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**Decentralization and Local
Governance Program**

FINAL REPORT

*GUATEMALA DECENTRALIZATION AND LOCAL
GOVERNMENT PROGRAM, 2005-2009*



November 25, 2009

This publication was produced for review by the United States Agency for International Development. It was prepared by DevTech Systems, Inc. and the International City/County Management Association under Contract Number GS10F-0048L, Order Number 520-M-00-05-00037-00.

Cover Photos (Program and USAID Archives):

Left: Speaker at the Rendición de Cuentas (Townhall) in Chiché, February 2007

Center: Plaza in the Ixil Area

Right: Speaker at the ERIPAZ (*Mancomunidad*) Assembly, February 2008



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Submitted to:
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USAID/Guatemala

Submitted by:
DevTech Systems, Inc.
Contract No. GS-10F-0048L, Order No. 520-M-00-05-00037-00
USAID Central America and Mexico (CAM) Strategic Objective 1: "Ruling Justly: More
responsive, Transparent governance"

November 25, 2009

For additional information about the program, please visit www.gomunis.org.

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Table of Acronyms

English		Spanish (continued)	
CAM	Central America and Mexico	COMUDE	Consejo Municipal de Desarrollo
COP	Chief of Party	COPADES	Construcción y Consultoría para el Desarrollo Socioeconómico
DevTech	DevTech Systems, Inc.	COPREDEH	Comisión Presidencial para los Derechos Humanos
DCOP	Deputy Chief of Party	CTM	Código Tributario Municipal
CTO	Cognizant Technical Officer	DEMI	Defensoría de la Mujer Indígena
EU	European Union	ERIPAZ	Encuentro Regional Ixil para la Paz (Mancomunidad de municipios del área Ixil)
ICMA	International City/County Management Association	FONAPAZ	Fondo Nacional para la Paz
LED	Local Economic Development	FRR	Fondo de Respuesta Rápida
LLR	Lower Level Results	GTZ	Cooperación Alemana al Desarrollo
M&E	Monitoring & Evaluation	INAP	Instituto Nacional de Administración Pública
MTC	Municipal Tax Code	INFOM	Instituto de Fomento Municipal
OAS	Organization of American States	MAGA	Ministerio de Agricultura, Ganadería y Alimentación
RRF	Rapid Response Fund	MFP	Ministerio de Finanzas Públicas
SOW	Scope of Work	OMP	Oficina Municipal de Planificación
Sub-IR	Sub Intermediate Result	PNUD	Programa de Naciones Unidas para el Desarrollo
TOR	Terms of Reference	POA	Plan Operativo Anual
USAID	United States Agency for International Development	PRODERQUI	Programa de Desarrollo del Quiché
		PROMUDEL	Programa Municipal de Desarrollo Económico Local
Spanish		RENICAM	Red Nacional de Instituciones de Capacitación para el Fortalecimiento Municipal
AC	Acción Ciudadana	SEGEPLAN	Secretaría de Planificación y Programación de la Presidencia
ADIMAM	Asociación de Desarrollo Integral de las Municipalidades del Altiplano Máruense	SEPREM	Secretaría Presidencial de la Mujer
AFIM	Administración Financiera Integrada Municipal	SCEP	Secretaría de Coordinación Ejecutiva de la Presidencia de la República
AGAAI	Asociación Guatemalteca de Alcaldes y Autoridades Indígenas	SIAF-SAG	Sistema Integrado de Administración Financiera y Sistema de Auditoría Gubernamental
ANAM	Asociación Nacional de Municipalidades	SIAFITO	Sistema Integrado de Administración Financiera Municipal (módulo de ejecución presupuestaria)
ASAE	Arbitrio Sobre Actividades Económicas	SIAF-Muni	Sistema Integrado de Administración Financiera Municipal
ASIES	Asociación de Investigación y Estudios Sociales	UDAI	Unidad de Auditoría Interna Municipal
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		

Preface

This is the Final Report for USAID's Decentralization and Local Governance Program, implemented between January 2005 and September 2009 under contract number GS-10F-0048L, Order Number 520-M-00-05-0037-00.

DevTech Systems, inc. (DevTech) served as the prime institutional contractor for the USAID Program. The other members of the contractor team included the International City/County Management Association (ICMA) and the Guatemalan NGO *Acción Ciudadana* (AC).

Organized in accordance with the contract reports, this Final Report presents the main achievements of the Program during implementation, comparison of the Program results with expected results, reasons why results were not met, recommendations for future interventions, and an analysis of the final financial status of the Program. This Final Report complements the contents of the Final Annual Monitoring & Evaluation Report.

An important operating principle for Program implementation was to ensure that all products and tools developed during the course of the Program were widely available and disseminated. Consequently, the contractor prepared a CD and web-site to serve as a portal for these materials for future projects and programs, and for use by Guatemalan municipalities, *mancomunidades*, municipal associations, and relevant national government agencies and ministries. All materials are available on the website:

www.gomunis.org.



USAID Program Banner

Program Achievements

Strategic Objective, Purpose and Results Framework

The overarching Central America and Mexico (CAM) strategic objective to which this Program was to contribute was “**more responsive and transparent governance.**” The purpose of the Program was 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 was defined as “**greater transparency and accountability of governments.**” The original Program design contemplated three Sub-Intermediate Results (Sub-IRs). A fourth Sub-IR was added to provide support during a defined period to the Department of San Marcos in the aftermath of Tropical Storm Stan.

The Program had an extensive framework of lower level results (LLR) that were identified to monitor and manage the services provided to Guatemalan municipalities, *mancomunidades*, municipal associations, as well as national government entities. **Table 1** summarizes the final results framework for the Program.

Table 1: Sub-Intermediate Results and Lower Level Results Descriptions

Sub-IR 2.1: More transparent systems for management of public resources by local governments

LLR 2.1.1. SIAF-Muni fully implemented in selected municipalities

LLR 2.1.3. Certification Program for municipal financial managers developed and implemented in selected municipalities.

LLR 2.1.4. National level replication plan for municipal financial managers Certification Program promoted

LLR 2.1.5. Improved transparency in municipal procurement processes, procedures & systems (Guatecompras) in selected municipalities.

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.

LLR 2.1.8. Selected municipalities present sustained increase in own-source revenues.

LLR 2.1.9. Public-private partnership for local economic development (LED) functioning in selected municipalities and *mancomunidades*, based on USAID strategic planning methodology.

LLR 2.1.10. Critical basic municipal service improved in selected municipalities.

LLR 2.1.11. Cost recovery system improved in selected municipalities.

LLR 2.1.12. Municipal level planning improved in selected municipalities.

LLR 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

LLR 2.2.1. Increased transparency and efficiency in the system of intergovernmental transfers.

LLR 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.

LLR 2.2.3. Better coordination between municipal investment and national social investment, especially those that complement USAID Programs in health, education, and security, etc.

LLR 2.2.4. Policies and practices that regulate and stimulate responsible municipal indebtedness developed and disseminated nationally.

LLR 2.2.5. Municipal Tax Code (MTC) passed and implementation supported.

LLR 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

LLR 2.3.1. USAID Accountability and Citizen Oversight methodologies fully institutionalized in selected municipalities and disseminated broadly at the national level.

LLR 2.3.2. Leadership and conflict resolution and negotiation skills of local community and municipal leaders improved in selected municipalities.

LLR 2.3.3. Development councils functioning according to applicable Law in selected municipalities.

LLR 2.3.4. Innovative media and communication mechanisms to improve transparency of municipal operations in place in selected municipalities.

LLR 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

LLR 2.4.1. Development and implementation of reconstruction/emergency initiatives by local governments in selected municipalities.

LLR 2.4.2. Departmental Development Councils strengthened in selected departments.

LLR 2.4.3. Monitoring and coordination mechanisms developed and implemented in selected municipalities of the Hurricane Stan affected area.

Program Results

According to the Monitoring and Evaluation Plan (M&E Plan), USAID's Decentralization and Local Governance Program should progress towards achieving three (3) Sub-Intermediate Results (Sub-IRs)

and 25 Lower Level Results (LLRs).¹ In addition a fourth Sub-IR was added for San Marcos that had three LLRs.

By the end of the Program (30 September 2009), the Program had successfully completed 23 of the 28 LLRs according to the indicators established in the M&E Plan. Of the five LLRs that were not completed, three had partial results. Only two LLRs were not achieved as originally expected, and were not achieved for reasons beyond the control of the Program.

The status of the Program Results is summarized in *Table 2*.

Table 2: Status of Program Indicators

Sub-IR or LLR	Indicator	Planned 2009	Actual ²	Met
Sub-IR 2.1	% annual increase in tax revenues collected in the group of municipalities selected by the Program	1%	2.5%	Yes
2.1.1	% of Municipalities that have implemented the SIAF-Muni, in relation to the total Program target for this LLR	100%	100%	Yes
	% of Municipalities that have Civil Registry Systems implemented, in relation to total Program target for this LLR	100%	111%	
	% 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	100%	111%	Yes
2.1.4	Signature of corresponding letter or agreement	Oct 2007	Aug 2007	Yes
2.1.5	% of Municipalities that have implemented Guatecompras, in relation to the total Program target for this LLR	100%	100%	Yes
2.1.6	% of Municipalities that have AFIMS operating effectively, in relation to the total Program target for this LLR	100%	100%	Yes
	% of Municipalities that have UDAs, in relation to the total Program target for this LLR	100%	240%	
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	100%	129%	Yes
2.1.9	% of Municipalities with local economic development plans elaborated, in relation to the total Program target for this LLR	100%	57%	Partial

¹ During the life of the Program, Lower Level Results were revised. Two LLRs under Sub-IR were removed due to conditions in the country.

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 2009	Actual ²	Met
2.1.10	% of Municipalities with at least one critical basic service improved, in relation to the total Program target for this LLR	100%	89%	Yes
2.1.11	% of Municipalities that have implemented a cost recovery system, in relation to the total Program target for this LLR	100%	89%	Yes
2.1.12	% of Municipalities with Strategic Plans approved, in relation to the total Program target for this LLR	100%	73%	Yes
2.1.13	% of <i>Mancomunidades</i> with Strategic Plans approved, in relation to the total Program target for this LLR	100%	100%	Yes
Sub-IR 2.2	Number of Municipalities that have developed at least one new competency as detailed in the National Decentralization Policy	2	0	Pending
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	Yes
2.2.2	% of Municipalities with staff trained regarding the implementation of the National Decentralization Policy, in relation to the total Program target for this LLR	100%	133%	Yes
2.2.3	% of 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%	Yes
	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%	Yes
	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	10	Yes
2.3.1	% of Municipalities that present accountability reports, in relation to the total Program target for this LLR	100%	77%	Yes
	% of Municipalities in which social auditing reports are presented, in relation to the total Program target for this LLR	100%	14%	
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	100%	118%	Yes
2.3.3	% of Municipalities with COMUDEs conformed, in relation to the total Program target for this LLR	100%	77%	Yes

Sub-IR or LLR	Indicator	Planned 2009	Actual ²	Met
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%	Yes
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	Yes
2.4.2	Disaster Reconstruction and Risk Mitigation Plan validated	Feb. 2007	Feb. 2007	Yes
	Disaster Reconstruction and Risk Mitigation Plan implemented	March 2007	Plan implemented	
2.4.3	Municipal Information System developed (SIM)	Julio 2007	Julio 2007	Yes
	SIM institutionalized in Reconstruction office	Agt. 2007	Agt. 2007	

Analysis of Sub-Intermediate Results

The primary indicator to measure the achievement of Sub-IR 2.1 was the improvement in the fiscal performance of the selected municipalities. For the 13 selected Program municipalities, intergovernmental transfers were, on average, 92 percent of total revenues in 2008.³

The annual rate of growth of own-source revenues for the 13 selected municipalities increased from -0.5 percent in 2005 to 41.2 percent in 2008. During the base year and the subsequent year, the municipalities had reduced levels of own-source revenues that were recouped in the following years when the Program began to provide direct technical assistance. Technical assistance was delivered through three mechanisms:

- Updating the municipal fees schedules;
- Improving operating regulations and collection of fees for municipal services; and
- Strengthening policies to reduce the avoidance of the payment of municipal services

The Program also monitored the results utilizing a coefficient of own-source revenues/total revenues. The coefficient increased on a sustained basis after 2006 when reliable data became available. The coefficient increased from 5.59 percent in 2006 to 9.5 percent in 2008, and as a consequence the target benchmark was considered satisfactorily completed.

The indicator for **Sub-IR 2.2** was defined as: “Number of municipalities that have developed at least one new competency as detailed in the National Decentralization Policy.” Decentralization policy was not implemented by the executive branch of the central government given the frequent changes in those responsible in the SCEP, the weakness of the Secretariat after the Constitutional Court decision that

³ This indicator is measured by comparing the results of the fiscal year of the Guatemalan governments (calendar year). The last available year is 2008.

eliminated the executive authorities of SCEP, the absence of a budget mechanism to finance the transfer of these functions and scant interest that was shown on the part of the majority of the municipalities. Decentralization policy was not an issue that was taken as critical for the leadership of ANAM or AGAAI. All of these factors contributed to the inability of the Program to effectively engage on these issues, especially given the status of the Program as a USAID-funded activity.

The indicator for Sub-IR 2.3 was defined as: “Number of Municipalities with COMUDE Citizen Participation Commissions operating”. Although the target was seven (7) COMUDEs, by the end of the Program 10 COMUDEs had been established and were functioning with the appropriate commissions and committees.

The Citizen Participation Commissions were formed, and included the participation of municipal authorities and community leaders. These commissions monitored the commitments made by the COMUDE. In addition the commissions were conceived as a space to improve the quality, not only the number, of women participating. The Program experience suggests that women participate more actively in small groups.

Over the course of the four years of field implementation, a total of 22,744 persons participated in training workshops, COMUDEs, and Commissions (not exclusive to Citizen Participation). Of this total, 24.8 percent were women.

At the request of USAID, Sub-IR 2.4 was added to the Program to contribute to the reconstruction process in the Department of San Marcos in the aftermath of Tropical Storm Stan. Given that the Sub-IR was added after the M&E Plan was finalized there was not a specific indicator established at the Sub-IR level. Nevertheless, three LLRs were identified and all were achieved.

Analysis of Lower Level Results

In the base year of 2005, the average score for the 13 municipalities for the LLRs was 31 out of 100 points. When the Program closed in September 2009, the average had increased to 89 out of 100 points.

The best results were achieved for those LLRs related to the information management tools (*Guatecompras*, SIAF, taxpayer registry and the civil registry), and the creation of internal financial management structures for the municipalities (AFIMs and UDAIs). The selected municipalities that received Program assistance are now better prepared to manage their resources in compliance with the standards as established in Guatemala.

Likewise, positive results were achieved in planning and strengthening the *mancomunidades* of Copán Chortí and ERIPAZ. Both are recognized as among the best *mancomunidades* in the country. The Program’s emphasis of institutional strengthening (internal procedures and leadership), as well as capacity building in coordination with other donor funded activities, especially in the Chortí area, were key to the successes achieved.

The greatest area of weakness in municipal management is in the weak regulatory, financial and operational structures related to the delivery of basic services. Over the course of implementation resources were limited (until the final year) for this area. Nevertheless, the Program addressed this critical area and succeeded in improving the score from 12 points in the base year to 72 points in the final year.

The LLRs for which the targets for the indicators were not achieved were:

- Local Economic Development (LLR 2.1.9)
- Decentralization Policy (Sub-IR 2.2)
- Coordination of Public Investment at the National and Municipal Level (LLR 2.2.3)
- Approval of reforms to the AGAAI statutes (LLR 2.2.6)
- Innovative communication mechanisms (LLR 2.3.4)

In the case of *local economic development (LED)*, the Program completed successfully the design of the LED plan for the Mancomunidad Copán Chortí, and the plan was presented in July 2009. This LLR cannot be considered achieved because it was not possible to deliver the service to the other municipalities as plan, specifically those in the *Ixil* region. Notwithstanding demonstrating the overall success of this effort, SEGEPLAN decided to utilize the LED methodology developed by the Program to prepare the plans for the National Planning System.

The Program financed for SCEP a consultancy to create the Single-Window for Municipal Projects as the mechanism to improve the coordination of *national and municipal public investment*. As noted above, the Constitutional Court issued a decision that removed from SCEP executive implementation authorities. Therefore, although the assistance was provided to SCEP, SCEP could not implement the strategy. SCEP transferred to SEGEPLAN the responsibility for the single-window but there was insufficient time to complete this target.

The Program prepared a study to reform the *AGAAI statutes* and proposed a series of changes. Although the proposal was well received, its approval was postponed on several occasions. What was achieved is the report of the ANAM statutes, including the extension of the term for the Board of Directors after 2010.

The Program developed and disseminated a Guide to implement municipal communication strategies as an integrated mechanism to promote *innovative communication mechanisms*. In the municipalities of Cobán, Pachalum and Santa Cruz del Quiché, the communication strategies were approved but in the other municipalities the level of advancement was limited to the publication of the reports on accountability events, municipal strategic plans, the internal regulations of COMUDEs, and cultural sensitive signage for municipal offices.

Analysis of Results by Municipality

In the base year the 11 municipalities that can be compared to the endline had an average score of 23 out of 100 points. At Program completion in 2009, this score had increased to 83 out of 100 points.

The municipalities that were also members of the *Mancomunidad Chortí* demonstrated the most progress. In the base year, Camotán and Jocotán were in last place. In 2009, the four municipalities of the region were between the second and fifth place with only Chajul progressing more. Chajul demonstrated extraordinary progress moving up from one of the last positions to first place by the end of the Program. The progress in the Chortí region was influenced by the active leadership of the officials and community representatives, including the greatest participation of women leaders than in the other geographic areas; the strength of the *mancomunidad*, and the sustained support by donors during various years.

The municipalities of Pachalum and Nabaj that were scored well at the beginning of the Program declined during the life of the Program. The characteristic that these two municipalities shared was a

reduced political will on the part of the mayors to effectively engage the citizens through the mechanisms established by law.

Notwithstanding the results of these two municipalities, all 13 of the selected Program municipalities are today better prepared to manage resources efficiently, with transparency, and with citizen participation.

Lessons Learned

As reported in the previous section, the Decentralization and Local Governance Program had an impact on strengthening the internal capabilities of municipalities and national level actors to improve the transparency and accountability of local governments. In addition the Program successfully helped increase citizen engagement. However, there remains much work to be done in Guatemala to strengthen local governments.

According to the Americas Barometer report financed by USAID, municipal governments continue to be ranked first (among governments) that have citizen confidence even when the same citizens are dissatisfied by the quality of municipal public services.⁴

This section of the report offers 10 key lessons learned that should be considered when replicating the tools and methodologies developed during the life of the Program to improve the quality and effectiveness of local governments. The first four lessons are focused on the structural challenges encountered that prevent effective decentralization in Guatemala. The remaining lessons relate to organizational capacity and implementation challenges.

Structural Challenges

The lessons learned related to the structural factors of decentralization in Guatemala are centered on three supply/demand functions. The first is the relationship between the central government (supply) and citizens (demand by society in general for decentralization). The second is the relationship between the central government (supply) and municipalities (demand for reform). The third is the relationship between the municipalities (supply of good governance) and citizens (engagement and social auditing).

Lesson Number 1: Improving local governance requires that society in general have a greater awareness of decentralization as an indispensable reform of the state and not only as a governmental policy (Central Government/Citizens).

Over the course of the Program there were national and local elections. With limited resources, the Program attempted to use this opportunity to build awareness of decentralization and local governance as an option for a new institutional structure at the local level that is better able to deliver services and engage citizens. There were some modest successes, such as the electoral campaign managed jointly by the three municipal associations.

Nevertheless, success at this level for expanding both the supply (by the central government) and demand for decentralization (by society in general) was limited through the implementation of the Program due to four basic structural factors.

⁴ Azpuru, Dinorah, Americas Barometer, Political Culture of Democracy in Guatemala, 2008: The Impact of Governance. USAID and Vanderbilt University, p. 73.

1. There exists little recognition on the part of the central government that the central government benefits from strengthened municipal governments. Effective governance at the local level is the mechanism for improving the conditions of Guatemalans. Municipal governments can provide a multiplier effect for the policies and strategies of the central government in particular those related to achieving the Millennium Goals.
2. Building a constituency for decentralization has not been sustained by the municipal associations. The electoral campaign that was supported by USAID and other donors has not been adequately followed with subsequent actions. Part of the explanation can be found in the constant change of leadership in ANAM and its internal capacity. However, there is also a lack of incentives to have a similar campaign be ongoing until such time that decentralization is achieved. Yet, without general awareness the level of political will for decentralization the policy will continue be subject to the whims of each new central government administration, especially in the central governmental entities responsible for implementing decentralization, such as SCEP.
3. There remains weak political party support for municipal governance because parties do not have strong territorial representational ties. Until political parties become more identified with and lead democratic governance and decentralization, decentralized participatory democracy will only be partially consolidated.
4. The system of development councils (at all levels) that are designed to offer a mechanism for citizen engagement remains weak. It is unclear to citizens what is gained by decentralization. To overcome this challenge the system of development councils need to be strengthened with i) improved capacity to plan for and promote a substantive agenda, ii) incorporation of qualified representatives that reflect the diversity of the country, and iii) adequate financial resources.

Lesson Number 2: Decentralization without strengthen local capacity can be a greater risk than an opportunity: An alternative approach to decentralization is required (Central Government/Municipality).

Municipalities in Guatemala are already overwhelmed by their legal responsibilities to their citizens. The distinct laws that govern municipalities assign 28 functions to them as well as the provision of 20 basic services and a similar number of other services. In the legal framework they are like ‘mini-states’ but without neither the resources nor the capacity.

This caution is not to say that municipalities should not be further empowered. Rather it requires an intensification and coordination of the resources to strengthen local governments in all of the areas possible. Unfortunately, there is a tendency and pressure to do ‘everything’ in every municipality. We saw this in the implementation of the Program. The various lower-level results represent just a portion of the decentralized functions, and yet it was not possible to work in all of the areas in every municipality with the limited resources provided.

The Program attempted to differentiate the type of assistance provided by municipality that reflected the demands and agreements with the municipalities. Even with this stated objective, there was always the ‘pressure’ to work in all of the areas. Rather than pushing all municipalities to have all functions decentralized, a lesson from this Program might be applied in general.

A differentiated menu of functions could be an effective tool for municipalities in general in Guatemala. This would allow for diversity and reflect the demands and on-the-ground realities. In unitary states there is a tendency to assume that all decentralized units must be the same. Of note is that in federal states there is great variation in the organizational structures and decentralized functions among sub-national governments.

Guatemala is a unitary state; therefore, to adopt a differentiated approach would require the development and implementation of a governmental policy for municipal strengthening. It would make necessary a clarification and adjustment of the roles of INFOM, ANAM, SCEP and the other entities related to the decentralization process. Confusion about the roles of these organizations and this lack of clarity was a recurring point of discussion during the implementation of the Program.

Based on nearly five years of experience working to strengthen decentralization, we have identified several key questions that remain unanswered and as a result hinder the successful implementation of a National Decentralization Policy. These are:

- What is the strategy to increase the capacity of local governments?
- What is the portfolio of functions that is realistic to transfer to the municipalities and for which there is a demand on the part of the municipalities for those functions?
- What is the source of funds to transfer to municipalities without negatively impacting the central government budget?
- What is the vision for fiscal decentralization and how can this vision be articulated in the new phases of decentralization policy?
- What are the next steps to strengthen citizenship with a focus on gender and multiculturalism?
- What are the mechanisms that guarantee the decentralization of representational municipal governance?

Lesson Number 3: Building a strategic alliance between citizens and local governments is critical for the viability and sustainability of democratic governance (Municipalities/Citizens).

In many areas of the country, communities remain post-conflict (such as the Ixil region). Recuperating confidence among actors is a long process. Notwithstanding, during the course of Program implementation it was observed that this process could generate new human, political, economic, social and institutional capital in the municipalities that reinforced the local governments that were committed to transparency and the rule of law. Consequently, activities that build alliances (such as the improvement of municipal public services) can have a dual benefit of recovering post-conflict and improving citizen confidence in local governments. The caveat to this lesson learned is examined in the following lesson.

Lesson Number 4: Increasing the capacity of citizens to influence and prioritize the use of decentralized resources can have a tendency to accentuate social conflicts at the local level (Municipalities/Citizens).

As stated, a key operating principle established by the Program when it started was that it was important to create the supply of good governance by strengthening the municipality concurrently with actions to build the capacity and capability of citizen demands. It was understood that without strengthening the capacity of municipalities to meet citizen demands that neither decentralization nor democracy would be realized. As outlined in the results achieved, the Program was able to strengthen municipal capacity.

The ability to strengthen citizen participation requires working within the institutional channels that have been established, such as the COMUDEs and COCODEs. The Program developed a coherent and

successful strategy for strengthening COMUDES through the development and application of a guide that addressed the legal and organizational requirements of COMUDES, which included providing:

- Guidance and promoting the correct representational formula according to the legal norms;
- Technical assistance for the participatory preparation of the internal regulations that guarantee spaces for participation for all of these involved, including translation into the relevant indigenous language;
- Support for the integration and implementation of the commissions including the Citizen Participation commission that in practice fulfilled the social auditing function for the agreements made in the COMUDE not only by the municipal authorities but also by the community representatives; and
- Direct support to the female participants of the commissions and COMUDES that included training and dissemination of information that improved their technical capacity to develop and present proposals and participate effectively in the decision-making process.

There were, however, two challenges related to citizen participation that were encountered during the implementation of the Program. The first was that accountability (*rendición de cuentas*) and social auditing as conceived at inception and largely through implementation failed to go beyond financial accountability. If municipal events to report out on accountability and social auditing were done within the organizational structure of the COMUDE (and perhaps COCODE) there would be a better way to ensure that commitments made and assumed could be tracked on all sides. In this way, social auditing and accountability can be better institutionalized at the municipal level.

The second challenge was that the success of strengthening the COMUDES and their related commissions could not be extended to the community level. Part of the explanation can be found in the level of the resources of the Program. Notwithstanding there is an additional lesson learned. While the legal framework establishes the requirement of this hierarchy of citizen organizations there is limited, if any, support from the central government or municipal government for work with COCODEs. This lack of support is further complicated by the fact that there is a limited experience with grassroots democratic institutions in Guatemala—the associational life that Tocqueville so famously identified. Consequently, the emergence of representational and effective COCODEs cannot be assumed to emerge organically. The need for a solution remains. Effective and representational citizen engagement at the community level that resolves conflict and developmental questions is a core requirement for democratic governance at the local level.

Organizational Capacity

Lesson Number 5: Municipalities are improving their capacity for local governance.

A key lesson learned during the implementation of this Program is that in spite of all of the challenges, Guatemalan municipalities can develop and improve their internal capacity to govern and deliver services. According to the *Primer Índice de Cumplimiento de Normas que Promueven la Transparencia Municipal* published by Acción Ciudadana in July 2009, 99 percent of the municipalities have Municipal Planning Offices, 92 percent are using *Guatecompras*, 74 percent have an internal auditor, 63 percent have created their AFIMs, and 66 percent have functioning COMUDES. It is worth pointing out that three of the municipalities that were ranked the highest are among the municipalities with the smallest economic base; therefore capacity is not solely defined by resources. The political will to make the necessary reforms and

take the necessary actions matters. Technical assistance can have an effect, as the Program achieved better rates on average for the number of COMUDEs functioning 77 percent.⁵

Based on the Program's experience of working in municipalities on a daily basis, we learned that the municipalities with mayors and municipal councils that are more proactive in being transparent are more likely to improve on all of the measures.

We also learned that there is a significant challenge to the sustainability of improvements and that is the turn-over in municipal staff. As such, to consolidate the institutional development of the municipalities the following actions should be considered:

- Continue and expand the Certification Program for Municipal Officials to include other areas such as Municipal Planning offices and managers of municipal services;
- Approve the reforms of the Municipal Service Law that ANAM is advocating; and
- Design, implement, and coordinate a National Program for Capacity Development for elected and appointed municipal officials and staff with the roles clearly defined by INAP, ANAM, and INFOM, and the courses are certified and accredited according to the reforms in the Municipal Service Law.

Lesson Number 6: Municipal Associations are a key to moving from the supply of decentralization to the demand for decentralization but the road forward is long and complex.

The original design of the Program included a lower-level result to strengthen the two primary municipal associations in Guatemala (ANAM and AGAAI). When the Program began these two associations, as well as the municipal association for women, were extremely weak. Consequently, the focus had to be on the basic institutional framework for the associations and technical support to particular issues identified by the associations. The success in adopting new statutes for ANAM will provide a longer time horizon for planning and development of a clear direction for the association as it works with its members.

By the end of the Program it was clear that the Association was beginning to be possible to shift the focus from the legal framework of ANAM (for example) to become more focused on three principal areas:

- Role of the associations to represent the interests of municipal authorities and local governments especially in the legislative agenda (when the Program closed there were 34 bills in the national Congress) and public policy advocacy;
- Provision of technical and legal services to members; and
- Management and mobilization of resources for municipalities.

This process will not be easy as it will be important that the associations clarify their individual roles, how they relate to each other, and how they relate and coordinate with other key entities such as INFOM, the social funds, the ministerial programs implemented in the municipalities, among others.

Lesson Number 7: Technical assistance in planning must be accompanied with professionalization of Municipal staff.

When the Program began in many of the municipalities and *mancomunidades* there was a high level of disenchantment with strategic planning because the plans were not linked to budgets or operational plans, or they were inconsistent, hard to implement, or not viable.

⁵ The Program set-out to provide technical assistance to seven municipalities in the formation of COMUDEs. In the end 10 out of the 13 had formed their COMUDEs.

Through the life of the Program, there were two aspects of this lesson learned. First in the case of *mancomunidades* it was critical to be able to clarify and define in measurable terms the long-term and cohesive objectives of the *mancomunidad*. Without clear project-based objectives *mancomunidades* tend to fail, as was the case of the *Mancomunidad de Convergencia de los Ocho*. Second, management and execution of *mancomunidad* plans must be tasked to a professional and technical management staff after the Board of Directors has made the political and strategic decisions. The Program developed a Guide to the Formation and Sustainability of *Mancomunidades* in Guatemala⁶ which outlined the key factors in the consolidation of *mancomunidades*, reinforcing the Program's lessons learned.

Lesson Number 8: *Mancomunidades* comprised by a smaller number of municipalities have greater chances of success.

As highlighted in the previous lesson, the *Mancomunidad de Convergencia de los Ocho* failed during the life of the Program. There are several lessons from this failure. The first is that of the objectives as mentioned above. The second is the size of the *mancomunidad*. *Mancomunidades* with fewer member municipalities are better able to organize themselves make decisions in an efficient manner, as was the case with Copán Chortí and ERIPAZ. Key to success of the *mancomunidades* is the participation and involvement of the mayors, the municipal councils, municipal officials, and citizens to guarantee that the joint planning is relevant and responds to the needs and desired objectives of the communities. Fundamentally, the *mancomunidad* structure cannot be utilized to add a layer to the hierarchy of governance. It is not a mechanism or tool for donors to channel technical assistance to municipalities. There has to be an economic interest for the formation of the *mancomunidad*.

Lesson Number 9: Municipalities that are vibrant, create jobs, and are competitive are better suited for decentralization.

The economy matters. Economic growth provides the basis for strengthening municipal finances by improving the flow of resources to the municipalities and in term the capacity to assume new decentralized functions. Citizens cannot be satisfied solely by the provision of quality and efficient basic services. Persistent poverty and inequality are major impediments to citizen acceptance and satisfaction with decentralized democratic governance.

During the life of the Program there was evidence of a situation that seems obvious but is not reflected in the politics of municipalities: “services cannot be eaten.” When faced with food insecurity, unemployment and lack of hope, citizens cannot assign sufficient value to municipal services or public works, and as a result are not willing to pay for the services at sustainable rates. Consequently, although the improvement of basic municipal services is an important objective for local governance projects it is not sufficient. It was for this reason that the Program dedicated the time and effort to develop a guide and methodology for local economic development (See Annex 1) in Guatemala that could become the core component of municipal development.

The lack of economic opportunities in much of Guatemala is due to the high concentration of productive activities in the municipal seats. The fundamental strategy for attracting more investment and to take advantage of market opportunities that the free trade agreements provide is to improve territorial-based competitiveness. This cluster-based approach that moves beyond the municipal seats provides the possibility for public-private alliances that are based on common interests and a shared long-term vision

⁶ To access the guide, see Annex 1.

that can change productive and economic foundation of the municipality for local businesses and households.

Implementation Factors

Lesson Number 10: Strengthening the level of participation of women in local governance requires specific strategies for engaging women, providing training, and working in smaller group settings.

Women tend to not directly participate in municipal governance. There are initiatives of the donors, non-governmental organizations, and municipal officials to better incorporate women through the Municipal Women's Affairs Offices (OMM). However, there has yet to be a convergence of a strategy, and this has made implementation more difficult.

Within this context the Program worked on two levels to improve participation. The first was to work to help establish the OMMs, much like the work with COMUDES. However, while there was often interest and political will to do so it is not clear yet what are the functions of the office.

Instead of effecting real change, the offices, in most cases, have served a public relations role. OMMs offer the potential for providing effective spaces to increase the effective participation on women, but only if there are strong training, advisory services, and financing for these offices so that the OMMs can adequately conduct gender analysis and identify concrete activities that ensure that municipal actions do not disadvantage women.

In addition to working to form the OMMs in the selected municipalities, the Program established a strategy early on to seek opportunities to increase the participation of women (under LLR 2.3) with an emphasis on real (rather than quota-based) participation by improving their capacity to effectively participate. The adaptations made included when meetings were scheduled, as well as assuring that there were opportunities for smaller groups. On average, 24 percent of the participants in the training workshops for the COMUDES and Commission that were financed by the Program were women. Although this percentage was relatively high compared to example the number of elected women municipal officials there remains a gap.

Recommendations

The lessons learned in the previous section provide an opportunity to make several recommendations for future interventions whether by Guatemalan entities or international donors. The first three recommendations are directly related to some of the structural challenges. The remaining recommendations are oriented to be considered by USAID, other donors, and partners as they implement programs to achieve the USAID strategic objective of more responsive and transparent governance.

Recommendation 1: Reformulate Decentralization Policy.

Not all municipalities are the same or have the same needs. Municipalities should be empowered in the decentralization policy to be able to demand decentralization. Rather than a universal decentralization of functions a more nuanced approach that differentiates the functions to decentralization offers more promise—but only if the human and financial resources available in the municipalities are commensurate

with the requirements. This will require a review of the functions that have been decentralized with the objective of ensuring that those that are can effectively be managed by municipalities.

Recommendation 2: Identify a Mechanism for Financing COMUDES.

The COMUDE is essential to ensuring that the demand side of the equation at the local level can reach a point of equilibrium. However, there is generally lacking a clear mechanism that can finance the activities of the COMUDES and commissions/committees. This reduces the viability and accessibility to women and minorities. According to the 2008 *Americas Barometer* report, only 14 percent of respondents had attended a municipal meeting.⁷ The report concludes that this relatively low level is not because of a desire to participate, but rather the low level of participation by presenting requests. This suggests that there remains work to do to make the mechanisms of participation more participatory. For example, the Program had success of increasing the participation of women, but it is unclear if this objective can be achieved without outside technical assistance because of the lack of funding at the municipal level.

Recommendation 3: Improving the Fiscal Capacity of Municipalities.

USAID has provided technical assistance that has targeted the passage of a Municipal Tax Code. The fiscal capacity of municipalities is central to their autonomy and ability to deliver services to their citizens.

Assistance in this area should continue, and should be focused on all components or elements of municipal finances. These includes the Municipal Tax Code, redefinition of the system of intergovernmental transfers, municipal debt regulation, renegotiation of the municipal liabilities, mechanisms for financing the development councils, and the financing of municipal associations, among others.

Recommendation 4: Strengthening Municipal Associations.

Assistance should be continued that is targeted to strengthening the municipal associations. These associations, as examined above, are critical and a central organizational unit for strengthening decentralization and local governance. This will require additional resources and dedicated technical assistance to ANAM that can support ANAM in the redefinition of its role; improving services to its members; achieving financial autonomy; increasing its capacity to engage in political advocacy related to legislative actions; and clarifying its role vis-à-vis INFOM, the social funds, and other central government entities. A potential entry point for strengthening ANAM is to focus on the departmental associations and the territorial-basis of its membership (this is an area that ANAM is targeting). Another point of clarification is the relationship of ANAM to *mancomunidades*, as well as a de-concentration of the services that it provides. The role of the international donors in this process should be further coordinated. There have been efforts, but this is an area that merits additional attention.

Recommendation 5: Expanding Local Economic Development Initiatives.

Municipalities that have a vibrant economy and provide jobs to their residents are central to democratic decentralization in Guatemala. Local Economic Development in an integrated world; however, cannot be focused solely on a single municipality or even at the *mancomunidad* level. New ways of territorially driven economic development should be expanded. This is a challenge for many countries as municipalities tend to compete, but this remains an area of need and technical assistance.

⁷ Americas Barometer, p. 74.

Recommendation 6: Mechanisms and Tools to Improve the Communications Capacity of Municipalities should be Expanded.

Communication and transparency are two sides of the same coin. Internally, municipalities need tools to improve their communication. Externally, they likewise need to be able to effectively communicate if they are to improve the own-source revenue collection as well as cost-recovery for services. The initiatives that have been taken by *Acción Ciudadana* to measure, publicize, and reward municipalities that are transparent and complying with the municipal codes requirements are important. They provide incentives for change, and in the future should be expanded to include other aspects of municipal management, such as the freedom of information law, fiscal performance, provision of basic services, etc.

Recommendation 7: Continue Technical Assistance to Professionalize Municipal Staff and Officials.

The success of the Certification of Municipal Financial Officers provides a clear lesson learned that should be replicated to include other functional areas (municipal planning, basic services managers, etc) at the municipal level. This type of assistance, supported by international donors, provides a mechanism to reach more municipalities and institutionalize a key component of quality municipal governments—a trained, professional workforce. If these types of certification programs can be complemented with accreditation in the new Municipal Civil Service Law this provides a key foundation for improved municipal governance.

Recommendation 8: Continue the Gender Focus.

Our experience has shown that gender is not always understood in municipalities, and even among those providing technical assistance. This is not unique to Guatemala as it is often that gender is assumed to be about projects that are focused only on women rather than understanding (and establishing) new (and more equal) gender relations. Promoting the empowerment of women at the local level in the decision-making process is only part of the work to be done. The OMMs provide the institutional framework to take the next step. OMMs can play a proactive role in the promotion of the participation, but more importantly in capacity-building, leadership development, information dissemination, and ensuring that municipal action plans include a gender analysis. USAID has an effective internal policy of gender integration, and should continue its work in this area. In addition, programs or projects should continue to promote opportunities for smaller groups that can engage women and ensure that information is adequately disseminated to women and minorities.

Recommendation 9: Continue the Multiculturalism Focus.

The political will of the municipal authorities and technicians is a key to developing affirmative actions that promote multiculturalism as a cross-cutting theme. It is recommended to continue with those actions that expand the use of local languages in the public administration, apply norms and policies that are culturally pertinent, respect and value cultural diversity, and coordinate between national and local governments the strengthening of the association that represents the indigenous municipal authorities (AGAAI). However, it is also necessary to constitute a deeper awareness and understanding of multiculturalism and diversity at the municipal level.

Annex 1: List of Guides Developed (in Spanish)

The Program focused on developing tools to be utilized by municipalities, *mancomunidades*, and technical advisors. The following is a listing of these guides (with translated) English titles. All are accessible on www.gomunis.org and on the electronic version of this document are hyperlinked where possible.

Citizen Participation

- Guide for Development of COMUDE Regulations
- Basic Ideas on *Rendición de Cuentas* (Accountability)

Communications

- Guide for [Communication Strategies for Municipalities](#)

Local Economic Development

- [Local Economic Development Guide](#)
- Local Economic Development [Plan for Mancomunidad Copán Chortí](#)

Mancomunidades

- [Guide for the Formation and Sustainability of Mancomunidades in Guatemala](#) (produced by AGAAI and ANAM, with the support of SCEP, USAID and the European Union)

Municipal Finances

- Guide for [Municipal Financial Administration and Transparency](#)
- Guide for [Establishing the Municipal Internal Audit Unit](#)
- Guide to [Increase Own-Source Revenue Collections](#)

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