporting	10	3	4			Municipalities present reports with partial information or delayed by more than 6 months. Dissemination is restricted. Outside of the framework of the COMUDE.
		4	Reports presented (Completed)	0	0	6	10		At least one annual report presented to the COMUDE.

Category 1 includes Granados and Pachalum. Category 2 includes Cotzal.

2.3.1 (a) SOCIAL AUDITING

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Social auditing mechanisms in place	*% of Municipalities in which social auditing reports are presented, in relation to the total Program target for this LLR*	1	No reports presented	4	6	6	6		There is no interest, or there is resistance or conflict.
		2	There is interest	9	7	7	1		Members of the COMUDE express interest with a written act or request.
		3	Implementation strategy designed	0	0	0	5		Committee for social auditing, with the support of the Program design a strategy and formats for presenting reports.
		4	Reports presented (Completed)	0	0	0	1		At least one annual report is presented to the Social Auditing Committee of the COMUDE.

Category 4 includes Santa Cruz del Quiché.

2.3.2 LEADERSHIP AND CONFLICT RESOLUTION

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Local leaders trained	*% of municipalities in which leadership and conflict resolution and negotiation skills training has provided, in relation to total Program target for this LLR*	1	No interest	12	12	12			There is no interest, or there is resistance or conflict.
		2	There is interest	1	1	1			The mayor or members of the COMUDE express interest. There is an act or request.
		3	Strategy designed	0	0	0			Program team designs a training strategy for leadership and conflict resolution.
		4	Training in process (Completed)	0	0	0	0		At least 2 COMUDEs have received training.

Although specific demands in those subjects had not previously been identified, the Program is conducting Training Workshop Days for Community Leaders in the four municipalities in the region of Chortí, in Granados, and in San Martí Jilotepeque. Leadership training will be included.

2.3.3 COMUDES

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
COMUDEs formed and functioning	*% of Municipalities with COMUDEs conformed, in relation to the total Program target for this LLR*	1	No COMUDEs	1	2	3			The COMUDE is created, but does not meet and committees are not integrated.
		2	COMUDE created	4	5	0	3		The COMUDE does not meet regularly. It does not have procedures. Integrated Committees are not functioning. No documentation of acts or agreements.
		3	COMUDE strengthened	2	6	3	6		The COMUDE meets at least 3 times per year. Committees integrated. There are acts, and procedures are established.
		4	COMUDEs fully-functioning (Completed)	6	0	7	4		The COMUDE meets at least 3 times per year, and has procedures. Committees are working, and there are acts.

Category 4 includes: Granados, Santa Cruz, San Antonio Ilotenango and Cotzal

2.3.4 COMMUNICATION MECHANISMS

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Innovative communication mechanisms in place	*% de Municipalities that have implemented innovative media and communication mechanisms, in relation to the total Program target for this LLR*	1	There are not communication mechanisms	2	0	5			There is no interest, or there is resistance or conflict.
		2	Isolated use of mechanisms	12	11	6	4		Office of the Mayor uses releases, local radio and other means intermittently. Publish public record and/or Bulletins.
		3	There is interest	0	3	1	3		Communication strategy design in process.
		4	Strategy is being implemented (Completed)	0	0	2			Strategy approved by the Mayor or Municipal Council, and is being implemented.

Category 3 includes: Jocotán, Pachalum and Santa Cruz.

2.3.5 WOMEN'S PARTICIPATION IN 2007 ELECTIONS

Indicator	Unit of Measure	Categories	Categories of Performance	Number of Municipalities					Definitions
				2005	2006	2007	2008	2009	
Participation of women in 2007 elections	*% of women voting increased in 2007 elections (over 2003 statistics) in 3 Program municipalities*	1	Participation decreases						The adjusted % women voting decreases compared to the 2003 elections.
		2	No change in participation						The adjusted percentage of women voting is the same as the 2003 elections.
		3	Small Increase						The adjusted percentage of women voting increases by 3% over the percentage voting in the 2003 elections.
		4	Significant increase **(Completed)**				X		The adjusted percentage of women voting increases by more than 3% over the percentage voting in the 2003 elections.

Annex B: Fiscal Performance

Table B-1: Fiscal Performance in of 13 Selected Municipalities

Municipality	2004			2005			2006			2007			Increase Revenue Coefficient		
	Total Revenues	Own-Source	Own-Source / Total Revenue	Total Revenues	Own-Source	Own-Source / Total Revenue	Total Revenues	Own-Source	Own-Source / Total Revenue	Total Revenues	Own-Source	Revenues / Totals	2005	2006	2007
CONVERGENCIA															
Pachalum	12,943,309	259,897	2.01	17,370,309	363,040	2.09	17,478,725	433,132	2.48	16,153,864	381,056	2.4	0.08	0 39	-0.12
San Martín Jilotepeque	19,704,074	6,844,765	34.74	26,128,190	7,063,457	27.03	18,143,813	3,422,407	18.86	17,180,801	3,701,467	21.5	-7.70	-8.17	2.68
Granados	10,058,654	4,770,148	47.42	16,933,947	5,539,945	32.72	19,346,995	176,238	0.91	20,658,255	175,900	0.9	-14.71	-31.80	-0.06
COPAN CHORTI															
Jocotán	9,498,451	265,490	2.80	12,763,783	449,673	3.52	13,364,130	462,142	3.46	14,433,792	436,221	3.0	0.73	-0.06	-0.44
Camotán	14,971,139	70,902	0.47	17,006,665	143,170	0.84	17,140,133	225,862	1.32	14,025,132	359,231	2.6	0.37	0.48	1.24
Olopa	8,782,630	62,091	0.71	9,578,840	140,073	1.46	15,949,195	288,984	1.81	8,810,376	413,802	4.7	0.76	0 35	2.88
San Juan Ermita	5,889,406	63,387	1.08	8,920,155	97,032	1.09	8,093,892	65,576	0.81	9,864,442	121,149	1.2	0.01	-0.28	0.42
ERIPAZ															
Nebaj	16,949,719	709,739	4.19	19,161,933	850,500	4.44	4,402,933	391,795	8.90	17,568,186	1,340,784	7.6	0.25	4.46	-1.27
Chajul	9,168,467	189,494	2.07	15,291,682	272,526	1.78	7,672,830	197,760	2.58	14,448,394	1,149,909	8.0	-0.28	0 80	5.38
Cotzal	10,412,423	113,230	1.09	15,942,669	20,399	0.13	12,896,228	92,030	0.71	20,793,830	355,628	1.7	-0.96	0 59	1.00
CENTRO DEL QUICHE															
Chiché	8,666,586	346,768	4.00	9,182,767	639,528	6.96	8,446,632	914,970	10.83	7,068,306	938,430	13.3	2.96	3 87	2.44
Santa Cruz del Quiché	12,939,894	4,112,304	31.78	13,299,279	1,976,083	14.86	11,996,295	2,172,245	18.11	16,707,445	3,183,950	19.1	-16.92	3 25	0.95
San Antonio Ilotenango	4,861,221	204,026	4.20	5,463,151	362,443	6.63	6,320,028	178,789	2.83	6,452,793	283,429	4.4	2.44	-3.81	1.56
AVERAGE PROGRAM MUNICIPALITIES	**144,845,973**	**18,012,241**	**12.44**	**187,043,370**	**17,917,869**	**9.58**	**161,251,831**	**9,021,932**	**5.59**	**184,165,617.28**	**12,840,955.99**	**6.97**	**-2.86**	**-3.98**	**1.38**

Own-Source Revenues = Total Revenues – (capital transfers + operating transfers + internal debt)
Own-Source Revenues = Tax Revenues + Non-Tax Revenues + Sale of Goods and Services + Operating Income + Property Income
SOURCE: Prepared by the Program using statistics as reported by INFOM (2004 and 2005), SIAF-Muni (2006 and 2007)

Table B-2: Fiscal Performance of 7 Municipalities Selected for Annual Monitoring of Performance

Municipalities	2004			2005			2006			2007		
	Total Revenues	Own-Source	Own-Source / Total Revenue	Total Revenues	Own-Source	Own-Source / Total Revenue	Total Revenues	Own-Source	Own-Source / Total Revenue	Total Revenues	Own-Source	Own-Source / Total Revenue
Pachalum	12,943,309	259,897	2.01	17,370,309	363,040	2.09	17,478,725	433,132	2.48	16,153,864	381,056	2.36
Camotán	14,971,139	70,902	0.47	17,006,665	143,170	0.84	17,140,133	225,862	1.32	14,025,132	359,231	2.56
Olopa	8,782,630	62,091	0.71	9,578,840	140,073	1.46	15,949,195	288,984	1.81	8,810,376	413,802	4.70
Cotzal	10,412,423	113,230	1.09	15,942,669	20,399	0.13	12,896,228	92,030	0.71	20,793,830	355,628	1.71
Chajul	9,168,467	189,494	2.07	15,291,682	272,526	1.78	7,672,830	197,760	2.58	14,448,394	1,149,909	7.96
Chiché	8,666,586	346,768	4.00	9,182,767	639,528	6.96	8,446,632	914,970	10.83	7,068,306	938,430	13.28
Santa Cruz del Quiché	12,939,894	4,112,304	31.78	13,299,279	1,976,083	14.86	11,996,295	2,172,245	18.11	16,707,445	3,183,950	19.06
SUBTOTALS	**77,884,448**	**5,154,686**	**6.62**	**97,672,211**	**3,554,819**	**3.64**	**91,580,039**	**4,324,984**	**4.72**	**98,007,347**	**6,782,007**	**6.92**

Municipalities	Increase in Revenues 2005/2004		Increase in Revenues 2006/2005		Increase in Revenues 2007/2006	
	Totals	Own-Source Revenues	Totals	Own-Source Revenues	Totals	Own-Source Revenues
Pachalum	34.20	39.69	0.6	19.3	-7.58	-12.02
Camotán	13.60	101.93	0.8	57.8	-18.17	59.05
Olopa	9.07	125.59	66.5	106.3	-44.76	43.19
Cotzal	53.11	-81.98	-19.1	351.2	61.24	286.43
Chajul	66.79	43.82	-49.8	-27.4	88.31	481.47
Chiché	5.96	84.43	-8.0	43.1	-16.32	2.56
Santa Cruz del Quiché	2.78	-51.95	-9.8	9.9	39.27	46.57
SUBTOTALS	**25.41**	**-31.0**	**-6.24**	**21.7**	**7.02**	**56.8**

SOURCE: Prepared by the Program using statistics as reported by INFOM (2004 and 2005), SIAF-Muni (2006 and 2007)