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Municipal Decentralization and Development Project

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Project Objectives

***To enhance municipal decentralization
that fosters citizen participation and
promotes municipal autonomy,
local control over financial and human resources,
and accountable local governments***

TABLE OF CONTENTS

VOLUME I: MAIN REPORT

<i>Executive Summary</i>	5
<i>Introduction</i>	12
<i>Project Background & General Approach</i>	12
<i>Expected and Achieved Results</i>	
I. Expected Result	
Broader support for legislation to strengthen municipal Authority and increase municipal participation in Formulating and implementing policies affecting local Government	
I 1 AMUNIC	18
I 1 1 Initial Situation	18
I 1 2 Strategies and Methodologies	18
I 1 3 Results Achieved	19
I 2 Partnership with other Key National Entities	22
II. Expected Result	
Improved Municipal Capacity to Generate Revenues and Manage Financial Resources in an Accountable Manner.	
II.1 Organizational Development	24
II 1 1 Initial Situation	24
II 1 2 Strategies and Methodologies	24
II 1 3 Results Achieved	25
II.2 Municipal Revenue Generation and Financial Management	
II 2 1 Initial Situation	26
II 2 2 Strategies and Methodologies	26
II 2 3 Results Achieved	28

III	Expected Result	
	Strengthened Municipalities in Order to Successfully Undertake Decentralization Efforts	
	III 1 Leadership Training	32
	III 1 1 Initial Situation	32
	III 1 2 Strategy and Methodologies	32
	III 1 3 Results	33
	III.2 Basic Services	33
	III 2 1 Initial Situation	33
	III 2 2 Approaches and Methodologies	34
	III 2 3 Results	34
	III 3 Urban Planning and Investment Programming	36
	III 3 1 Initial Situation	36
	III 3 2 Approaches and Methodologies	36
	III 3 3 Results	37
IV	Expected Result	
	Improved citizen participation in local government decision Making related to the allocation of resources and the Planning and provision of services	
	IV 1 Initial Situation	39
	IV 2 Strategies and Methodologies	40
	IV 3 Results	40
	<i>Lessons Learned</i>	43
	Appendix 1 <i>PDDM Expenses Report as of October 1998</i>	47
	Appendix 2 Manuales, Documentos, Informes y Eventos de Capacitacion realizados por PADCO para el PDDM	48

VOLUME II ANNEXES

- 1- Cumplimiento del Plan de Trabajo Original
- 2- Evaluacion de la Situacion de los Convenios de Asistencia Tecnica y Capacitacion por Municipalidad
- 3- Indicadores de Cumplimiento por Municipalidad
- 4- Manuales, Documentos, Informes y Eventos de Capacitacion realizados por PADCO para el PDDM

Executive Summary

The United States Agency for International Development (USAID) in Nicaragua contracted PADCO, Inc, with Development Associates (DA) as a subcontractor, to implement the Municipal Decentralization and Development Project (MDDP) The Project contributed to the Strategic Objective of "more political participation, transparency and compromise", and the Result "more accountable and responsive government" The Project was implemented between October 30, 1995 and October 30, 1998

The MDDP contained two mutually reinforcing components First, the "strengthening of municipalities" component provided training and technical assistance directly to municipalities, as well as financial resources provided through a capital fund Fourteen (14) municipalities, eleven of which were department capitals, benefited from this sustained assistance Second, the "promotion of decentralization" component supported changes in municipal legislation All Nicaraguan municipalities benefited from the legal and institutional changes achieved through this component

PADCO fielded a Chief of Party and a core permanent team to implement the MDDP, and also contracted short-term technical assistance as necessary An MDDP Consultative Committee, consisting of representatives of the National Association of Nicaraguan Municipalities (AMUNIC), the Nicaraguan Municipal Development Institute (INIFOM), the Emergency Social Investment Fund (FISE), and USAID/Nicaragua, guided Project implementation

The MDDP sought to achieve four lower-level results, which are discussed below

Result 1: Broader support for legislation to strengthen municipal authority and increase municipal participation in formulating and implementing policies affecting local government

Assistance focused on AMUNIC, the representative voice of municipalities at the national level At the beginning of the Project, AMUNIC was unable to effectively plan its activities and did not have a stable source of finance Initial assistance involved limited operational support to AMUNIC

The MDDP phased this form of assistance out as it supported implementation of a more comprehensive Institutional Development Strategy and Plan This Strategy and Plan included developing the organization administratively, creating a sustainable source of finance from the municipal sector, and supporting legislative research and promotion

Key results of the Project¹ include the following

- AMUNIC is now a stable organization, with a sustainable source of finance and an appropriate system of financial management
- AMUNIC's income quadrupled from 1995 to 1998. A full 84% of income comes from the member-municipalities
- During the life of the Project, AMUNIC developed the capacity to convene National Congresses and Assemblies, as well as to publish monthly newsletters. These mechanisms help develop unified municipal positions on key issues
- AMUNIC, with PADCO assistance, prepared and promoted broad discussion of proposed reforms to the Municipal Law, as well as three additional pieces of pending legislation. Among its other benefits, the reformed Municipal Law (approved in August 1997) permits the transfer of water, sanitation and electrical services to the municipalities

Other Project supported attempts to improve the legislative framework for municipal government have been less successful, however. With MDDP assistance, AMUNIC prepared and promoted the General Municipal Tax Law, the Fiscal Transfer Law and the municipal Budget Regulation. Of these, only the Fiscal Transfer Law has been discussed in committee in the National Assembly. None has reached the agenda for debate during a plenary session. While increasing political polarization has hindered due consideration of these proposed laws, the main impediment to their passage is the low priority which many members of the legislative and executive branches accord to the local government issues.

The MDDP also worked with other Government of Nicaragua (GON) institutions as development partners. The MDDP supported the efforts of the National Sectorial Decentralization Commission chaired by INIFOM. The Project assisted FISE with the preparation of contracts signed with the municipalities for the funding of investment projects under the MDDP Capital Fund. The Project team presented the MDDP Municipal Financial Management System to the Office of the Controller General. This Office supports the application of this System in municipalities throughout Nicaragua. Finally, the MDDP supported a series of workshops/seminars sponsored by the Municipal Affairs Commission of the National Assembly to discuss and strengthen municipal legislation.

¹The MDDP team monitored Project results via a comprehensive Project Monitoring and Evaluation System. This System made extensive use of indicators and targets. Key indicators are presented in this Executive Summary and elsewhere in this volume. A comprehensive presentation of MDDP indicator results is presented in Volume II Annexes.

Result 2 Improved Municipal Capacity to Generate Revenues and Manage Financial Resources in an Accountable Manner

To achieve this Result, PADCO first assisted municipalities with general organizational development. At the beginning of the Project, MDDP municipalities suffered from overly centralized decision-making, limited teamwork, inadequate or nonexistent administrative and financial systems and procedures, and inadequate understanding of the roles and responsibilities of mayors and the municipal council. The team responded by assisting municipalities develop and approve a Manual of Organization and Functions, and a Manual of Internal Control, and training staff in their use.

The MDDP team next addressed municipal revenue generation and financial management. At the beginning of the Project, municipalities typically were not taking full advantage of their revenue potential and were heavily subsidizing municipal services. Budget preparation bore little relation to budget execution. Capital investment was neglected. Finally, local officials lacked a clear understanding of the municipality's financial situation.

PADCO addressed this situation by developing and helping municipalities internalize the MDDP Municipal Financial Management System. This System includes computerized modules for Program Budget, Asset Accounting, Income, and Expenditures. The System also integrated and incorporated two other modules developed independently of the MDDP: the Municipal Property Tax Project (SISCAT), and the Unified Tax Registry System (SISREC), both of which assist in increasing revenue collections.

Key results included the following:

- All 14 participating municipalities have institutionalized the MDDP Municipal Financial Management System, along with the Property Tax and Tax Registry modules, as the basis for financial management.
- Participating municipalities have increased current income from C\$90.6 million at the beginning of the project to C\$113.4 million in 1998. In 6 of the project municipalities, revenues increased an average of 76.3% over the period 1995-1998. These increases resulted from improvements made in tax collection.
- Participating municipalities have improved their internal savings rates – the percentage of locally generated resources available for capital investment projects.
- For the 14 municipalities in total, in the base year current expenditures exceeded current income. (This negative rate of internal savings indicated that municipalities were financing some of their current expenses out of capital income such as donations.) By 1998, however, current income was exceeding current expenditures. In 1998 alone, this improvement freed up a total of C\$ 10.7 million for capital investments in the 14 MDDP municipalities.

Result 3 Strengthened Municipalities in Order to Successfully Undertake Decentralization Efforts

PADCO helped strengthen municipalities via three complementary approaches. First, PADCO assisted in leadership training. Too many local elected officials are currently driven by ideology, favoritism and political loyalty, rather than by a vision of what is best for their municipality as a whole. Such leadership issues were especially pronounced in the first year of Project implementation, as Nicaragua held municipal elections. In previous local elections, voters often lacked a clear picture of how different candidates viewed the problems and priorities in their communities. The MDDP addressed this situation via a series of workshops, both for all hopefuls prior to elections as well as for elected candidates prior to assuming office. PADCO subsequently led 14 mayors and other officials on a leadership study tour in cities in the southwest United States and Mexico.

Second, PADCO helped municipalities improve their provision of basic services. Principal problems at the outset of the Project included low coverage levels, a lack of cost recovery, as well as unsanitary garbage disposal sites and slaughterhouses. PADCO addressed this situation by preparing and training officials in use of a Handbook for the Operation of Public Municipal Services. The team also provided technical assistance and training in analyzing costs and setting user fees. Finally, the MDDP capital fund projects in the 14 municipalities were oriented toward either garbage collection and disposal (eight projects) or improvements in other basic services (six projects).

Third, PADCO assisted municipalities in urban planning and investment programming. At the start of the Project, MDDP municipalities were largely reactive and not proactive in their approach to planning and investment programming. Plans (where they existed) were not realistic, while most local projects were formulated, contracted and executed without meaningful municipal involvement. PADCO addressed this situation by helping municipalities -- with extensive citizen and councilmember participation -- develop multi-year Municipal Investment Plans (MIPs). The ongoing MIP exercise was linked to the annual budgeting cycle. From these plans, municipalities then selected one project to seek financing via the MDDP Capital Fund. PADCO further helped municipalities implement these investments by preparing eligibility studies, seeking approval, designing, bidding, contracting, and executing the projects. PADCO also provided training in urban planning and land use control.

Results achieved in the MDDP municipalities included the following:

- All 14 municipalities prepared multi-year MIPs. These plans were developed with citizen participation and were formally adopted by the municipal councils. Projects financed by the Capital Fund were selected from those included in the MIP's.
- MDDP municipalities also experienced average increases in potable water service coverage from 79.5% in the base year to 86.9% in 1998, and wastewater service coverage from 28.5% in the base year to 29.3% in 1998.

- Solid waste collection coverage increased significantly from average population coverage levels of 63.0% during the base year, to 77.5% by 1998
- The percentage of solid waste collection costs covered by user fees increased from 34% on average at project inception to approximately 45% in 1998 in selected municipalities

Result 4 Improved citizen participation in local government decision making related to the allocation of resources and the planning and provision of services

All 14 municipalities had some experience with citizen participation prior to the MDDP. However, almost all previous efforts were sporadic, improvised, project-specific, and not part of programmatic efforts to involve the community in broader efforts to plan and manage development of the municipality. Additionally, many community organizations were politicized, municipal structures were inadequate, and town meetings were poorly planned.

PADCO addressed this situation by helping municipalities strengthen their capacity to address community participation, promoting the creation of the Community Relations Office and training its personnel. The Project also trained community leaders. Finally, municipalities learned to build community participation into their ongoing planning, investment programming, and budgeting processes.

A study carried out by Mitchell A. Seligson of University of Pittsburgh highlights the increasing effectiveness of community participation at the local level. The study concluded that citizen participation in municipal affairs in Nicaragua is relatively high when compared to other countries in Central America. In addition, the study revealed that almost half of the population believes that municipalities respond better to community problems than the central government. The sample for the study was broken down by municipalities participating versus those not participating in the MDDP Project. In Project areas, 70 percent of the respondents were positive about services provided by the local government, while in non-project areas only 50 percent responded in this way.

With MDDP support and PADCO assistance the municipalities have increased the number of community meetings to improve citizens participation in local development. However, the Project could not substantially increase the number of participants per meeting (7% in 1997) thus not achieving the 18% intended target. This last result was in fact due to the late initiation of the community development activities which were delayed to the second year of the project. PADCO management considered that in order to have an effective community participation process in the local government, it was necessary to have the municipalities organized in order to effectively respond to the community needs.

PADCO thus successfully achieved all four Project results. The MDDP served as a cornerstone of USAID/Nicaragua's efforts to support the GON in achieving more accountable and responsible government.

Lessons Learned

The MDDP experience offers lessons for USAID and other development agencies wishing to launch municipal development projects

National/Macro Level Lessons

Design projects with reinforcing components The integrated nature of its design contributed to the Project's success. MDDP components reinforced each other. It proved effective, for example, to work at the local level while at the same time contributing to the national level policy dialogue. Likewise, the capital fund reinforced the citizen participation component.

Work closely with development partners To achieve results, development projects such as the MDDP cannot work in isolation. Instead, they must strategically manage activities in association with development partners, particularly national level institutions.

Determine whether the legal/institutional environment favors Project success Municipal development projects will be more likely to succeed when

- the national government fully embraces decentralization and municipal development efforts,
- the legal framework supports municipal autonomy and decentralization, while ensuring local government transparency, and
- a representative, national-level municipal association is active

Local Level Lessons

Municipal development involves a long-term commitment Municipal development requires an intensive, long-term commitment to selected local authorities. As a result, in most countries the demand for municipal assistance will far outstrip the resources available. Development agencies should therefore bear two additional lessons in mind.

“Pre-select for success” Agencies must carefully select for participation those municipalities most likely to benefit from activities. PADCO learned through the selection process for MDDP that quantitative criteria such as city size and economic growth alone are not sufficient. It was also necessary to take into account qualitative criteria such as absorption capacity and the existence of political leaders that will provide the vision and energy to bring about lasting change. Such municipalities (and their leaders) will

- offer sufficient absorptive capacity,
- embrace project objectives,
- demonstrate the political will to reform local government,
- be willing to involve citizens in decision-making, and
- agree to mentor smaller, adjacent municipalities

Develop strategies to increase impact Agencies must also craft effective strategies to disseminate successful methodologies developed in pilot municipalities. Approaches include

- developing replicable training and technical assistance modules and promoting their use elsewhere,
- sponsoring “sharing” activities for participant-to-participant learning, and
- promoting the mentoring of small municipalities by larger participating municipalities

Introduction

The United States Agency for International Development (USAID) in Nicaragua contracted PADCO, Inc., with Development Associates (DA), to implement the Municipal Decentralization and Development Project (MDDP). Representatives of USAID and the GON's Institute for Municipal Development (INIFOM), and the Social Emergency Investment Fund (FISE) signed the MDDP agreement on September 29, 1994. The Project was implemented between October 30, 1995 and October 30, 1998. Volume I of this report presents the results of the MDDP, as follows:

- Section 1* -- presents Project background and its general approach,
- Section 2* -- reports on the four main Project results, and
- Section 3* -- offers lessons learned

This volume includes two appendixes. Appendix No. 1 presents Project Expenses Report as of October 31, 1998 and No. 2 presents all the manuals, documents, training events and reports produced by the PDDM.

Volume II of this report, separately bound, includes the following annexes:

- 1 The accomplishment of the original Workplan
- 2 Assessment of the Agreements signed with each Municipality
- 3 Accomplishment Indicators of the PDDM
- 4 Manuals, Documents, Reports and Training Events produced by the PDDM

Project Background and General Approach

USAID Strategic Objectives

The MDDP supported USAID/Nicaragua's first Strategic Objective on democratic initiatives, "More Political Participation, Transparency and Compromise." The major results sought under this strategic objective included Result No. 4 "More Accountable and Responsive Government." The USAID Mission's Good Governance Results Team is responsible for achieving this result. The PADCO contract was one of several implementing mechanisms for achieving that Team's strategic targets.

The objective of the MDDP was to enhance municipal decentralization that fosters citizen participation and promotes municipal autonomy, local control over financial and human resources, and accountable local governments. The Project was designed to achieve the following results:

- Result 1* -- broader political support for legislation to strengthen municipal authority and increase municipal participation in formulating and implementing policies affecting local government,
- Result 2* -- improved municipal capacity to generate revenues and manage financial resources in an accountable manner,

Result 3 -- strengthened municipalities in order to successfully undertake decentralization efforts, and

Result 4 -- improved citizen participation in local government decision making related to the allocation of resources and the planning and provision of services

Municipal Sector Constraints

Project results sought to address certain municipal sector constraints. Many constraints confronting municipal governments in Nicaragua were similar to those experienced by local governments in other developing countries, including

- underutilized tax base,
- limited access to capital for investment,
- weak administrative, budgeting, and financial systems,
- inadequate service delivery systems,
- poor understanding among elected officials of municipal government role, and
- lack of citizen participation in local decision making

Nicaraguan municipalities are also highly politicized politically. This has made governing difficult for elected officials at both the national and local levels. This polarization extends to the organization of civil society and its institutions. These conditions impede efforts to strengthen municipal governments and increase citizen participation in local government decision making.

The National Association of Municipalities (AMUNIC), representing 85 percent of the country's municipalities, was constituted to represent municipal interests with the Government of Nicaragua (GON) and to promote required reforms. In 1995, however, AMUNIC was administratively and financially weak and depended mostly on donor financing for its specific activities.

Project Design

To address constraints and achieve results, the MDDP was designed with two mutually reinforcing components. First, the "Strengthening of Municipalities" component sought to promote community participation and support the technical, financial, and managerial needs of municipalities to increase revenues and plan investments responsive to community priorities. To this end, the Project provided technical assistance and training directly to selected municipalities, this training was complemented by financial resources provided through a capital fund. FISE was responsible for channeling capital fund resources to participating municipalities, while municipal assistance complemented the efforts of INIFOM.

Second, a “Promotion of Decentralization” component sought to support changes in municipal legislation and regulations in order to consolidate decentralization of authority, buttress the autonomy of local government, and further democratic processes of governance. Assistance to promote decentralization was mainly targeted to support efforts by AMUNIC and INIFOM. Assistance included preparation of legislative initiatives and workshops and seminars to orient/train key decision makers and institutions. The MDDP also helped strengthen AMUNIC’s administrative and financial management capacity to represent municipal interests.

Participating Municipalities

Table 1 provides general statistics on the socioeconomic characteristics and service coverage levels for the 14 municipalities selected to receive direct assistance under the MDDP. The participation of these 14 municipalities was phased in over the three-year project period as indicated in the table.

The criteria used in the selection of the first four municipalities were population size (over 20,000), financial capacity (annual municipal budget not less than US\$250,000), municipal council with 10 members, political stability and political will to undergo organizational change. At the end of the first year it was clear to PADCO that important additional criteria in the selection of the new municipalities included absorptive capacity for the technical assistance and training programs, as well as the possibility for replication of activities in neighboring municipalities.

The 14 municipalities have very different demographic and economic characteristics. They range from Ciudad Dario with an agricultural-based economy and a population that is two-thirds rural to Matagalpa, which is close to 80 percent urban. Leon, Chinandega, and Matagalpa are relatively prosperous compared to other participating municipalities because of a developed agro-industrial base. Eleven of the 14 municipalities are department capitals.

In order to recognize and respond to such differences and to set assistance priorities, the PADCO MDDP team implemented initial assessments in each of the 14 participating municipalities. Each assessment was reviewed with the mayor, council members, and key staff in order to establish priorities for MDDP assistance and training and to determine the respective commitments of PADCO and the municipality under the MDDP. These assistance priorities and commitments formed part of MDDP Technical Assistance and Training Agreements, which were signed by the two parties and USAID.

In addition to the 14 selected municipalities, a substantial number of additional municipalities in Nicaragua were expected to benefit from the MDDP due to progress toward constitutional, legal, and regulatory reforms and access to operations manuals.

PADCO Team Organization

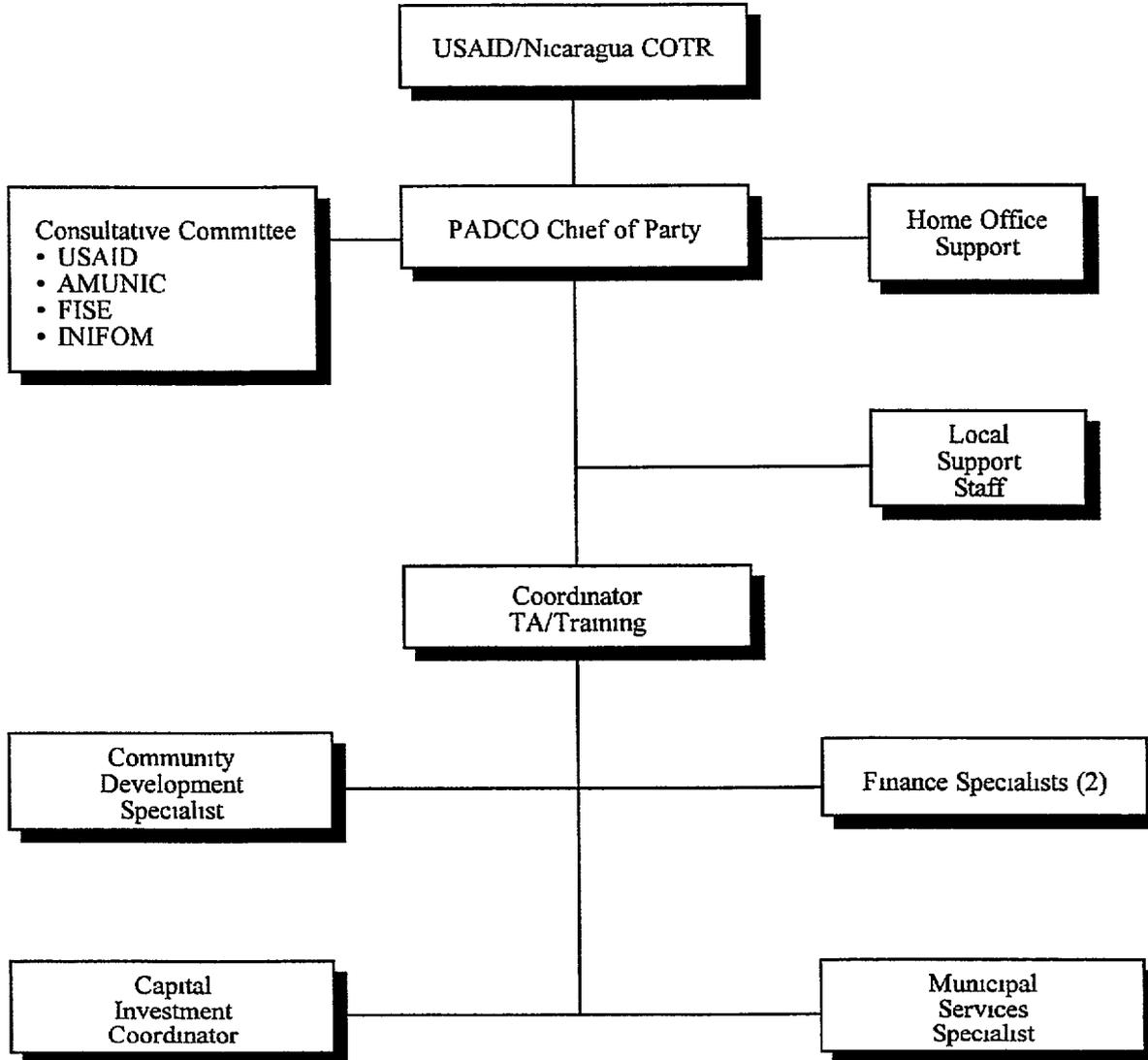
PADCO provided a Chief of Party and a core permanent team to provide technical assistance and training and to administer various aspects of the capital fund. PADCO also contracted short-term technical assistance for specialized analysis, consultation, and training. The total level of effort provided over the three-year contract period was 360 person-months. Figure 1 portrays the organization of the PADCO team. The Chief of Party supervised all members of the team and represented PADCO on a MDDP Consultative Committee made up of representatives of INIFOM, AMUNIC, FISE, and USAID/Nicaragua.

Table 1
Characteristics of MDDP Municipalities
1995-1998

Municipality Phasing	Population		Annual Budget (US Dollars)		Level of Service Coverage (%)					
	1995	1998	1995	1998	Potable Water		Sewerage		Garbage Collection	
					1995	1998	1995	1998	1995	1998
<i>Year One</i>										
Chichigalpa	41,903	44,508	442,720	1,031,593	85	85	6	6	50	82
Ciudad Dario	35,871	38,278	132,501	248,104	100	100	36	36	56	70
Matagalpa	104,831	118,120	1,140,020	2,448,148	88	88	46	46	50	90
Boaco	45,188	49,511	370,210	570,476	69	69	54	54	66	67
El Tuma-La Dalia	43,887	55,497	144,868	516,252	79	80	0	0	37	80
<i>Year Two</i>										
León	161,530	175,096	3,250,526	4,162,605	96	96	56	56	76	85
Chinandega	117,037	130,089	1,480,370	2,637,779	81	81	34	34	80	82
Masaya	117,523	130,749	533,070	908,746	92	92	42	42	55	90
Granada	96,996	105,433	1,248,789	1,301,545	96	95	21	21	70	94
Jinotega	77,222	82,454	529,029	1,686,039	52	52	34	56	60	79
<i>Year Three</i>										
Jinotepe	37,470	40,455	437,700	565,497	96	86	4	5	100	91
Rivas	37,817	40,180	368,771	518,018	98	73	51	26	100	90
Juigalpa	50,791	57,164	700,947	728,485	63	85	0	0	60	80
San Carlos	28,733	34,588	145,520	285,948	84	37	15	35		66
MDDP Total	996,799	1,02,122	10,925,041	17,609,235	84.2	79.9	29	30	66.2	82
National Total	4,357,099	4,806,727	47,324,972	n d	84	n d.	32	n d.	65	n d.

Source: USAID/PADCO MDDP Assessments 1995 National Population Census and INEC's projections for 1998 Municipal Budgets

Figure 1
PADCO Team Organizational Structure



EXPECTED AND ACHIEVED RESULTS

I Expected Result

Broader political support for legislation to strengthen municipal authority and increase municipal participation in formulating and implementing policies affecting local government

As described below, assistance focused on the National Association of Nicaraguan Municipalities (AMUNIC), with the MDDP working with other GON entities as development partners

I 1. AMUNIC

I 1 1 Initial Situation

AMUNIC, founded in late 1993 by 41 members, was legally constituted in February 1995. AMUNIC is a nonprofit, nonpartisan, civil association established for the purpose of protecting and representing the common interests of its constituent municipalities and, in particular, promoting municipal autonomy and development. At the inception of the MDDP, AMUNIC's membership consisted of 140 municipalities, represented by their mayors. The Association was unable to effectively plan its activities and did not have a stable source of finance. Membership fees and external donations covered the costs of only a minimum level of functions and activities, primarily related to

- review and support in cases of conflict in the municipal governments, and
- review and commentary on legislative reforms affecting the municipalities, including the Constitution, the Electoral Law, the Municipal Law and National Tax Code, etc

I 1 2 Strategies and Methodologies

The MDDP, through the PADCO contract, provided initial limited operational support to AMUNIC for a manager, secretary, office space, and equipment and supplies. As levels of membership and dues increased to provide a financial base for its operations, this initial support was phased out.

PADCO's technical assistance to AMUNIC was thereafter based on an Institutional Development Strategy and Plan developed at project inception, which targeted organizational strengthening, support for legislative research and promotion, and support functions for the municipalities. The MDDP additionally supported two other approaches to developing unified municipal positions on policy issues:

- AMUNIC (with MDDP technical support) has sponsored three National Congresses and two National Assemblies. Participants at the Congresses have included the President of the Republic, members of the GON Cabinet, the Diplomatic Corps, and donor organizations. More than 80 percent of municipal members attended these events.
- AMUNIC's monthly newsletter (circulation 2,500), financed by the MDDP, informs, orients, and educates its membership and others on "best practices" and pending/new legislation that affects the municipal sector, as well as upcoming events.

I 1 3 Results Achieved²

The MDDP substantially strengthened AMUNIC's institutional capacity and its ability to effectively represent the municipalities. The following specific results were achieved:

- ✓ AMUNIC is a stable organization with a manual of organization and functions and a suitable accounting and financial management system.
- ✓ AMUNIC's financial position has improved and its operating budget increased since member municipalities agreed to pay 1 percent of their annual local revenues to support the association. Contributions from members increased by more than 150 percent from 1996 to 1997 (see Figure 2), and there is potential for even greater levels of income. To achieve this potential, however, it will be necessary to build support for AMUNIC among municipalities- including a number of MDDP municipalities- which have not begun to pay fees.

²To monitor Project progress towards achieving Results, the MDDP established and implemented a comprehensive Project Monitoring and Evaluation System. This System made extensive use of indicators, targets, and benchmarks. This volume presents selected key indicators to demonstrate Results. A comprehensive review of MDDP indicator results is presented in Volume II of the MDDP Final Report.

- ✓ AMUNIC, with MDDP assistance, prepared and promoted broad discussion of proposed reforms to the Municipal Law, which was approved in August of 1997. It also drafted three additional important pieces of legislation: the General Municipal Tax Law, a Fiscal Transfer Law, and the Municipal Budget Regulation. Of these, only the Fiscal Transfer Law has been discussed in committee in the National Assembly. None has reached the agenda for debate during a plenary session. While increasing political polarization has hindered due consideration of these proposed laws, the main impediment to their passage is the low priority which many members of the legislative and executive branches accord to the local government issues.

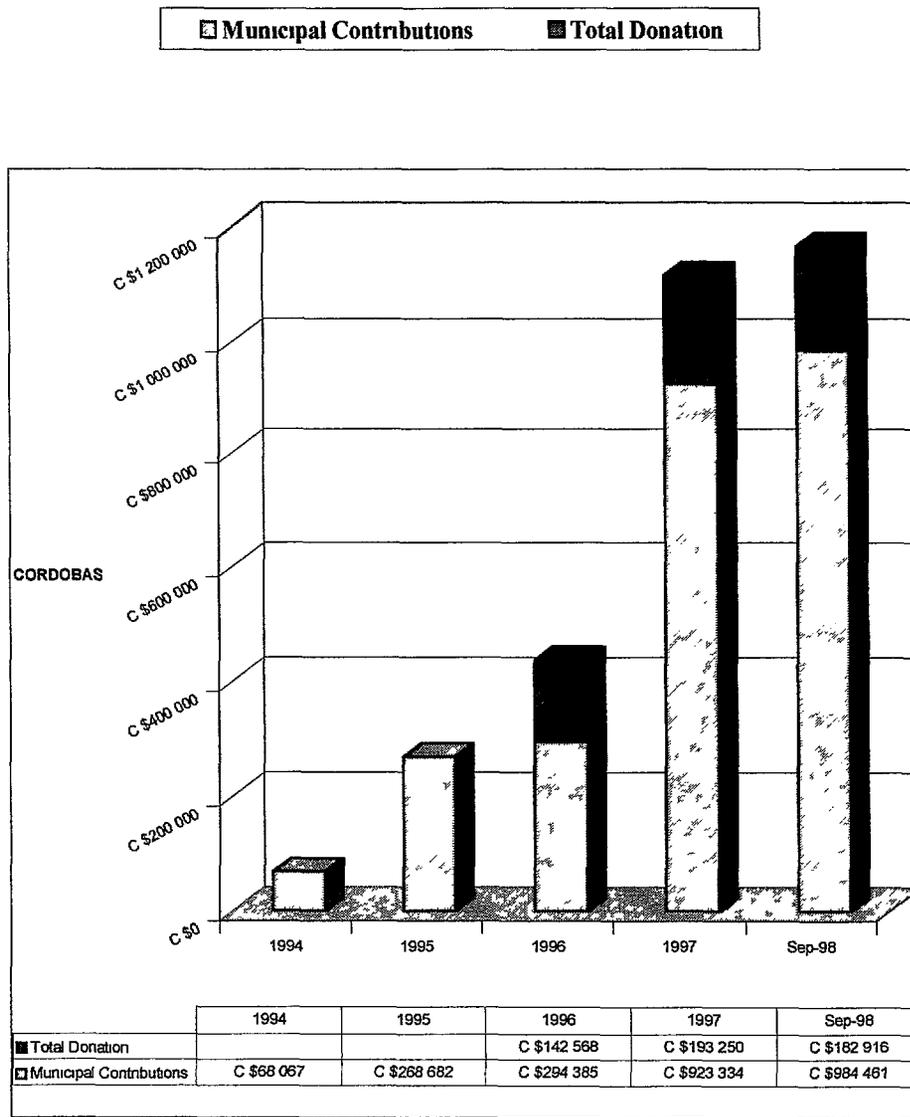
AMUNIC, with MDDP assistance, has also prepared an analysis of the conditions for the decentralization of water, sanitary services, and electrical distribution, presenting options for consideration of GON decision makers.

Actions and results related to selected project indicators are as follows:

MDDP Key Actions and Indicators	Target	Achieved*
Training and TA leads to certification that AMUNIC is eligible to receive/manage US Government funds	Certification	✓
Develop proposal for sustainable financing mechanism for AMUNIC	Mechanism proposed & approved	✓
Assist AMUNIC to propose and lobby for changes to Ley 40	Proposal developed & enacted by Government	✓

✓ means fully achieved.

FIGURE 2
AMUNIC INCOME STATEMENT



All of these efforts and achievements have given AMUNIC a national presence and a prominent role in the decentralization and municipal development process in Nicaragua

I 2 Partnership with Other Key National Entities

INIFOM

The 1995 reform of the Nicaraguan Constitution strengthened municipal autonomy and authorities. The GON established a national Decentralization Commission, chaired by INIFOM, to identify and recommend those electoral, legal, and regulatory changes needed to consolidate decentralization of authorities, increase the autonomy and/or resource base of local governments, and strengthen democratic processes of governance.

The MDDP supported the efforts of the National Sectorial Decentralization Commission chaired by INIFOM. The Project organized workshops to discuss the process, collaborated on technical analysis, and contributed to INIFOM's strategy for strengthening municipalities.

FISE

As the main national level implementer of municipal infrastructure and facilities, FISE was targeted during MDDP design as a member of the Project's Consultative Committee and the manager of investment funds under the project.

In order to facilitate smooth implementation of FISE's role as fund manager, however, PADCO had to develop and implement early in the project a strategy to integrate FISE into the disbursement process. This strategy succeeded in removing early bottlenecks and facilitating the process of developing and managing contracts between FISE and the municipalities. Additional training provided by PADCO and FISE to the local governments in preparing documentation required by FISE also contributed to timely disbursements on municipal investments.

Finally, as a result of Project contributions, FISE has developed new approaches/strategies in order to improve its capacity to integrate local governments and the communities they represent into the project design and implementation process. The MDDP supported FISE in the participatory planning and implementation process in Ciudad Dario and El Tuma-La Dalia.

Office of the Controller General (OCG)

The MDDP Municipal Financial Management System (and its respective manuals) was presented to the OCG and approved as an excellent contribution to meeting the standards of control and transparency required by this entity. The OCG backs the use of this MDDP System and has proposed to extend its application to the remaining municipalities in Nicaragua. Personnel of the OCG were trained in the use of the system and its manuals.

Municipal Affairs Commission of the National Assembly

The MDDP supported a series of workshops/seminars sponsored by the Commission to discuss and strengthen pending municipal legislation, providing technical assistance and consultations, and making presentations.

II Expected Result

Improved municipal capacity to generate revenues and manage financial resources in an accountable manner.

As discussed below, the MDDP assisted municipalities first with (1) general organizational development, and then with (2) improved revenue generation and financial management

II 1 Organizational Development

II 1 1 Initial Situation

At the beginning of the Project, MDDP municipalities evidenced a number of common problems in their organizational structure and administration as follows

- vaguely defined municipal organization and functions, resulting in conflict or duplication of functions, gaps in the organizational hierarchy, overly centralized decision making, weak horizontal communication, and limited teamwork,
- inadequate or nonexistent administrative and financial systems and procedures, resulting in weak internal controls,
- limited policies, systems, and procedures for the administration of personnel, and
- limited understanding of the functions, roles, and responsibilities of local government on the part of mayors and municipal council members

II 1 2 Strategies and Methodologies

The revision of the municipal organization and functions was considered a critical first step in the process of providing assistance to the 14 MDDP municipalities. The purpose was to set the organizational framework required to implement new municipal authorities mandated by law, as well as to specify those systems and procedures needed to ensure adequate internal control.

The team prepared a Model Manual of Organization and Functions, and used it to guide the elaboration of individual manuals tailored to the needs of each participating municipality.

The team reviewed these manuals with the leaders and staff of each municipality, and sought approval by the respective municipal council. Twelve municipalities approved the Organizational Manual, the remaining two municipalities were in the process of analyzing the manual at the end of the project.

The team then prepared a complementary Manual for Internal Control for each municipality, with the active participation of relevant municipal staff. In each case, the team conducted orientation/training workshops for responsible executive leadership and staff.

II 1 3 Results Achieved

The MDDP achieved the following results in the area of organizational development:

MDDP Key Actions and Indicators	Target	Achieved
Design and execution of plans for administrative restructuring	Plans approved by 14 mun's	✓
Preparation of Manual of Organization and Responsibilities	Manuals for 14 mun's	✓
Training of municipal officials and staff on organization and responsibilities	Training in 14 mun's	✓

✓ Means fully achieved

The Director of Financial Information of the Municipality of Matagalpa offered typical praise for the assistance. She said, "We are now delineating functions. Before there was a duplication of functions, now there is definition and efficiency. The Manual of Functions has helped us to identify the responsibilities of each staff member, and, as with the internal controls, this is a basic tool to achieve transparency in the use of resources."

Improved municipal organization further served as a foundation for improved municipal revenue generation and financial management. These results are discussed below.

II 2 Municipal Revenue Generation and Financial Management

II 2 1 Initial Situation

At the outset of the Project, the lack of orientation of work and resources to obtain results in municipalities was reflected in a common set of problems in the area of financial management, including the following

- Limited exploitation of revenue potential due to segmented and incomplete registry of contributors and inefficient collection management. This resulted in highly subsidized municipal services and heavy dependence on grants from national institutions and/or foreign donors for capital investments
- Deficient conceptualization, preparation, and management of budgets to meet specified development objectives, resulting in a complete disassociation between budget preparation and execution
- A high percentage of current revenue (averaging 95 percent) dedicated to finance municipal operations, leaving few resources for capital investment
- A lack of asset accounting and registry of municipal assets and liabilities, which precluded understanding of the real financial situation. Municipal assets were unknown or not legalized, and accounts payable were not clearly identified, thus impeding their collection

II 2 2 Strategies and Methodologies

PADCO responded to these problems in all 14 municipalities by providing technical assistance, training, and manuals for planning and management of revenue sources, budget preparation, and capital investment planning and budgeting. The MDDP Financial

Management System is structured in interactive computerized modules that include Program Budget, Asset Accounting, Income, and Expenditures (see Figure 3). This MDDP system allows staff to prepare a broad range of analyses on the municipality's financial situation.

We have advanced so much that we now have a new budget formulated for 1998, and understand how much how and where we will spend the resources of the municipality. We have more capacity and initiative.

— Mr Jaime Arauz
Mayor, El Tuma-La Dalia

II 2 3 Results Achieved

The MDDP produced the following immediate results

MDDP Key Actions and Indicators	Target	Achieved*
Design and installation of computerized systems for program budgeting, asset accounting, payments, and internal control	Systems installed in 14 mun's	✓
Design and installation of unified systems for the registry of taxpayers and collections	Systems installed in 14 mun's	✓
Managers and staff trained in the installation and utilization of the above systems	Personnel trained in 14 mun's	✓

✓ means fully achieved

These immediate results led to additional positive impacts. One key indicator is municipalities' "internal savings rate" -- the percentage of locally generated resources available for municipal investment projects. Figure 4 shows the cumulative improvement in the internal savings rate for all participating municipalities over the life of the Project. Figure 4 shows that in the base year (the year in which the MDDP signed agreements with the municipalities), current expenditures exceeded current income. This meant that municipalities had no locally generated resources available for investment. By 1998, however, current income was exceeding current expenditures, indicating a positive rate of local savings.

Figure 5 shows how internal savings rates changed for each participating municipality over the life of the Project. In the base year, the ratio of current expenses to current income for nearly all participating municipalities was greater than 100%. This means that the municipalities were financing their current or operating expenses out of capital income (e.g., donations, transfers, loans). By 1998, however, the ratio of current expenses to current income had improved (i.e., dropped) for nearly all municipalities. In the remaining municipalities (e.g., Jinotega), the increase in revenue collection was offset by higher salaries and operation expenditures, resulting in a higher expenses/income ratio.

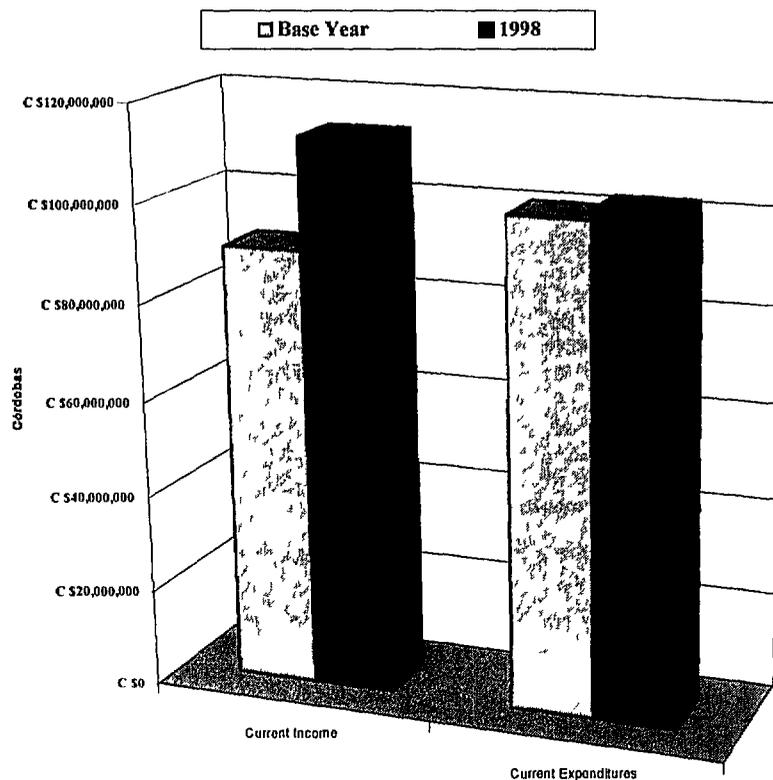
The resources available for investment, as well as the internal savings rate, is shown for MDDP municipalities in Table 2.

**TABLE 2 INTERNAL SAVINGS RATES MDDP MUNICIPALITIES
(THOUSAND CORDOVAS)**

Municipality	Base Year				1998			
	Current Income	Current Expenditures	Internal Savings	Internal Savings Rate (%)	Current Income	Current Expenditures	Internal Savings	Internal Savings Rate (%)
Chichigalpa	4 453 00	4 800 00	-347 00	-8%	3 929 00	3 962 00	-33 00	-1%
Dario	814 00	894 00	80 00	-10%	1 100 00	1 104 00	-4 00	0%
Matagalpa	11 759 00	13 862 00	-2 103 00	-18%	15 040 00	16 421 00	-1 381 00	-9%
Boaco	2 443 00	2 594 00	-151 00	-6%	3 325 00	2 526 00	799 00	24%
La Dalia	1 264 00	1 002 00	262 00	21%	3 442 00	760 00	2 682 00	78%
Leon	16 891 00	18 799 00	-1 908 00	-11%	18 768 00	14 805 00	3 963 00	21%
Chinandega	14 890 00	14 626 00	264 00	2%	18 788 00	17 497 00	1 291 00	7%
Masaya	5 256 00	6 310 00	-1 054 00	-20%	7 888 00	6 728 00	1 160 00	15%
Granada	10 958 00	15 118 00	-4 160 00	-38%	11 533 00	8 732 00	2 801 00	24%
Juagalpa	5 336 00	5 261 00	75 00	1%	6 812 00	5 666 00	1 146 00	17%
Jinotega	9 067 00	9 972 00	-905 00	-10%	10 860 00	14 509 00	-3 649 00	-34%
Jinotepe	2 269 00	1 818 00	451 00	20%	4 977 00	3 712 00	1 265 00	25%
Rivas	3 728 00	3 915 00	-187 00	-5%	4 808 00	4 553 00	255 00	5%
San Carlos	1 438 00	1,700 00	262 00	-18%	2 081 00	1 656 00	425 00	20%

Note Base Year' refers to the year in which each municipality entered into the MDDP

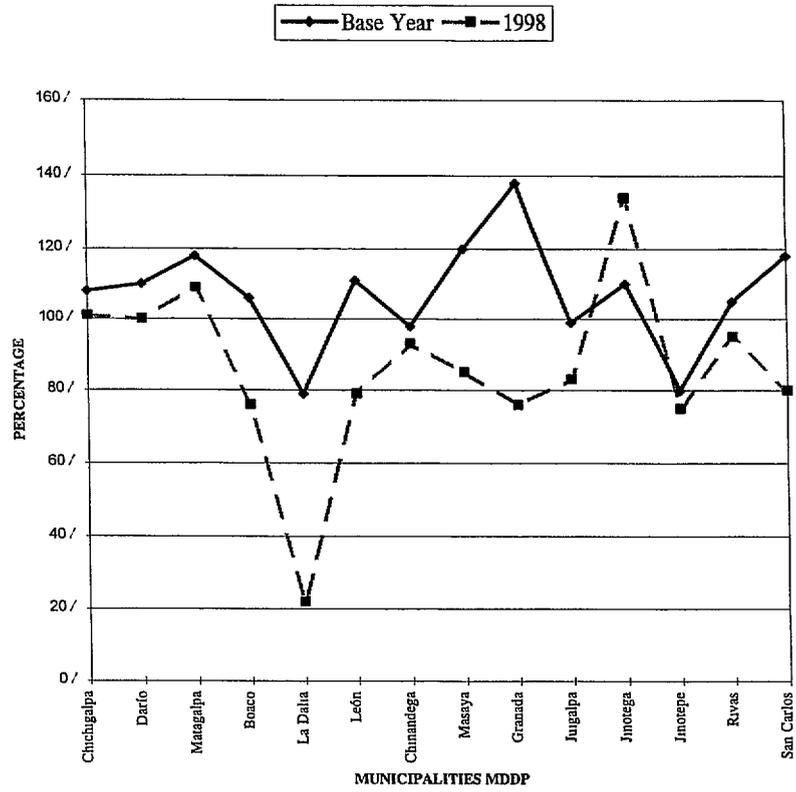
Figure 4
Comparison of Current Income and Current Expenditures (Total of 14 MDDP Municipalities)



	Current Income	Current Expenditures
Base Year	C \$90,500,000	C \$100,600,000
1998	C \$113,300,000	C \$102,600,000

Note: The Base Year is the year in which each Municipality entered the MDDP

Figure 5
Ratio of Current Expenses to Current Income for MDDP Municipalities



	Chichigalpa	Daro	Matagalpa	Boaco	La Dalia	Leon	Chinandega	Masaya	Granada	Jugalpa	Jinotega	Jinotepe	Rivas	San Carlos
Base Year	108%	110%	118%	106%	79%	111%	98%	120%	138%	99%	110%	80%	105%	118%
1998	101%	100%	109%	76%	22%	79%	93%	85%	76%	83%	134%	75%	95%	80%

III Expected Result

Strengthened municipalities in order to successfully undertake decentralization efforts.

The MDDP strengthened municipalities in several ways, including (1) leadership training, (2) basic services, and (3) urban planning and investment programming

III 1. Leadership Training

III 1 1 Initial Situation

Too many local elected officials in Nicaragua are driven by ideology, favoritism and political loyalty, rather than by a vision of what is best for their municipality as a whole. This orientation may result in dysfunctional municipal councils, misdirected use of public resources, and inadequate attention to citizens' basic needs.

Such leadership issues were especially pronounced during the first year of Project implementation as Nicaragua held municipal elections. In previous local elections, voters often lacked a clear picture of how different candidates viewed the problems and priorities in their communities. After elections, municipalities often radically changed direction, with no continuity in personnel or programs.

III 1 2 Strategy and Methodologies

The Project trained municipal authorities (mayor, vice-mayor, and council members) to more efficiently and effectively carry out their responsibilities, as follows:

- All mayoral candidates for election in 1996 participated in two-day workshops/seminars to review and discuss the role of the municipality in local development and the issues confronting newly elected authorities (7 events)
- Elected mayors participated in a one-week encounter forum with incumbent mayors and central government representatives to discuss municipal issues and facilitate the transition of local authorities
- Elected council members attended two-day seminars designed to familiarize them with their attributions under the law (7 events)
- Municipal council members attended a seminar on municipal administration/finance directed at strengthening their effectiveness in setting municipal policies

The MDDP also led 14 mayors and other officials on a study tour on municipal leadership in cities in the southwest United States and Mexico. Participants visited Tucson, Nogales-Arizona, Nogales-Mexico, Flagstaff, and Phoenix. The tour included meetings with mayors, municipal managers, and representatives of nongovernmental organizations and municipal associations. Site visits included sewerage treatment facilities and sanitary landfills. At the end of the trip, participating mayors signed an agreement to work together on municipal development and environmental protection in Nicaragua.

III 1 3 Results

Informal conversations with project partners and beneficiaries overwhelmingly indicate that leadership training led to more informed voting by the electorate in 1996, and improved the transition between incoming and outgoing administrations in participating municipalities. These benefits were, however, not well captured in specific indicators. The fact that all incoming administrations in MDDP municipalities embraced the Project is one measure of success.

Leadership training contributed to other Project results, including those discussed below.

III.2. Basic Services

III.2.1. Initial Situation

At Project inception, the principal actual service responsibilities of Nicaragua's municipalities included garbage collection and disposal and municipal markets and slaughterhouses.⁴ According to initial assessments, the principal problems confronting the MDDP municipalities in delivering these services were as follows:

- Garbage collection coverage averaged only about 63 percent, while user fees covered only about 34 percent of costs. Only three MDDP municipalities had minimally adequate and sanitary sites for garbage disposal.
- Slaughterhouses generally met user needs and tended to be self-financing, however, the technologies used were primitive and hygienic conditions often below sanitary norms.
- Cemeteries tended to be overcrowded and poorly maintained.
- Markets were frequently inadequate to meet demand and were poorly maintained.

⁴As noted above, the MDDP assisted in the preparation of reforms to the Municipal Law. These reforms, which passed in 1997, permit the transfer of water and sanitation and electrical services to the municipalities. However, in practice, these are still largely managed by central government agencies. Four MDDP municipalities (Matagalpa, El Tuma-La Delia, Ciudad Dario, and Jinotega) did, however, assume responsibility for water and sewerage under a special arrangement with INAA in 1991.

III 2 2. Approaches and Methodologies

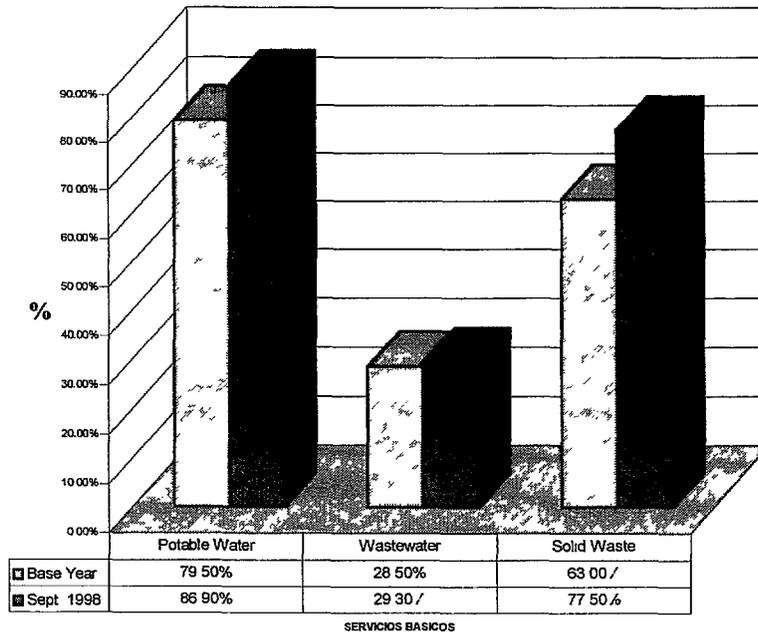
PADCO provided training in service provision technologies. Based on the initial diagnostic, PADCO developed a Handbook for the Operation of Public Municipal Services. In order to improve sustainability, the team also provided technical assistance and training for the analysis of costs and the establishment of user fees. In addition, as discussed below, the capital fund projects in the 14 participating municipalities were oriented toward either garbage collection and landfill (eight projects) or improvements in basic services (six projects).

III 2 3. Results

Participating municipalities have evidenced some improvement in service delivery, from both a technical and a financial perspective. This is especially true in garbage collection and disposal which increased in 10% the coverage of costs, mainly in Chinandega, Rivas, Matagalpa and Leon. Figure 6 shows the improvements in service coverage levels for water, sewerage, and garbage for MDDP municipalities.

Figure 6
Basic Service Coverage
14 MDDP Municipalities
(Average)
Base Year-1998

□ Base Year ■ Sept. 1998



SERVICIOS BASICOS

Note The Base Year is the year in which each Municipality entered the MDDP

III 3 Urban Planning and Investment Programming

III 3 1 Initial Situation

MDDP municipalities were largely “reactive” and not “proactive” in their approach to development and investment planning and execution, as evidenced by

- lack of realistic plans for the development of the municipality that establish objectives, set priorities, and mobilize and program resources to achieve results,
- the fact that the number and types of capital investment projects included in annual municipal budgets is determined by limited internal savings, specific community pressures/petitions, and urban bias,
- the majority of municipal projects formulated, contracted, and executed outside of the municipality due to its weak capacity to plan and execute investment projects, and
- the normative approaches to development through the use of static master plans (when existing) and development regulations to control land use and construction

III 3 2 Approaches and Methodologies

PADCO used the MDDP Capital Investment Fund as a catalyst to establish a 3-5 year Municipal Investment Plan (MIP) in each participating municipality. The MIP, prepared in consultation with government and nongovernmental organizations and community leaders, provided a framework for 1) identifying, preparing, and executing one MDDP funded capital investment project, and 2) forward planning/programming of additional capital investments as an integral part of annual municipal budgeting.

For each selected MDDP Capital Investment Project (CIP), PADCO technical assistance supported eligibility studies, project approval, funding, design, bidding, contracting, and execution.

Ensuring that capital investment programming corresponded with a vision of future urban development emerged as a Project priority. In the final stages of the Project, PADCO prepared a Manual for Urban Planning and Control and provided related training for all 14 municipalities.

III 3 3. Results

Results are demonstrated by the following MDDP indicators

MDDP Key Indicators	Target	Achieved*
Preparation and approval of a medium-term MIP, with participation of Municipal Council and community	MIP approval in 14 mun's	✓
Financing agreements between FISE and municipality for basic infrastructure projects	Agreement signed for 14 mun's	Agreement signed for 12 mun's

✓ means fully achieved.

Table 3 provides information regarding the basic infrastructure projects financed via the MDDP Capital Fund

Table 3 Investment Projects Financed by MDDP Capital Fund

Municipality*	Project Sector / Cost (in \$US 000s)**	Current Status
Chuchigalpa	Electrification, Potable water and Latrines (\$215)	Electrification and public lighting completed. Studies and designs completed for latrines. Final phase of design for potable water. Planned completion date February 1999.
Ciudad Dario	Solid waste (\$108)	Sanitary waste disposal site design completed. PADCO has reviewed proposal for financial resources to begin works.
Matagalpa	Solid waste (\$194)	Municipality entered the process in August 1998. The Municipal Council has, however, rejected the project. The Municipality has followed up on pre-feasibility study.
Boaco	Sanitary sewer and storm sewer (\$230)	Studies and designs complete. The consultant identified 21 subprojects. Following approval of the storm sewer subprojects, these works will begin.
Tuma-La Dalia	Solid waste and storm sewer (\$190)	Studies and designs complete. Tender pending.
Leon	Sanitary sewer (\$187)	Municipality close to signing consulting firm to review the sewer network design (by INAA) and to design treatment plant.
Chinandega	Sanitary sewer (\$185)	Municipality, in spite of numerous calls and offers for help from PADCO, has not completed the documentation requested by FISE, for the initial disbursement.
Masaya	Solid waste (\$170)	Studies and designs being finalized.
Granada	Potable water supply (\$192)	Studies and designs complete. Approval by ENACAL pending.
Jinotega	Storm sewer (\$199)	Studies and designs under way.
Jinotepe	Solid waste (\$185)	Delays in FISE in the disbursement of funds.
Rivas	Solid waste (\$170)	Contract between Municipality and FISE not yet signed.
Jugalpa	Solid waste (\$172)	Municipality has requested initial disbursement from FISE.
San Carlos	Solid waste (\$155)	Contract between Municipality and FISE not yet signed.

Notes *In general order of incorporation into Project

** Cost either actual or estimated, based on Eligibility Study

IV. Expected Result

Improved citizen participation in local government decision making related to the allocation of resources and the planning and provision of services.

IV.1 Initial Situation

All 14 municipalities had experience with community participation in the solution of problems prior to the MDDP. However, almost all previous efforts tended to be limited in both their effectiveness and potential due to a number of factors, as follows

Now our citizens realize that we are taking them into consideration when we have an important portfolio of projects that benefit the community. They realize that we are concerned with improving garbage collection, mobilizing revenue and maximizing the impact of our limited resources —

Mr Carlos Jaen
Municipal Manager, Matagalpa

- Municipal initiatives were mostly sporadic, improvised, project-related, and not part of programmatic efforts to involve the community and its organizations in broader efforts to plan and manage the development of the municipality
- Community organizations tended to be affiliated with particular political parties (reflecting the nationwide political polarization), which impeded their ability to represent all constituent families
- Municipal organization, staffing, programs, and resources for community outreach, participation, and development were extremely weak or nonexistent
- Inadequate planning and management of *cabildos* (town meetings) and other meetings with the community frequently resulted in poor attendance and limited effectiveness

IV 2 Strategies and Methodologies

PADCO targeted intensive assistance to improve local government and community capacity and teamwork in community participation in all 14 municipalities. The PADCO's implementation strategy specifically targeted assistance to

- strengthen municipal organization/functions and the resources (human and economic) dedicated to community relations and participation
- support preparation of a municipal strategy and program to improve citizen participation as an integral part of municipal development planning, programming, and implementation,
- identify and train community leaders, and
- prepare manuals to orient/guide municipal efforts to improve citizen participation and to organize and manage town meetings

The MDDP strengthened municipal capacity to promote and sustain effective community relations and participation in local development via organizational restructuring, increasing personnel and budget allocations, preparation of strategies and manuals, and the training of responsible personnel. The MDDP provided assistance and training for all 14 municipalities, and intensive efforts were undertaken in four municipalities (Leon, Granada, Boaco, and Jinotepe), where conditions were particularly propitious for effective action and success.

Despite the fact that the scope of our work is now bigger it is more integrated, and, moreover, it has facilitated more effective communication between the community and the Mayor Assemblies are better organized we now carry out community assessments and confirm the attendance of citizens at assemblies and we follow up on the agreements reached between the Mayor and community groups
 – Mr Modesto Espinal
 Director of Community Relations, León

IV 3 Results

PADCO's MDDP assistance and training has resulted in improved citizen participation in local government decision making. As noted above, officials prepared 14 medium-term Municipal Investment Programs with the effective participation of representatives of diverse sectors of the community and government entities in each municipality.

Offices for Community Relations were organized in all 14 municipalities with corresponding staff, workplan and budget.

All in all, some 320 community leaders received training in participatory forms, methods, and approaches.

Other results tied to Project indicators were as follows

MDDP Key Indicators	Target	Achieved*
Town meetings held annually to discuss the municipality's proposed annual budget and to review the previous year's budget execution	Two meetings/year in 14 mun's	✓
Percentage of citizens participating in municipal meetings	18%	✓ 7%*
Citizen Participation Manual and Guide for the Organization of Town Meetings prepared to support local efforts	Manuals prepared in 14 mun s	✓

✓ means fully achieved

*1997

The Project was unable to attain the target percentage of local citizens participating in municipal meetings. For the last year for which data are available (1997), an independent researcher estimated that 7% of municipal citizens attended the meetings, as against a target of 18%. However, the Project exceeded the benchmark for number of town meetings, of which an average of 56 per Project town was held during 1998. According to the evaluation carried out for USAID in February 1998,

“The MDDP had a decided impact on how community participation is viewed and supported within participating municipalities. Staff in municipalities were asked how community involvement has changed over time. Cabildos are being taken more seriously by both municipal authorities and citizens. Local authorities credited the project with helping them prepare more carefully for these events. Agendas were worked out ahead of time and posted so that citizens knew the points which the meeting would cover. Staff in every municipality considered their most recent Cabildo in November or December to be a great success. Most estimates of attendance ranged between 200 and 500 people, and were higher than previous meetings.”⁵

The evaluation team also interviewed community leaders one-on-one to determine how well the municipality is doing from their point of view. Although these interviews were few in number, community leaders were positive about their contacts with municipal authorities, and indicated that their needs and priorities were being heard.

Table 4 shows the principal points in the agenda of the Town Meetings used to review the proposal annual budget or to review the previous year's budget execution.

⁵ Municipal Decentralization and development Project (MDDP) Interim Evaluation Report, April 1998, page 20

Table 4
Sample Programs for Town Meetings

Presentation of Proposed Budget	Presentation of Executed Budget
1 National hymn 2 Budget regulations, policies & objectives 3 Summary of proposed budget 4 Proposed investments 5 Questions and responses	1 National hymn 2 Importance and objective of the Meeting 3 Laws and municipal responsibilities 4 Importance of citizen participation 5 Budget and projects completed in year 6 Successes and difficulties 7 Questions and responses

Lessons Learned

The MDDP was a cornerstone of USAID/Nicaragua's efforts to achieve more accountable and responsible government and thus contribute to the progressive institutionalization of Nicaragua's democracy. As municipalities strengthen their management capacity, gain control over resources, increase participation in decisions regarding their use, and develop systems of accountability, they can contribute to developing democratic values in a way that touches citizens directly. The basis for MDDP success was established by the project design, which placed emphasis on

- simultaneously increasing citizen involvement while strengthening municipalities,
- supporting national policy and institutional reform to consolidate the decentralization of authorities, municipal autonomy/representation, and democratic processes of governance, and
- improving citizen/municipal access to investment resources via a capital fund, thus reinforcing citizen participation with results

The MDDP thus adopted an integrated approach to the provision of assistance that emphasized municipal/community partnerships, local and national policy level linkages/feedback, and reinforcing participation with demonstrated/tangible results. The importance of this integrated approach to municipal decentralization and development was confirmed during project implementation.

Within that perspective and based on the MDDP experience, development professionals should consider and address a number of key issues when designing and implementing similar activities in other developing countries. These are summarized below.

Key Considerations at the National Level

Accelerated social, economic, and political transition frequently characterize the national development environment in countries like Nicaragua. Complexity and uncertainty are often associated with the evolving national policy and institutional framework for municipal decentralization and development. Official government policies may be weak or nonexistent, more "expressed" than "real." The capacity of key institutions may be inadequate to policy implementation requirements.

Under such circumstances, the strategic management of assistance activities and relations with development partners to achieve results is essential. This involves managing project activities in a manner that fosters desired relationships and strengthens capacity in and among different partners at both the national and local level. Effective strategic management of assistance activities in a constantly changing environment will frequently depend on the existence of a number of critical conditions/elements, as follows:

- Political will is the essential and indispensable pre-condition for decentralization and municipal development efforts and activities at all levels. The effective support of both the

executive and legislative branches of government for required changes must be promoted and sustained

- A legal and regulatory framework must be established that provides for municipal autonomy and decentralization of authorities, guides the allocation and management of resources by local governments, and ensures adequate transparency/accountability
- A coherent implementation strategy and plan for local development is required that establishes objectives, sets priorities, and guides policy, program, and institutional development at the national and local levels over the short to medium term
- A strong national municipal association, recognized and accepted by both the municipalities and the national government, is needed to advocate/represent municipal interests, promote required reforms, and generally serve as the primary intermediary of local governments in the ongoing decentralization/municipal development process
- Partnerships and coordination with national/donor institutions is essential to ensure the most effective and efficient mobilization and utilization of available resources to support the formulation and implementation of national policies, plans, and strategies

Key Considerations at the Municipal Level

Municipal capacity/needs (the demand) and resource availability (the supply) are primary determinants in planning and implementing training and technical assistance to strengthen municipal capacity and to improve citizen participation in local government decision making. Since the demand for assistance far exceeds the supply of resources (human and financial), an integrated approach to municipal strengthening must necessarily prioritize the implementation of approaches required to replicate tested systems and procedures and to stimulate demand and improve supply in order to achieve sustainability. The key considerations and approaches to planning and management of assistance activities include the following:

- Municipalities and communities selected to receive intensive assistance should demonstrate sufficient absorptive capacity, embrace the objectives of the assistance activities, and be willing to “mentor” adjacent municipalities. Municipal participation should be phased in over a multi-year period in order to permit the orderly development and testing of required materials, systems, and procedures.

- Demonstrated political will to implement required administrative/financial changes and to increase the integral participation of civil society in local development decision making is essential. The active involvement and support of the mayor is indispensable, municipal officials should participate as key decision makers at every stage of activity planning, implementation, monitoring, and evaluation.
- The restructuring of municipal organization/functions to incorporate new authorities and functions conferred by law is a critical first step in the process of providing assistance. Reorganization provides the essential framework for the design and implementation of required administrative/financial systems and procedures.
- Strengthening municipalities involves promoting and establishing effective partnerships between local governments and their communities to achieve results. Approaches and methodologies to increase citizen participation in local development activities should target both the municipal government itself as well as the surrounding environment of players and stakeholders. The objective is to strengthen the effective participation of citizens and their organizations in local development through their active involvement in the municipal administration, guaranteeing the leadership of the municipal government in this process.
- Replication involves promoting the use of approaches honed in participating municipalities in other municipalities. Key approaches should include developing replicable training and technical assistance “modules” and promoting their use elsewhere by other donors and partners, sponsoring “sharing” activities for participant-to-participant learning, and promoting the mentoring of small municipalities by larger participating municipalities.

Municipal Decentralization and Development Project

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Heriberto Gonzalez

Melvin Sotelo

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Nadia Pizzollo

Edwing Ramos

Groconda Joya

Marcos Obregon

Jorge Vanegas

Consuelo Vega

Appendix No.1
MDDP Expenses Report as of October 1998

Appendix No 1
MUNICIPAL DECENTRALIZATION AND DEVELOPMENT PROJECT
EXPENSES REPORT as of October 1998

Elements of Costs	Amount Contracted	Total Expenditures Invoiced through October 31, 1998	Remaining Balance Budget
1 Salaries and Wages	303,442 00	295,053 91	8,388 09
2 Overhead	379,303 00	464,075 74	-84,772 74
3 Consultants	419,118 00	196,136 90	222,961 10
4 Travel and Transportation	56,248 00	65,360 01	-9,112 01
5 ODC's	883,954 00	873,265 00	10,689 00
6 Subcontract	862,284 00	696,428 68	165,857 32
7 Sub-contract G&A	25,869 00	29,153 63	-3,284 63
8 Sub Total	2,930,218 00	2,619,471 87	310,746 13
9 Fired Fee (2%)	57,236 00	52,344 62	4,891 38
10 Award Fee	171,708 00	171,708 00	-
11 TOTAL	3,159,162 00	2,843,524 49	315,637 51

Appendix No 2

**Manuales, Documentos, Eventos de Capacitación e Informes
realizados por PADCO para el PDDM**

MANUALES Y DOCUMENTOS PRODUCIDOS Y EVENTOS DE CAPACITACION REALIZADOS POR EL PDDM/PADCO

I 1 MANUALES Y DOCUMENTOS PRODUCIDOS PARA AMUNIC

Proyecto de Ley General Tributaria Municipal
Proyecto de Ley de Regimen Presupuestario
Proyecto de Ley de Transferencia Presupuestaria
Análisis Jurídico de la Ley de Justicia Tributaria y Comercial desde el Ambito Municipal
Propuesta de Implementacion de las nuevas Competencias Municipales

Institucionalización de AMUNIC

Manual de Contabilidad Patrimonial de AMUNIC
Manual de Control Interno de AMUNIC
Normativa del Fondo de Caja Chica de AMUNIC
Manual de Organización y Funciones de AMUNIC
Manual de Compras y Suministros de AMUNIC
Plan de Trabajo y Lineamientos Estratégicos de AMUNIC para 1997 y 1998
Propuesta para el Financiamiento de la Asociación de Municipios de Nicaragua (AMUNIC)

I 2 MANUALES, DOCUMENTOS Y EVENTOS DE CPACAITACION DEL ÁREA DE ORGANIZACIÓN Y FINANZAS

I 2 1 Realización de Prediagnosticos

Prediagnostico de la Municipalidad Matagalpa
Prediagnostico de la Municipalidad Jinotega
Prediagnostico de la Municipalidad Ciudad Dario
Prediagnostico de la Municipalidad Tuma-La Dalia
Prediagnostico de la Municipalidad Leon
Prediagnostico de la Municipalidad Chinandega
Prediagnostico de la Municipalidad Chichigalpa
Prediagnostico de la Municipalidad Masaya
Prediagnostico de la Municipalidad Granada
Prediagnostico de la Municipalidad Rivas
Prediagnostico de la Municipalidad Juigalpa
Prediagnostico de la Municipalidad Boaco
Prediagnostico de la Municipalidad Jinotepe
Prediagnostico de la Municipalidad San Carlos

I 2 2 Diagnosticos

Diagnostico de la Municipalidad de Matagalpa
Diagnostico de la Municipalidad de Jinotega
Diagnostico de la Municipalidad de Ciudad Dario
Diagnostico de la Municipalidad de Tuma-La Dalia
Diagnostico de la Municipalidad de Leon
Diagnostico de la Municipalidad de Chinandega
Diagnostico de la Municipalidad de Chichigalpa
Diagnostico de la Municipalidad de Masaya
Diagnostico de la Municipalidad de Granada
Diagnostico de la Municipalidad de Rivas
Diagnostico de la Municipalidad de Jinotepe
Diagnostico de la Municipalidad de Juigalpa
Diagnostico de la Municipalidad de Boaco
Diagnostico de la Municipalidad de San Carlos

I 2 3 Manuales de Organizacion y Funciones

Manual de Organizacion y Funciones Tipo para Alcaldias Medianas de Nicaragua
Manual de Organizacion y Funciones de la Municipalidad de Matagalpa
Manual de Organizacion y Funciones de la Municipalidad de Ciudad Dario
Manual de Organizacion y Funciones de la Municipalidad de Chichigalpa
Manual de Organizacion y Funciones de la Municipalidad de Boaco
Manual de Organizacion y Funciones de la Municipalidad de Masaya
Manual de Organizacion y Funciones de la Municipalidad de Granada
Manual de Organizacion y Funciones de la Municipalidad de Tuma-La Dalia
Manual de Organizacion y Funciones de la Municipalidad de Juigalpa
Manual de Organizacion y Funciones de la Municipalidad de Leon
Manual de Organizacion y Funciones de la Municipalidad de Chinandega
Manual de Organizacion y Funciones de la Municipalidad de Jinotepe
Manual de Organizacion y Funciones de la Municipalidad de Jinotega
Manual de Organizacion y Funciones de la Municipalidad de Rivas
Manual de Organizacion y Funciones de la Municipalidad de San Carlos

I 2 4 Manual de Administracion de Personal

I 2 5 Manuales de Procedimientos Administrativos y Financieros

Manual de Procedimientos Administrativos y Financieros para las Municipalidades de Nicaragua
Manual Guia para la Evaluacion del Sistema de Control Interno Municipal
Manual de Procedimientos Administrativos y Financieros para la Municipalidad El Tuma La Dalia

I 2 6 Recomendacion para Certificacion de Elegibilidad para Manejar Fondos del Gobierno de los Estados Unidos

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Matagalpa

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Ciudad Dario

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Boaco

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Chichigalpa

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Tuma-La Dalia

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Leon

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Granada

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Masaya

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Juigalpa

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Chinandega

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Jinotega

Recomendacion para Certificacion de Elegibilidad para la Municipalidad de Jinotepe

I 2 7 Manuales de Presupuesto

Manual de Presupuesto Por Programas

Manual Para la Presentacion del Presupuesto Municipal

Manual Guia para la Operacion del Software de Presupuesto por Programas

I 2 8 Manuales de Contabilidad

Manual de Contabilidad Patrimonial Municipal

Manual de Conciliacion entre la Contabilidad y el Presupuesto

Manual Guia para la Operacion del Software de Contabilidad Patrimonial

I 2 9 Eventos de Capacitacion

Se desarrollaron 57 eventos, 29 seminarios con 801 participantes y 28 talleres con 690 participantes. Se abordaron temas relativos a la Organización, el Control Interno, Presupuesto por Programas (Formulación, Ejecución, Seguimiento y Control), Contabilidad Patrimonial y la Operación del Sistema Computarizado de Finanzas.

Para autoridades, se realizaron encuentros y talleres sobre Gerencia Municipal, marco jurídico municipal, metodología aplicada para realizar un diagnóstico institucional.

I 3 MANUALES, DOCUMENTOS Y EVENTOS DE CAPACITACION DEL AREA DE SERVICIOS MUNICIPALES Y PLANIFICACION URBANA

I 3 1 Manuales para la prestación de los servicios

Manual Guía para la Operación de los Servicios Públicos Municipales
Metodología para el Análisis de los Costos y Determinación de Tarifas de los Servicios Municipales

Estrategia para el Mejoramiento de los Servicios de la Municipalidad de Jinotepe

Estrategia para el Mejoramiento de los Servicios de la Municipalidad de Granada

Estrategia para el Mejoramiento de los Servicios de la Municipalidad de Masaya

Estrategia para el Mejoramiento de los Servicios de la Municipalidad de Matagalpa

Estudio para el Mejoramiento del Rastro de Matagalpa

I 3 2 Planificación Urbana

Manual Práctico de Planificación Urbana para la Zonificación y el Control del Uso del Suelo En los Municipios de Nicaragua

Manual para la Evaluación del Impacto Ambiental de los Proyectos de Inversión Municipal

Manual de Nomenclatura Vial de la Municipalidad de Chichigalpa

I 3 3 Estudios de Proyectos a Nivel de Elegibilidad

- "Recolección y Disposición Final de Residuos Sólidos" de la Municipalidad de Matagalpa
- "Construcción de Presa para Acopio, Captación y Suministro de Agua Potable en el sitio La Palestina" Matagalpa (con el cambio de gobierno este proyecto fue sustituido por el de recolección de desechos sólidos)
- "Recolección y Disposición Final de Residuos Sólidos" de la Municipalidad de Darío
- "Ampliación y Mejoramiento de la Red de Alcantarillado Sanitario y Pluvial en los Barrios Nor-Orientales" de la Municipalidad de Boaco

- "Infraestructura Basica de Electrificación, Agua Potable y Letrinas" en la Comunidad de Cuitanca de la Municipalidad de Chichigalpa
- "Mejoramiento, Disposición Final, Reciclaje de Residuos Sólidos y Drenaje Pluvial" de la Municipalidad de Tuma-La Dalia
- "Abastecimiento de Agua Potable en la Comunidad de Tepeyac" de la Municipalidad de Granada
- "Manejo Integrado Recolección y Disposición Final de Residuos Sólidos " de la Municipalidad de Masaya
- "Sistema de Alcantarillado en el Barrio Subtiava Norte" en la Municipalidad de León
- "Recolección, Depósito Final, Reciclaje de Desechos Sólidos y Sistema de Drenaje Pluvial de la Municipalidad de Jinotega
- "Manejo Integrado de Desechos Sólidos en la Municipalidad de Jinotepe
- " Proyecto de Alcantarillado Sanitario para los Barrios PJCh y Ruben Dario" de la Municipalidad de Chinandega
- "Proyecto Saneamiento Ambiental, Recolección, Tratamiento y Disposición Final de Desechos Sólidos" de la Municipalidad de Juigalpa
- "Manejo Integrado de Desechos Sólidos" de la Municipalidad de Rivas
- "Manejo Integrado de Desechos Sólidos" de la Municipalidad de San Carlos

I 3 4 Eventos de Capacitación

Se desarrollaron 6 eventos de capacitación, 3 seminarios con 81 participantes y 3 talleres con 60 participantes. Se abordaron temas como la organización y tecnología para la prestación de los servicios municipales, el análisis de costos y la estimación de tarifas, la planificación y control del uso del suelo y el seguimiento a los proyectos

I 4 MANUALES, DOCUMENTOS Y EVENTOS DE CAPACITACION DEL AREA DE PARTICIPACION CIUDADANA

I 4 1 Estrategia y Manuales para promover la Participacion Ciudadana

Estrategia para la Participacion Ciudadana en la gestion Municipal
Manual de Comunicacion Social en el Municipio
Guia para la Realizacion de Cabildos

I 4 2 Planes de Inversion Municipal

Plan de Inversion de Matagalpa
Plan de Inversion de Ciudad Dario
Plan de Inversion de Boaco
Plan de Inversion de Chichigalpa
Plan de Inversion de Tuma-La Dalia
Plan de Inversion de Granada
Plan de Inversion de Masaya
Plan de Inversion de Leon
Plan de Inversion de Juigalpa
Plan de Inversion de Chinandega
Plan de Inversion de Jinotepe
Plan de Inversion de Jinotega
Plan de Inversion de Rivas
Plan de Inversion de San Carlos

I 4 3 Encuestas de Opinion Publica sobre Participacion Ciudadana en el quehacer Local

Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local Matagalpa
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local Boaco
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local El Tuma- La Dalia
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local Dario
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local Granada
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local Juigalpa
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local Jinotepe
Encuesta de Opinion Pública sobre Participacion Ciudadana en el quehacer Local Chichigalpa
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local de Jinotega
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local de Masaya

Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local de Chinandega
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local de Rivas
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local de San Carlos
Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local de Leon
Resumen de los 8 Municipios "Encuesta de Opinion Publica sobre Participacion Ciudadana en el quehacer Local"
Resumen de Encuesta de Seguimiento a la Opinion Publica sobre Participacion Ciudadana en el quehacer Local en 8 municipios
Resumen de los 6 Municipios "Encuesta de Opinion Publica sobre Participacion Ciudadana"

1 4 4 Eventos de Capacitacion

Se realizaron 30 eventos de capacitacion, 15 seminarios con 427 participantes y 15 talleres con 746 participantes. Los seminarios estuvieron dirigidos a funcionarios municipales y lideres comunitarios para abordar el tema de la Participacion Ciudadana en la toma de decisiones y los mecanismos para concretarla.

Se organizaron 14 talleres por municipio para la elaboracion del Plan de Inversion Municipal, en los que participaron ademas de los concejales, representantes de la comunidad, de instituciones publicas y privadas (ONG's), y de instituciones de cooperacion externa. En estos talleres se definieron lineamientos estrategicos de desarrollo y se identificaron los proyectos prioritarios y los que ya cuentan con financiamiento.

Los documentos de apoyo a los eventos asi como los aportes en los mismos se recogieron en una memoria.

II Planes de Trabajo e Informes de actividades del Proyecto

II 1 Planes de Trabajo

Diciembre 1995 – Diciembre 1998
Plan de Trabajo Diciembre 1995-Diciembre 1996
Plan de Trabajo Diciembre 1995-Marzo 1997
Plan de Trabajo Diciembre 1995-Junio 1997
Plan de Trabajo Diciembre 1995-Septiembre 1997
Plan de Trabajo Diciembre 1995-Diciembre 1997
Plan de Trabajo Diciembre 1995-Marzo 1998
Plan de Trabajo Diciembre 1995-Junio 1998
Plan de Trabajo Diciembre 1995-Septiembre 1998

II 2 Informes de Actividades

Informe Trimestral Diciembre 1995-Marzo 1996
Informe Trimestral Abril 1996-Junio 1996
Informe Trimestral Julio 1996-Septiembre 1996
Informe Trimestral Octubre 1996-Diciembre 1996
Informe Trimestral Enero 1997-Marzo 1997
Informe Trimestral Abril 1997-Junio 1997
Informe Trimestral Julio 1997-Septiembre 1997
Informe Trimestral Octubre 1997-Diciembre 1997
Informe Trimestral Enero 1998-Marzo 1998
Informe Trimestral Abril 1998-Junio 1998
Informe Trimestral Julio 1998-Septiembre 1998
Informe Final Octubre 1995-Octubre 1998