



# Municipal Strengthening Project (PROMUNI)

Final Report  
August 2013

*Pre-legislative consultation on  
the new Water Law, April 2013*



EL AGUA EN LA CONSTITUCIÓN	
Artículo 271	Todos los ciudadanos tenemos derecho a disponer de agua segura en cantidad y calidad suficiente.
Artículo 272	Como soporte de la soberanía alimentaria y del desarrollo sostenible del país.
Artículo 273	El agua NO puede ser privatizada ni ser patrimonio nacional o de uso público.

August 30, 2013

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# Municipal Strengthening Project (PROMUNI)

Final Report

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## Abbreviations

AME	Asociación de Municipalidades Ecuatorianas / Association of Ecuadorean Municipalities
AMUME	Asociación de Mujeres Municipalistas Ecuatorianas / Association of Ecuadorean Women Municipal Leaders
ANCOIN	AlterNativa Consultoria e Inovación [PROMUNI subcontractor]
BdE	State Development Bank / Banco del Estado
BPM	business process management
CAN-AECID	Comunidad Andina de Naciones – Agencia Española de Cooperación Internacional para el Desarrollo / General Secretariat of the Andean Community – Spanish Agency for International Development
CCEG	Council Commission on Equality and Gender / Comisión de Igualdad y Género del Concejo Municipal
CLIN	contract line item
COOTAD	Código Orgánico de Organización Territorial, Autonomía y Descentralización / Organic Law on the Territorial Organization of Autonomous and Decentralized Areas
COPFP	Código Orgánico de Planificación y Finanzas Públicas / Organic Law on Planning and Public Finance
COR	Contracting Officer’s Representative
CORAPE	Coordinadora de Radio Popular y Educativa del Ecuador [PROMUNI subcontractor]
CPCCS	Consejo de Participación Ciudadana y Control Social / Citizen Participation and Oversight Council
ECORAE	Instituto para el Ecodesarrollo Regional Amazónico / Institute for the Environmental Development of the Amazon Basin
eSIGEF	Sistema Integrado de Gestión Financiera / Integrated Financial Management System
FEINCE	Federación Indígena de la Nacionalidad Cofán del Ecuador / Indigenous Association of the Cofán People of Ecuador
FONAKISE	Federación de Organizaciones de la Nacionalidad Kichwa de Sucumbíos del Ecuador / Federation of Organizations of the Kwicha Nationality in Sucumbíos, Ecuador
FY	fiscal year
GAD	gobierno autónomo descentralizado / autonomous decentralized government
GJD	Governing Justly and Democratically
GOE	Government of Ecuador
IAEN	Instituto de Altos Estudios Nacionales / National Institute of Higher Studies

ICO	Instituto de Contratación de Obras / National Institute of Public Works Procurement
INCOP	Instituto Nacional de Contración Pública / National Institute for Public Procurement
INPC	Instituto Nacional de Patrimonio Cultural / National Institute of Heritage and Culture
LOTAIP	Ley Orgánica de Transparencia y Acceso a Información Pública / Organic Law on Transparency and Access to Public Information
MIDUVI	Ministerio de Desarrollo Urbano y Vivienda / Ministry of Urban Development and Housing
ONISE	Organización de la Nacionalidad Indígena Siona del Ecuador / Organization of the Siona Indigenous Nationality of Ecuador
PDOT	Plan de Desarrollo y Ordenamiento Territorial / Plan for Development and Territorial Management
PIRSA	Programa de Infraestructura Rural de Saneamiento y Agua / Program of Water and Sanitation Rural Infrastructure
PNBV	Plan Nacional para el Buen Vivir / National Plan for Living Well
PNDz	Plan Nacional de Descentralización / National Decentralization Plan
PROMADEC	Programa de Saneamiento Ambiental para el Desarrollo Comunitario / Program for Environmental Sanitation for Community Development
PROMUNI	Municipal Strengthening Project / Proyecto de Fortalecimiento Municipal
RTI	RTI International (trade name of Research Triangle Institute)
SCPC	Sistema Cantonal de Participación Ciudadana / Municipal System for Citizen Participation
SENAGUA	Secretaría Nacional de Agua / National Secretariat of Water
SENPLADES	Secretaría Nacional de Planificación y Desarrollo / National Office for Planning and Development
SIG-AME	Sistema Integral de Gestión de AME / AME's Municipal Management Information System
SIGTIERRAS	Sistema Nacional de Información y Gestión de Tierras Rurales / National Information System for Management of Rural Lands
SIOC	Sistema de Información de Ofertas de Cooperación / Information System of Cooperating Organizations
SNCP	Sistema Nacional de Contratación Pública / National System for Public Procurement
SNR	Secretaría Nacional de Riesgo / National Secretariat for Risk Management
STPE	Secretaría Técnica Plan Ecuador / Technical Secretariat for Plan Ecuador
TA	technical assistance
USAID	United States Agency for International Development
USG	U.S. Government

UTPL Universidad Técnica Particular de Loja [PROMUNI subcontractor]  
VAT value-added tax

## Executive Summary

The Municipal Strengthening Project (Programa de Fortalecimiento Municipal, PROMUNI) provided technical assistance to a total of 27 municipal autonomous decentralized governments to promote effective and accountable governance at the municipal local level in Ecuador.<sup>1</sup> The project was carried out from August 2, 2010, to July 31, 2013. It was led by RTI International, with the technical and administrative effort spearheaded by a professional team based in Quito, and by a group of carefully vetted subcontractors.

The core guiding principle followed by PROMUNI was to align all project interventions with national and local laws and policies. After three years, PROMUNI was recognized by its beneficiaries and counterparts alike as a valid source of TA and methodologies to implement the legal framework introduced in Ecuador through the 2008 Constitution, the Organic Code on the Territorial Organization of Autonomous and Decentralized Areas (COOTAD), Organic Code for Planning and Public Finance (COPFP), and other regulations.

### Organization of This Document

This final closeout report is organized as follows. An introduction (*Section 1*) explains the objectives, leadership, funding, timing, and geographic scope of the project, as well as the relevant Ecuadorean political and legal context for the project period. *Sections 2 and 3* then summarize the project accomplishments by objective, plus the achievements from the grants awarded to municipalities. *Section 4* focuses specifically on the activities and results of the final project year (U.S. FY 2013). To mirror the format of previous progress reports, the next four sections (*Sections 5 through 8*) cover monitoring and evaluation, coordination with other entities, communications activities, and management of PROMUNI-developed knowledge products such as manuals and model documents. *Section 9* highlights a number of PROMUNI success stories, and *Sections 10 and 11* follow up with lessons learned and recommendations. Finally, *Annex A* lists the subcontractors that participated in the project and their areas of expertise and *Annex B* lists the supported municipalities.

### Description of Project Objectives

PROMUNI strived to support the national reform process by generating more democratic and effective municipalities that would promote local development, and provide more participatory and transparent governance. The project generated very timely technical tools to implement the new legal framework. In this sense, PROMUNI was an effective and innovative first contribution to the national reform process.

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<sup>1</sup> Note that the municipality of Santa Elena (one of the 27) did receive technical assistance, but only for a short period because of a lack of demonstrated interest in the project.

The contract was modified five times and this introduced changes in the goals and indicators to be reached. The main two modifications introduced the activities of including indigenous groups in participatory planning and environmental management in the context of climate change adaptation and biodiversity conservation. The program objectives were: (1) Increased capacity in public management, (2) increased citizen participation and oversight, and (3) increased transparency. Additionally, as a cross-cutting intervention, PROMUNI implemented a grants fund to implement small projects to bring credibility to participatory processes. For each of these results and goals, a set of indicators was formulated.

### **Summary of Major Accomplishments by Objective**

In highlighting the project's accomplishments, the report also points out the inevitable obstacles that the project team had to work around and address; readers will note these constraints in the discussions by objective. One major example was the paradox of mapping the project design to the national, well-planned legal framework, but then discovering during the early implementation that officials and citizens at the local level on the whole were unfamiliar with the legal framework or their corresponding obligations. These instruments needed further development and had to be straightforward and very practical; PROMUNI stepped in to provide needed information and tools. PROMUNI also embarked on an awareness-raising program. Similarly, the transparency initiatives were stalled at the outset by lack of knowledge about legal requirements, mechanisms for transparency, and the purpose for having it. PROMUNI had to raise awareness, provide information, and work by gentle persuasion in order to make progress under this objective, and therefore advances in this area took longer than had been anticipated.

The three PROMUNI objectives were closely interlinked to increase the effectiveness of the TA provided. All three objectives and the ancillary grant component contributed to strengthen the municipalities to exploit the opportunities or meet the obligations established in the COOTAD, COPFP, and other laws or policies. The institutional strengthening objective worked on improving municipal financial performance to support the municipal development plans. The citizen participation objective assisted municipalities in creating citizen participation systems; this included intercultural inclusion and environmental management to address biodiversity and climate change. The transparency objective worked on linking transparency mechanisms to the participation system via accountability reports and oversight committees.

PROMUNI achieved an average goal fulfillment of 125% in its indicators compared to the goals proposed for the end of the project.

#### ***Increased Capacity in Public Management***

PROMUNI put great effort into increasing own-source revenues and fostering a taxpaying attitude in targeted municipalities. During its implementation the average increase in municipal own-source revenues was 67%. Across all the supported municipalities, this increase amounted to US\$6,443,000. The supported municipalities

found renewed financial autonomy, self-sufficiency, and financial leverage capacity. This increased autonomy in turn led to greater possibilities to obtain project funds from Government of Ecuador (GOE) agencies and credit from the BdE.



*High school students in Jipijapa collaborate in a campaign for promoting taxpaying attitudes, November 2012.*

The link between financial performance and participatory planning came in the form of multiyear budgets. With the implementation of this tool, supported municipalities improved their ratio of investment expenses to total expenses; on average, 64% of total expenses are now related to capital investments. Through the introduction of the tool for multiyear investment planning, supported municipalities

now operate under a vision of long-term planning. The link between planning and budgeting is also present in the municipalities' long term-development vision, which ties their strategic plans and multiyear budgets to their annual operating plans, budgets, and procurement plans.

Municipalities received assistance to identify potential sources of funds for their investments. PROMUNI focused on having municipalities access funding from the central government and BdE programs. Despite the facilities for funding offered by the GOE, supported municipalities now first think of increasing own-source revenues to improve their borrowing conditions and prevent any financial strains due to over-borrowing. The main result in this area is that supported municipalities leveraged over US\$32 million for the investment projects originated in their Plans for Development and Territorial Management (PDOTs).

PROMUNI provided TA to improve 18 public municipal services for potable water and sewerage, garbage disposal, and marketplaces in 14 supported municipalities. In parallel, PROMUNI helped transfer the property registry function to municipalities according to the COOTAD and the National Decentralization Plan (PNDz).

PROMUNI, in coordination with the Association of Ecuadorean Municipalities (AME), developed the "Tool for Assuming the Property-Registry Function" and the "Tool for Function Costing."

Given the changes effected in municipalities, they also needed to establish management models for the citizen participation systems on which to base the sustainability of this process. PROMUNI provided municipal authorities with a guide for adjusting their organizational structures to facilitate the execution of the PDOTs in the long term, in proper alignment with the GOE policy of implementing management by results in public administration.

### ***Citizen Participation and Oversight Increased***

Citizen participation processes are now solidly in place with the institutionalization of citizen participation systems in supported municipalities. The municipalities of Tulcán, Lago Agrio, Cascales, Gonzalo Pizarro, Cuyabeno and Mira have formally

included indigenous groups in their participation systems. PROMUNI developed cooperative relations with AME, the Technical Secretariat for Plan Ecuador (STPE), and the Citizen Participation and Oversight Council (CPCCS) to ensure that the participation strategy and products implemented are consistent with the national policies. Besides creating municipal citizen participation systems, PROMUNI also provided TA and tools for the institutionalization of the “empty chair,” the implementation of oversight committees, the integration of indigenous peoples into participation systems, and the creation of participatory environmental agendas. This joint work produced a valid methodology to implement the participation mechanisms now available to all municipalities in Ecuador.

In the third quarter of FY 2012, PROMUNI started assisting the inclusion of indigenous groups in municipal participatory processes, as noted. This activity was the focus of the work on citizen participation during the remainder of the project. PROMUNI adapted its tools for promoting citizen participation to facilitate intercultural inclusion and environmental management; this was another first-time national event. But participatory strategic planning is ineffective without the follow-up processes for the progress of supported municipalities. PROMUNI helped the municipalities prepare projects in the format required by the National Office for Planning and Development (SENPLADES) to ensure access to funding for development projects derived from PDOTs.

The activity for including indigenous peoples in citizen participation systems resulted in the strengthening of both municipalities and indigenous organizations. The first example of inclusion was in the municipality of Tulcán, which signed an agreement with the Federation of Awá Centers to include five indigenous projects in Tulcán’s PDOT and multiyear capital investment plan. Now, the municipal team of Tulcán is working by itself to support the Pasto people to prepare their life plan and establish the inclusion mechanisms.

An interesting effect in this area was that, in spite of the formal prerequisites for its courses, the National Institute of Higher Studies (IAEN) trained indigenous leaders to prepare investment projects in SENPLADES templates. This action shows how the PROMUNI inclusion strategy permeated a national institution.

Environmental management in supported municipalities is now an important part of their Municipal System for Citizen Participation (SCPCs). According to the priorities of the Mission, environmental management was included in PROMUNI. PROMUNI developed a tool for defining municipal, participatory, and intercultural environmental agendas. Implementing this tool comprised the modification of administrative structures and training of municipal officials and indigenous people so that they can carry out their functions in coordination with the central government and other subnational governments. Additionally, PROMUNI fostered the implementation of the Quito Climate Pact in supported covenant municipalities by helping them define 10 basic actions, in each municipality, to promote climate change adaptation.

## ***Promoting Transparency in Municipal Management***

PROMUNI had to overcome constant resistance from municipal officials before it could show results in municipal transparency. After three years of execution, Ecuador now has proven tools for creating oversight committees, providing accountability reports to comply with the Organic Law on Transparency and Access to Public Information (LOTAIP), and carrying out effective procurement processes. All these transparency tools were developed in coordination with national institutions to ensure their applicability nationwide. The strategy for implementing municipal transparency relied on the municipal systems for citizen participation and citizen oversight.

The creation of citizen oversight committees was the most difficult activity to implement. Although they recognized the need to create citizen oversight committees, most mayors were reluctant to be overseen by such committees. After a change in direction of the CPCCS in 2012, PROMUNI managed to build a productive relationship with this council. The transparency tools developed were grouped into a single draft document along with the procedures and protocols to create oversight committees that conform to the Ecuadorean laws. FY 2013 finally witnessed the creation of 10 citizen oversight committees. Furthermore, PROMUNI and CPCCS created the School for Citizen Participation in Ecuador.

PROMUNI promoted municipal transparency by aiding mayors in preparing accountability reports and complying with the LOTAIP. PROMUNI, in the three years, provided TA to mayors in preparing and delivering accountability reports based on the plans derived from participatory processes. Accountability events were not free of challenges and resistance, but these revealed important lessons regarding promoting transparency in municipalities and throughout the public sector. Based on the experience gained, PROMUNI developed a guide for preparing and delivering accountability reports.

Compliance with the LOTAIP also posed challenges for PROMUNI. Municipalities were not all prepared to execute the processes associated with complying with the law. Thus, PROMUNI provided TA for setting up internal municipal procedures to comply with the LOTAIP.

Public procurement was a key area of intervention to promote transparency. PROMUNI worked to improve procurement practices by training, advising on the preparation of procurement plans, and implementing public procurement process manuals. The municipalities of Tulcán, Sucumbíos Alto, Esmeraldas, Gonzanamá, Quilanga, Espejo, Puerto López, Jipijapa, Paján, and Cuyabeno had fully implemented their process manuals by the end of the project. The municipalities of Bolívar, Huaca, Pimampiro, Urcuquí, Muisne and Gonzalo Pizarro were in the process of approving their manuals as of July 2013.

## **Grants funds**

PROMUNI implemented a grants fund for small projects derived from participatory planning processes to help build confidence in the citizen participation systems.

Fifteen projects were implemented, with a grant value of US\$294,636.25 plus the municipalities' cost share of US\$347,479.47.

## Success Stories

During these three years of work, PROMUNI found many successful best practices that showed the progress of the project and the impact it produced in supported municipalities. Usually these success stories derived from the greatest challenges that PROMUNI and the supported municipalities faced, but its strategy of building dialogue processes and bringing together actors produced success in various aspects of the project implementation. The stories presented in this report reflect key success factors of the TA provided, which had to be sensitive to the situation of each municipality.



The challenges faced typically came from political customs and perceptions that created paradigms that needed change. PROMUNI found ways to overcome patronage and fear that were preventing increases in own-source revenues and collection of arrears. Support and TA to the municipal authorities and teams produced results which were showcased even beyond the borders of Ecuador.

PROMUNI pioneered several advances in the country; the inclusion of indigenous groups in municipal citizen participation systems, the implementation of the “empty chair” as an effective participation mechanism, the creation of oversight committees, and the enactment of public procurement process manuals are all examples of PROMUNI successes.

PROMUNI's success is well illustrated by leveraging **6.3 times** more funds than the program dollars invested. PROMUNI assisted in leveraging over US\$39 million for the US\$6.2 million in USAID costs.

### PROMUNI leverage

Source of funds	US\$
Own-source revenues generated	6,443,000
Leveraged funding from the Government of Ecuador	32,440,455
Counterpart grant co-financing	347,479
<b>Total funds leveraged</b>	<b>39,083,455</b>
<b>PROMUNI total program costs</b>	<b>6,205,393</b>
<b>Leverage Ratio</b>	<b>6.3</b>

## **Lessons Learned and Constraints Resolved**

During its three years, PROMUNI adapted continuously to ensure the fulfillment of goals. The dual approach of having a clear vision of the project and focusing on providing practical tools to municipalities was instrumental for the success of PROMUNI. This approach produced important lessons to be studied for the preparation and execution of future projects. Among the lessons learned are the following.

The implementation of PROMUNI brought several lessons for future governance projects. PROMUNI acted under a strong and coherent national policy framework that needed further development at the local level to be effective. PROMUNI designed practical instruments, explicitly aligned to national guidelines, to be applied in municipalities to help them solve the needs that arose from the new legal framework. This alignment ensured usefulness, sustainability, and replication.

In institutional strengthening, PROMUNI tried to use consultants and organizations as close to the municipality supported as possible. This served to increase the pool of local professionals who could use the PROMUNI toolkits and apply them according to the characteristics of each municipality. PROMUNI was careful to avoid replacing the capacities of the municipalities with its own, and adapted its approaches to evolve with the municipalities. PROMUNI demonstrated that the institutional strengthening process was incremental and comprehensive, and must be performed with complementary actions.

The implementation of true participatory processes is an art that requires patience and persistence. PROMUNI had to involve the community and to convince mayors and council members to obtain citizen inputs in prioritizing their projects. PROMUNI acted as an honest broker among the public and social actors, which is a task focused on building dialogue processes instead of delivering products. One of the key lessons of PROMUNI is that participatory strategic planning and subsequent citizen involvement can happen only when municipal leaders meet the demands of their citizens by establishing the necessary mechanisms (as outlined in this report) to jointly formulate and develop the PDOTs. Another lesson learned is that to promote intercultural processes, the TA provider must understand the differences in visions with which actors operate. This was a new concept in the project regions, as more typical in Ecuador is for local governments to approach indigenous communities in a patronizing manner. The inclusion of indigenous groups must start with both groups' better understanding of each other's cultures and world views, and then by extension, the differences between them.

Transparency depends on the trust of municipal and social actors. Transparency-related activities were the hardest to implement because PROMUNI first had to build confidence through the institutionalization of participatory processes with immediate results. To be effective, transparency must be embedded in day-to-day activities. If transparency is a one-time event in the year, the trust developed will collapse quickly.

PROMUNI's success also can be attributed to its focus on local issues, local priorities, and tangible deliverables that increased the interest and commitment in the

development of the strategies, service-delivery plans, and PDOTs. This approach led mayors to be more open to suggestions and criticisms by the citizenry.

The project demonstrated that interlinking objectives is a key to success. A development or institutional strengthening project cannot have activities that operate in isolation. This was true in the integration of intercultural inclusion, environmental management, and climate change and biodiversity activities, which were an extension of the previous activities.

PROMUNI's greatest bet for sustainability was the creation of horizontal cooperation among supported municipalities. This reasoning, embedded in the design of the project, allowed the promotion of *mancomunidades*, the network of municipal experts, the twinning and exchanges, and the preparation of multi-municipal plans (for example, in Esmeraldas). These actions facilitated replication of innovations and best practices from one municipality to another.

### **Recommendations for Sustainability**

PROMUNI was a fruitful experiment to further greater participation in local governments in Ecuador. To bring sustainability to Ecuador's new development model, it will be necessary to articulate development plans across levels of government. This will imply broadening the scope of the citizen participation systems and establishing dialogue roundtables for each planning subsystem, to cut across levels of government. The articulation of plans and functions will require stronger horizontal cooperation to leverage capacity building. The network of municipal experts, the promotion of *mancomunidades* (especially for environmental management), and exchanges and sharing are practices that could very well be implemented at other levels of government. Technical assistance must focus on building and transferring capacities instead of substituting them. TA providers must avoid the temptation of doing the work themselves to obtain rapid results; this self-control will help providers to maintain their objectivity and focus on the goals of the project.

PROMUNI, despite its dedication to the subnational levels, showed that close coordination with central government agencies is crucial to success in this type of governance-change program. Basic agreements with national institutions provide for strategic support for developing and implementing mechanisms and tools at the subnational levels.

Finally, all governance strengthening programs must show results in the short term to gather confidence from the public and public officials.



# 1. Introduction

The Municipal Strengthening Project (Proyecto de Fortalecimiento Municipal, PROMUNI) was awarded by the Ecuador Mission of the United States Agency for International Development (USAID) to RTI International (Research Triangle Institute) through a local technical team, short-term home office technical support, and occasional consultants and subcontractors specializing in various fields (see *Annex A*). This cost-plus-fixed-fee completion-type contract sought to provide state-of-the-art technical expertise to 27 municipal autonomous decentralized governments (see *Annex B*), primarily to promote effective and accountable governance at the local level in Ecuador, and to formalize citizen participation in the decision-making and oversight process. These goals were accomplished through the strengthening of local governments, the bedrock of a democratic system and providers of basic public services essential for a healthy, educated, and productive population.

The term of this project was three years, commencing on August 2, 2010, and expiring on July 31, 2013. This final report documents the history, achievements, and lessons learned from PROMUNI.

During these three years PROMUNI achieved several important spillover effects in addition to its planned influence. Foremost, the project is considered by the supported municipalities and national counterparts as a source of advice and methodologies to implement the legal framework introduced in Ecuador through the 2008 Constitution, the Organic Law on the Territorial Organization of Autonomous and Decentralized Areas (COOTAD)<sup>2</sup>, the Organic Law on Planning and Public Finance (COPFP),<sup>3</sup> and other related laws and regulations. The intense technical assistance (TA) process and training of municipal officials resulted in the creation of a network of municipal experts who are capable of spreading and assisting in the replication of the expertise developed by PROMUNI to sister municipalities.

PROMUNI's TA and sustainability strategy called for implementing different approaches each year. During the first year, PROMUNI focused on the development of management tools that the municipalities needed in order to comply with the functions assigned to them under the new legal framework. In the second year, PROMUNI implemented these tools in the second-phase municipalities, increasing the responsibility of municipal teams in the strengthening processes. Finally, in the third year, PROMUNI concentrated on enhancing the basis for sustainability of the TA already provided, consolidating results achieved and aiding the municipalities in defining plans for continuing their strengthening process. PROMUNI is confident that the supported municipalities have grown their capacities and are now in a better position to further the development goals their citizens established in a participatory manner.

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<sup>2</sup> Published on October 19, 2010 in the Official Registry.

<sup>3</sup> Published on October 22, 2010, in the Official Registry.

## **1.1 Overall Goals of PROMUNI**

PROMUNI strived to support the national reform process for generating more democratic and effective municipalities by having them improve service delivery and local development, and provide more participatory and transparent governance. PROMUNI was launched just in time to provide technical tools to implement the new legal framework, which demands more effective administration to better develop their jurisdictions.

The contract was modified five times and this introduced changes in the goals and indicators to be reached. The first and second modifications, September 2011, introduced the grants fund, increasing the budget by US\$472,940, of which US\$425,000 was to be awarded to grant-funded municipal rapid-results projects. The third modification to the contract (April 2012) addressed the integration of indigenous groups into governance processes and biodiversity conservation. This modification increased the project budget by US\$500,000. The fourth modification (September 2012) increased the total estimated funding by US\$558,000. The fifth modification, which took effect in April 2013, reduced the total funding for PROMUNI's existing activities by US\$759,315, but added US\$652,691 from other sources to incorporate activities for climate change adaptation and biodiversity conservation. This last modification also revised the goals and indicators for PROMUNI. Total project expenditures were approximately \$6,205,000 (see the previously submitted April–June 2013 financial quarterly report for a financial summary through June 30, 2013).

It is important to point out that of the 26 municipalities that ultimately benefited from PROMUNI's goals related to governance, citizen participation, decision-making, oversight, and accountability, 20 were located along the northern border. This choice was made in order to build upon and strengthen support that USAID had been providing in that region over the previous eight years to stabilize the area.

### ***Program Objectives***

After all the modifications, the program had three key objectives, with the first driving the focus and activities of the other two.

#### **1) Increased capacity in public management:**

- A. Empower municipalities to provide high-quality and sustainable public goods and services to their citizens through increased internal technical know-how of financial management and improved internal processes.
- B. Institutionalize mechanisms in local governments to contribute to conserving watersheds and their ecosystems.
- C. Support local government actions that promote sustainability of their natural resources.

#### **2) Increased citizen participation and oversight:**

- A. Support the development and formalization of models for citizen participation and oversight to ensure that the priorities of the communities are being addressed by

the leadership as well as being seen as a collective responsibility for local development.

- B. Incorporate indigenous people's proposals regarding environmental sustainability and biodiversity conservation into the Plans for Development and Territorial Management (PDOTs).
- C. Ensure active and meaningful participation by relevant indigenous organizations through their inclusion in the participatory processes promoted by the municipalities.
- D. Institutionalize mechanisms for dialogue and inclusion between indigenous groups and municipal governments.

### **3) Increased transparency:**

- A. Promote accountability and enhance the public's confidence in local governments by increasing transparency in public management through improved internal mechanisms and open communication with citizens.

### **Milestones**

For each of the PROMUNI objectives, the following milestones were defined.

#### **1) Milestones for increased capacity in public management:**

- Percentage change in own-source revenues in two consecutive periods: 67% average by the conclusion of the project.
- Total amount of funding for rapid-impact or short-term projects executed in targeted municipalities: US\$305,330 by the conclusion of the project.
- Number of project-supported municipalities that have established and used a mechanism for routinely providing information on public budget planning and expenditures: 17 municipalities by the conclusion of the project.
- At least five Environmental Agendas established by local municipalities to prioritize environmental actions (e.g., watershed conservation, reduction of emissions from land-use, municipal protected areas).
- At least one financial mechanism for conservation and/or mitigation purposes developed in targeted municipalities.
- Local capacity at the municipal level on environment issues strengthened in key targeted areas.

#### **2) Milestones for increased citizen participation and oversight:**

- Percentage of members of citizen oversight committees who are (a) women, (b) from priority attention (vulnerable) groups and (c) from indigenous groups: 30% by the conclusion of the project.
- Number of project proposals presented by indigenous groups that are included in PDOTs and investment plans: Six proposals by the conclusion of the project.

- Percentage change in funds allocated in annual municipal investment plans for biodiversity conservation/management and climate change actions: 10% by the conclusion of the project in selected municipalities.

### 3) Milestones for increased transparency:

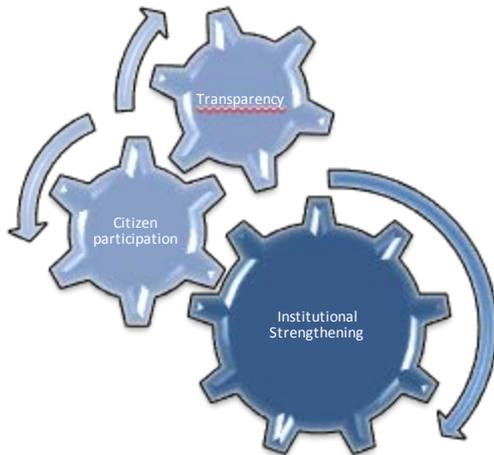
- Number of mayors in targeted municipalities who publicly present an annual accountability report: 15 by the conclusion of the project.
- Number of supported municipalities that implement process manuals for public procurement: 10 by the conclusion of the project.

Life-of-project progress toward the final milestones and goals is described in *Section 5*.

## 1.2 Implementation Tied to Objectives

PROMUNI's objectives described above were designed to interact closely to increase the effectiveness of the TA provided (see *Figure 1*). Stated another way, the TA approach was holistic in integrating the three objectives. In addition, the various projects implemented by way of the PROMUNI grants fund also touched on all three of these objectives.

**Figure 1: Three aspects of PROMUNI strategies**



The core guiding principle followed by PROMUNI was to align all project interventions with national and local policies. This principle implied that all TA tools would facilitate the municipalities' compliance with the new legal framework and its corresponding guidelines. Thus, PROMUNI contributed to the institutionalization of the new model of governance at the local level. All three objectives plus the grants had core activities that strengthened the capacities of municipalities to exploit the opportunities or meet the obligations established in the COOTAD, COPFP, and other laws or policies. For example, the institutional strengthening objective worked to increase own-source revenues and to leverage funds for the PDOTs. The citizen participation objective worked to create citizen participation systems that established

mechanisms for participatory planning, budgeting, and oversight. This second objective also included actions to integrate indigenous groups and environmental management into the municipal participation systems. The transparency objective worked on linking transparency mechanisms to the participation system via accountability reports and oversight committees. The projects funded by the grants fund enhanced the credibility of the strengthened municipal administrations.

## 2. Summary of Accomplishments by Objective

PROMUNI's accomplishments during its three years of execution are presented below, by objective.

### 2.1 Objective 1: Increased Capacity in Public Management

#### ***Increase own-source revenues and promote taxpaying attitudes***

PROMUNI put great effort into increasing own-source revenues and fostering a taxpaying attitude in targeted municipalities during the period of performance. Although the TA process for increasing own-source revenues was tailored to each targeted municipality, there were common steps to be considered to conduct successful TA in this area. The main steps to increase own-source funds were as follows.

- Project staff assisted municipal technical teams in conducting detailed analyses of historic trends of own-source funds in all supported municipalities to learn about the behaviors, trends, contributions, and tendencies of these revenues.
- PROMUNI and municipal teams identified the potential for increasing each source of funds and prioritized them following the Pareto rule. For this purpose, PROMUNI developed and implemented a financial analysis tool for identifying opportunities to increase own-source funding in municipalities. This activity was crucial for defining strategies that pinpointed actions that could quickly and effectively produce results in terms of financial, institutional, and political objectives.
- To keep track of activities to increase own-source funds, PROMUNI designed information matrices to monitor, on a monthly basis, the impact and progress of PROMUNI's TA in supported municipalities.
- PROMUNI impelled municipal teams to apply strategies for increasing own-source funds by giving specific TA and promoting institutional and technical twinning exchanges among municipalities to share experiences in arrears collections, value-added tax (VAT) recovery, and service improvements. In these exchanges, municipal technical teams learned successful strategies and best practices, identified areas needing strengthening, and established intermunicipal cooperation.
- All supported municipalities that increased their own-source revenues directed these fresh funds to investment accounts for improved services in their budgets.
- Besides the opportunity of increasing investments, the fiscal effort and capacity expended to increase own-source revenues is a variable in the central government's funds transfer formula. This means that supported municipal

autonomous governments benefited from incentives from the Ministry of Finance in the transfer formula, and can continue to do so in the coming years.

During the three years of implementation, the average increase in municipal own-source revenues was 67%; this increase amounts to approximately US\$6,443,000. The supported municipalities improved their financial autonomy, self-sufficiency, and financial leverage capacity, all of which enabled them to better cover their personnel expenses with their own funds and come closer to meeting the rules of fiscal sustainability as established by the Constitution and the COPFP. This implies that the level of autonomy of supported municipalities was higher by the end of PROMUNI than in 2010. This increase in financial autonomy also gave municipalities greater possibilities to access funds from Government of Ecuador (GOE) agencies and to obtain credit from the State Development Bank (BdE) to fund their investments. It is important to note that PROMUNI worked on only selected and limited aspects of municipal own-source revenues, but aspects that would teach municipalities how to capture the revenue potential under their domain. However, PROMUNI TA still accounted for at least 39% of the increases in permanent own-source revenues.

### ***Increase quality of expenditures***

The TA provided by PROMUNI in institutional strengthening, participatory planning, and multiyear budgets (see next section) led to improvements in the quality of expenditures—that is, the ratio of investment expenses to total expenses. The main achievement was that, on average, 64% of total expenses are now related to capital investments. Even though this general figure is below the legal required ratio of at least 70%, the important effect is that through the introduction of the tool for multiyear capital investment planning supported municipalities changed the way they operate under the new paradigm of long-term planning also targeted by the new legal framework. Municipalities supported by PROMUNI were the pioneers in Ecuador to achieve this objective. All of the supported municipalities now have five-year investment plans that enable them to focus on strategic public works that will drive the development of each territory.

It is important to note that supported municipalities now have a long term-development vision that links their strategic plans and multiyear budgets with their annual operating plans, budgets, and procurement plans. To restructure the budgets to improve the quality of spending, PROMUNI studied the past investment tendencies in supported municipalities and graphically showed mayors, council members, and municipal officials what the historical investment priorities were. A clear trend in many cases was the randomness of the investment priorities from year to year, which tended to be driven by the dominant political forces of the day rather than by long-term development goals. They were further handicapped by little to no participation of the local communities in determining their priorities. The new planning paradigm was well received by mayors. Mayors tended, initially, not to want to further involve the community in key policy decisions. However, through PROMUNI, institutional and participatory planning mechanisms eventually convinced them that it was to their advantage to involve the community in determining local needs.

With the multiyear investment planning tool, municipalities also learned to identify how agencies from other levels of government must be involved in municipal development and how they can help to pinpoint sources of funding and leverage needs.

### ***Leverage financial resources***

In this area of activity, PROMUNI's local personnel—with the support of RTI technical advisors—developed an Excel-driven capital investment and appraisal tool to create multiyear capital investment budgets in municipalities. This tool was based on the Methodology for Multiyear Budgets designed and tested by RTI in several other countries. PROMUNI's work basically encompassed the adaptation of RTI's tool to the Ecuadorean context and regulations. The use of this tool and methodology allowed municipalities to create better projections of their budgets for four to five years. This tool is now part of the participatory planning and budgeting processes. With this tool, municipalities and citizen organizations can estimate the financial resources available to the municipalities, and their financing or leveraging needs, which they can then direct to national, international, public, or private organizations in order to find financing for their PDOTs.

Two potential sources of funds were explored: (1) sectoral ministries (through projects that can be funded by credit from the BdE), and (2) the capital market (promissory notes and securitization). PROMUNI focused on having municipalities access funding from the central government and BdE programs. BdE operates with important subsidies (30%, 50%, 80%, even 100%), depending on the credit program involved. In the case of capital market financing, the promissory notes and securitization mechanisms remain open as options for leveraging resources once other alternatives are exhausted. The main recommendation for using these mechanisms is that municipalities must first resort to increasing own-source revenues to improve their current account surplus, to strengthen their borrowing conditions (debt service and debt ceiling), and to prevent any financial gap due to overborrowing to meet the legal and regulatory requirements. Municipalities next should access funding programs from the GOE, and subsidized credit from BdE, because these financing alternatives exercise less pressure on municipal finances to borrow than unsubsidized credit and securities.

The TA for leveraging resources was complemented with training and preparation of summaries of PDOTs. Through the National Institute of Higher Studies (IAEN), PROMUNI trained municipal officials to prepare project profiles using National Office for Planning and Development (SENPLADES) templates in order to facilitate financing and leveraging of funds for projects derived from PDOTs. The summary documents of PDOTs helped mayors and other municipal officials to negotiate funding and leverage to carry out the programs and projects included in their PDOTs. To support this activity and participatory planning process, PROMUNI also implemented its grants fund to support small projects derived from PDOTs (see *Section 3*).

The main results in this area of work are that supported municipalities now have strengthened capacity to obtain additional funds through BdE credit and other government programs such as Ecuador Estratégico and sectoral ministries, among others. **Table 1** shows the funds obtained by supported municipalities through leverage. PROMUNI was able to leverage five times more funds than the cost of the total program, although a target was not set at the inception of the program. This 5:1 ratio does not include the own-source revenue increases. The leverage is a testament to the TA and approaches that PROMUNI implemented. It also shows how PROMUNI tailored its strategy to each beneficiary instead of using a cookie-cutter approach.

**Table 1: Funds leveraged by supported municipalities**

Municipality	Project	Source	Amount (\$)
Paján	Construction of a potable water system	National Institute of Public Works Procurement (ICO)	3,631,954
	Construction of a sanitary sewerage system	State Development Bank (BdE)	1,349,045
	Water quality laboratory	Ministry of Urban Development and Housing (MIDUVI)	50,000
Puerto López	Construction of a potable water system	ICO	12,018,172
	Construction of a sanitary sewerage system	MIDUVI – Hydrologic Resources Council of Jipijapa, Paján, and Puerto Lopez	3,500,000
Tulcán	Construction of a sanitary landfill and machinery for the “Plaza del Buen Vivir”	Coordinating Ministry of Heritage	1,274,000
	Study for urban renewal of Bolívar and Arellano streets	BdE	2,000,000
Montúfar	Construction of a sanitary landfill and provision of machinery	BdE	813,990
Gonzanamá	Improvement of the solid waste management system	General Secretariat of the Andean Community – Spanish Agency for International Development (CAN-AECID)	34,119
	Construction of a comprehensive potable water and sanitation project for the communities of Cucure and Tierra Blanca in the Changaimina parish	MIDUVI	116,250

Municipality	Project	Source	Amount (\$)
	Construction of a potable water and sewerage system in El Portete and other neighborhoods of the Nambacoa parish	BdE (Program of Water and Sanitation Rural Infrastructure [PIRSA] 80%-20%)	741,487
	Study for a comprehensive irrigation system	National Institute of Preinvestment	1,000,000
	Construction of a concrete bridge over Trigopamba ravine in Puerto Bolívar, Changaimina parish	National Secretariat of Water (SENAGUA)	60,000
	Sanitary sewerage system for Tonsupa	BdE (PIRSA 80%-20%)	347,988
	Drainage system for the 2 de Noviembre neighborhood	BdE (PIRSA 80%-20%)	475,650
	Drainage and channeling of water in several sectors of Tonchigüe parish	BdE (80%-20%)	380,000
	Channeling of rainwater in the sectors Un Solo Toque and Central of La Unión parish	BdE (80%-20%)	400,000
	Construction of sewerage system and slope protection in Las Vegas, La Unión parish	BdE (80%-20%)	150,000
	Drainage system in Huertos Familiares Segunda Etapa	BdE (80%-20%)	500,000
Atacames	Drainage system in Huertos Familiares Tercera Etapa	BdE (80%-20%)	500,000
	Drainage system and shelters in La Paz and Progreso neighborhoods	BdE (80%-20%)	500,000
	Construction of municipal townhouses	BdE	1,000,000
	Construction of the "Paseo Gastronómico" building	Ministry of Tourism	200,000
	Construction of protection wall on the beach of Atacames, Armada sector	National Secretariat for Risk Management (SNR) and BdE	250,000
	Construction of protection wall from Armada to Hotel Camino Real	SNR and BdE	248,250
	Water drainage in Manila and protection wall in Centenario neighborhood	SNR and BdE	249,550

Municipality	Project	Source	Amount (\$)
Pimampiro	Construction of a water treatment plant and basic sanitary units	Technical Secretariat of Plan Ecuador (STPE) <sup>4</sup>	650,000
<b>Total</b>			<b>32,440,455</b>

PROMUNI, in its final stages, documented its experience with leveraging funds from the BdE in supported municipalities. The document produced compiles the procedures that municipalities have to follow to access funding from the various BdE programs, which include those established by agreements between the BdE and national ministries aimed at municipalities. For each of these programs, PROMUNI introduced an experience from one municipality as a case study. The programs were:

- Program of Water and Sanitation Rural Infrastructure (PIRSA)
- Program for Environmental Sanitation for Community Development (PROMADEC II)
- Program for Risk Management
- Program for Heritage Management
- National Information System and Management of Rural Lands (SIGTIERRAS) Project

The document describes each program, the procedures to apply for funding, the agents involved, their functions, the experiences of one specific municipality, hindrances, and lessons learned. PROMUNI expects that this document will serve as a guideline for future activities and strategies to leverage further financing mechanisms from BdE. The challenge that remains is for institutions like the Association of Ecuadorean Municipalities (AME), a counterpart to PROMUNI, to replicate and disseminate this crucial funding alternative to the other municipalities in Ecuador.

### ***Improve services***

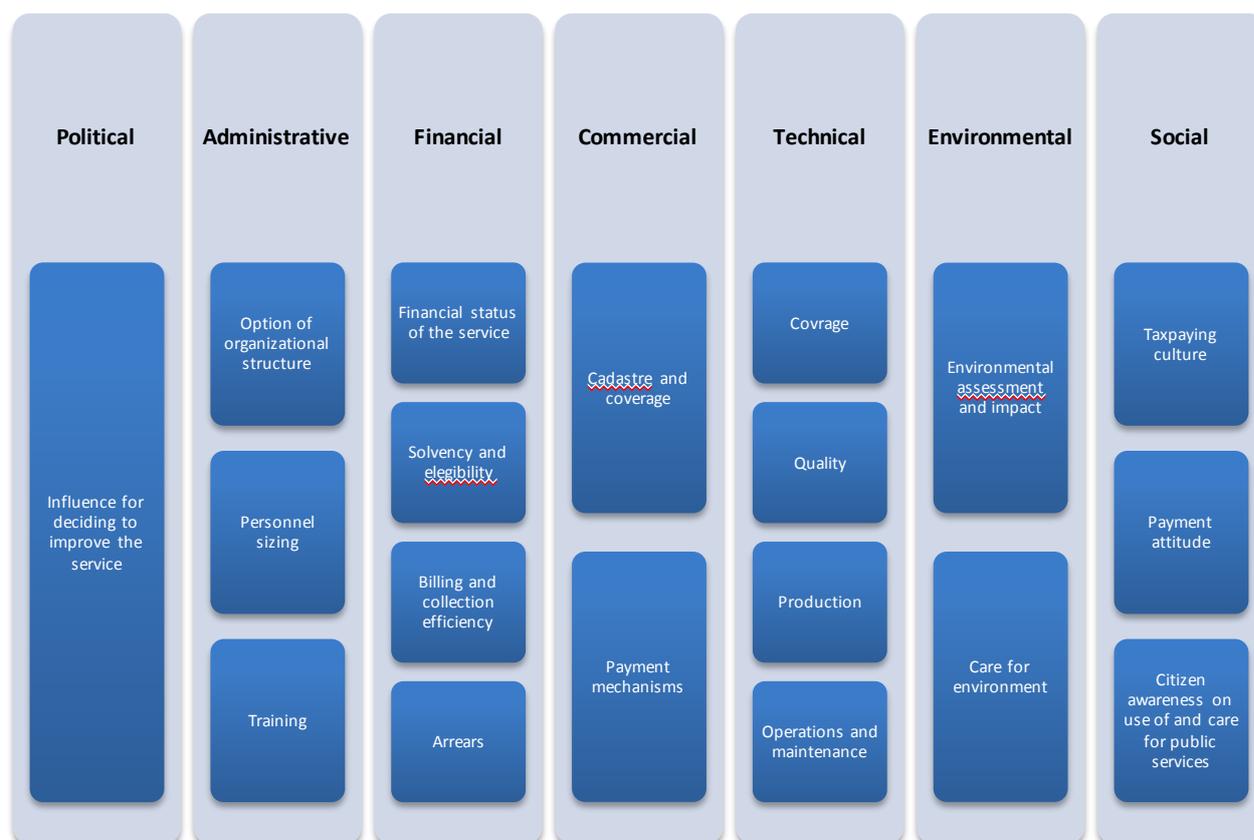
In the three years of execution, PROMUNI provided TA to improve 18 public municipal services such as water and sewerage, garbage disposal, and marketplaces in 14 supported municipalities. Several methods were used to contribute to improving the performance of municipal services:

- **Experience exchange and twinning of institutions:** Through observation visits to municipalities with better practices in service delivery, municipal officials and teams shared problems, solutions, practices, tools, and the like. The visiting and hosting officials developed and reinforced capacities in service management.
- **Service costing:** PROMUNI developed and implemented a service-costing tool for water and sewerage in the municipality of Eloy Alfaro and in its municipal company. This tool can be used and replicated in other municipalities that need to determine the real cost of services to establish appropriate tariff levels.

<sup>4</sup> Note that STPE was disbanded in June 2013 and its functions were transferred to the northern regional office of SENPLADES. This report distinguishes between the two as they functioned during the project period.

- **Interinstitutional coordination:** PROMUNI and MIDUVI established an alliance for providing technical assistance to supported municipalities. This alliance prevented overlapping and duplication of actions and resources. This coordinated action included assistance to the municipalities of Mira and Montúfar for their water and sewerage services.
- **Studies and design:** The municipality of Tulcán is improving its marketplace. With the support of the National Institute of Heritage and Culture (INPC) and BdE, the municipality of Tulcán will turn the existing marketplace into a *Plaza de Buen Vivir* (“well-being square”). Studies and designs were provided by INPC. PROMUNI supported this effort by developing the management model and fee structure for this renovated service. Furthermore, PROMUNI helped Tulcán fulfill the requirements for obtaining a loan from BdE.
- **Regulations:** The municipalities of Gonzalo Pizarro and Espíndola enacted an ordinance that regulates fees and collection procedures for its sewerage service. In the case of Gonzalo Pizarro, the ordinance already existed but needed to be enacted by using the “empty chair” mechanism. In Espíndola, the ordinance was new and required the development of specific strategies to convince residents of the community to pay for this service.
- **Organization and delivery of services:** PROMUNI aided the municipalities of Rioverde and Quilanga to modify the routes and frequency of their garbage collection services. This action allowed the services to reach more families that now benefit from them.
- **Management models:** PROMUNI worked on defining management models that fit and are tailored to the particular situation of a given municipality. In the development of management models, seven components were explored and defined (see *Figure 2*). Furthermore, a recommendation was made in terms of the adequate structure to provide the service. The service structure could be internal (an administrative unit within the municipality) or external (public service company, public-private company, or service delegated to a private operator). The municipalities of Paján, Jipijapa, Puerto Lopez, Montúfar, Huaca, Bolívar, Cuyabeno, and Shushufindi received technical assistance from PROMUNI during these three years.

**Figure 2: Components of management models for public services**



*Table 2* shows the municipalities that received TA in this manner and the services that were improved.

**Table 2: Services improved, by municipality**

Services Improved	Municipalities
Solid waste collection	Bolívar, Cuyabeno, Huaca, Jipijapa, Montúfar, Paján, Puerto López, Quilanga, Rioverde, Shushufindi
Potable water and sewerage	Eloy Alfaro, Mira, Montúfar, Paján, Puerto López
Sewerage	Espíndola
Rehabilitation center for senior citizens (equipment for physical therapy and rehabilitation)	Quilanga
Marketplace (Plaza del Buen Vivir)	Tulcán

***Introduce new municipal functions***

PROMUNI assisted in transferring new functions to municipalities according to the COOTAD and the National Decentralization Plan (PNDz). The PNDz, established that, in accordance with article 142 of the COOTAD, municipalities would assume the

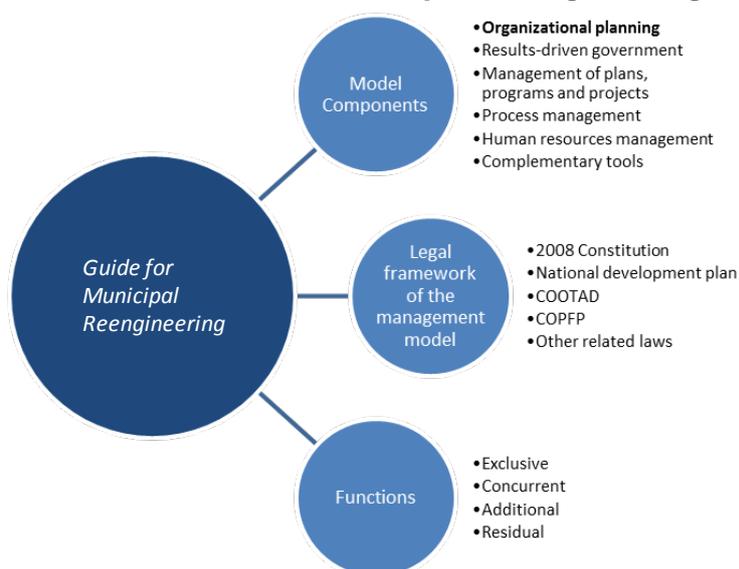
property registry functions within four years (by 2016). In response, AME developed a “Tool for the Transition of the Property Registry” (*Herramienta para la transición del registro de la propiedad*). PROMUNI, in turn, developed two instruments to complement AME’s tool. The first instrument was the “Tool for Assuming the Property-Registry Function” and the second was the “Tool for Function Costing.” These tools contributed to the implementation of this function in Ecuadorean municipalities and provided an orderly process for transferring this function. These tools were tested and validated in the municipality of Montúfar. Later on, PROMUNI provided TA to other supported municipalities to implement these tools. This new function will contribute to increased own-source funding for municipalities.

AME, as a key counterpart to PROMUNI, will disseminate this tool in other municipalities and will benefit from having seen the tool tried and tested in some PROMUNI municipalities already. This strategy can be considerably enhanced and results assured through the aforementioned twinning and municipal exchange program that is already in place.

### **Support organizational reengineering and new management models**

During the execution of PROMUNI, the need became apparent to establish municipal management models for the citizen participation systems on which to base the sustainability of the TA provided to the supported municipalities. The implementation of participatory planning systems, environmental functions, new decentralized functions, and the preparation of PDOTs implied that municipal organizational structures must be reexamined to have a more responsive local administration. PROMUNI developed a guide for municipal authorities to use in adjusting their municipal structures from an organizational reengineering perspective to facilitate achievement of the development goals contained in the National Plan for Living Well (PNBV) and PDOTs. **Figure 3** shows the general scheme of this guide.

**Figure 3: Contents of the *Guide for Municipal Reengineering***



Once PROMUNI developed the tool for organizational reengineering, the municipality of Mira resized its Environmental and Sanitation Department and introduced modifications to improve the unit’s responsiveness to the municipality’s development demands. The resulting reengineering took into account the legal framework in environmental management regarding assigned functions, development and land use planning, and the environmental agenda of the municipality. In addition, process improvements were introduced. Mira piloted the application of this tool, which also is being replicated in other municipalities.

In proper alignment with the GOE policy of implementing management by results in public administration, PROMUNI trained municipal officials in business process management (BPM) tools. BPM is the basic management tool established by the GOE to build management-by-results administrations. PROMUNI also defined, with the supported municipalities, the strategic guidelines to automate management processes as part of the organizational reengineering. The implementation of BPM in supported municipalities will be the test bed for the use of this tool nationwide.

## 2.2 Objective 2: Increased Citizen Participation and Oversight

Citizen participation processes are solidly in place in phase-one municipalities after the execution of PROMUNI. In addition, most of the other supported municipalities have established their citizen participation systems. With the introduction of intercultural integration and environmental management, the municipalities of Tulcán, Lago Agrio, Cascales, Gonzalo Pizarro, Cuyabeno, and Mira included indigenous groups in their participation systems. *Figure 4* shows the basic steps for implementing participatory processes in municipalities.

**Figure 4: Road map for participatory processes**



Guided by its execution strategy, PROMUNI developed cooperative liaisons with national institutions to ensure that the strategy and products implemented by PROMUNI would be consistent with the national policies. The institutions with which PROMUNI worked were STPE, AME, and the National Citizen Participation and Oversight Council (CPCCS). The joint work and coordination with these institutions helped PROMUNI develop participation tools that comply with the national laws and policies. In this area, PROMUNI supported the creation of municipal citizen participation systems, the institutionalization of the “empty chair,” the implementation of citizen oversight committees, the integration of indigenous peoples into participation systems, and the creation of participatory environmental agendas.

To ensure success in the implementation of participation mechanisms, the roles of each organization had to be clearly defined. To this end, PROMUNI provided TA to municipalities, the CPCCS convened citizen meetings, and AME helped to prepare and assemble the relevant officials of the targeted municipalities. This scheme

brought together the citizens and public policy makers with mediators from state agencies in charge of local administration. This joint work produced a valid methodology to implement participation mechanisms now available to all municipalities in Ecuador.

Details about all these efforts follow.

### ***Encourage citizen participation***

The implementation of municipal citizen participation systems was PROMUNI's core task to promote better governance in supported municipalities. This activity evolved during the period of execution to ensure sustainability and municipal ownership of the systems created. The first year was characterized by the development of tools and methodologies to create institutional capacities for the creation of Municipal Systems for Citizen Participation (SCPCs) and PDOTs. During this period, PROMUNI developed the following tools:

- Mapping of key actors and stakeholders in the territory.
- Draft ordinance for the creation of the SCPC.
- Tools for diagnostics of the environmental, economic, social, cultural, and political-institutional systems.
- Comprehensive diagnosis, including current territorial model, for PDOTs.
- Development of proposals for investment projects in SENPLADES's template.
- Multiyear capital investment budgets.

In order to institutionalize citizen participation processes in targeted municipalities, PROMUNI carried out several main activities aimed at implementing regulations established by the Constitution, the COOTAD, and the COPFP. The main achievement toward the end of the project was the enactment of ordinances that created the SCPCs in all phase-one municipalities and five from the second phase. In these municipalities, local actors now have clear participation and oversight procedures to engage their municipal governments. Furthermore, these ordinances paved the way for the operation of participation mechanisms such as the "empty chair," public hearings, *cabildos*, oversight committees, and consultation with citizens before decision-making sessions take place.



*Assembly of the Chachi People for inclusion in SCPC, Muisne, February 2013.*

Another achievement was the identification of local actors and the creation of simple database tools to keep records of organizations and institutions that act in municipalities. This mapping enabled municipal governments to include traditionally

excluded actors and to give them a more functional level of participation in planning processes. By the end of the project, the assisted municipalities were able to perform this function on their own; by July 2013 PROMUNI was involved only in helping to organize a few participatory mapping processes that were just getting under way.

In the third quarter of FY 2012, PROMUNI started assisting the inclusion of indigenous groups in municipal participatory processes. This activity was the focus of the work on citizen participation during the remainder of the project. In cases such as Tulcán and Mira, PROMUNI assisted the respective autonomous decentralized government (GAD) to modify its model ordinance for the creation of SCPCs to promote the inclusion of indigenous groups. With this, PROMUNI promoted the adoption of this model ordinance in municipalities in the province of Sucumbíos that had not approved similar instruments. PROMUNI adapted its tools for mapping social actors and for developing participatory plans and budgets to facilitate intercultural inclusion and environmental management.

As noted earlier, PROMUNI, as part of the TA in participatory processes, helped supported municipalities prepare projects in SENPLADES's format to ensure access to funding for development projects derived from PDOTs. For example, in coordination with STPE, PROMUNI gave technical assistance to the municipalities in the province of Sucumbíos to prepare a set of project profiles that will become part of STPE's program for providing basic infrastructure and public equipment to the communities in the northern border region of the province of Sucumbíos. The profiles covered the following projects:

- Upgrading and rehabilitation of schools: Constructing education infrastructure in the provinces of Carchi, Imbabura, and Sucumbíos
- Refurbishing and providing equipment to the boarding school of Gonzalo Pizarro
- Refurbishing and providing equipment to the boarding school of Putumayo
- Improving solid waste management in Cáscales
- Improving education (including preschool) infrastructure in the schools of Sucumbíos
- Providing infrastructure and equipment for health services in the north border region.

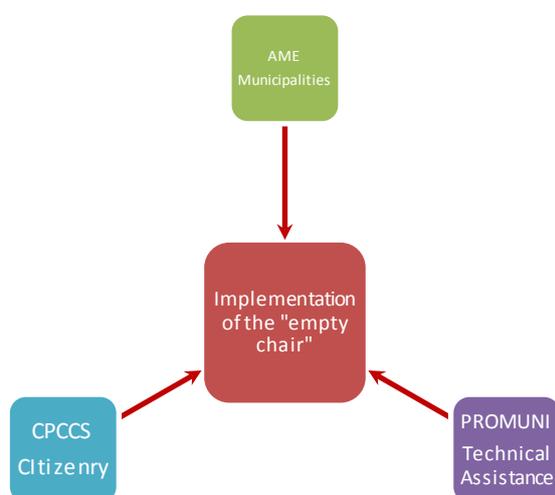
PROMUNI also supported some interesting processes that can be encompassed in the strategy of fostering association and cooperation among municipalities. The municipalities of Esmeraldas, Atacames, and Muisne gave a high level of consideration and attention to the development of tourism to improve the local economy as part of their PDOTs. PROMUNI provided these municipalities with a study to boost and strengthen this economic activity in their jurisdictions. In this study, the municipalities in Esmeraldas documented their tourism competitive advantages, as well as preparing proposals for multijurisdictional tourism zones and tourism development projects. This study defined some landmark projects to start the intermunicipal collaboration on tourism. For example, the municipality of Esmeraldas will work to create a culture interpretation center, while Atacames will build an oceanic and coastal interpretation center.

### Empty Chair

One of the most important participation mechanisms implemented was the “empty chair.” PROMUNI had to overcome resistance and uncertainties in the definition of this mechanism before it was implemented by several municipalities in the last quarters of PROMUNI. The institutionalization of the “empty chair” required coordination among the municipality (mayors, council members, directors of planning, and directors of citizen participation), organized civil society, and the CPCCS. To implement this participation mechanism, PROMUNI first established a relation with the provincial delegate of the CPCCS and later conducted the following general procedure (see also **Figure 5**):

1. The CPCCS approached civil society organizations to describe their participation rights and to start building links with the municipal administration.
2. AME created guidelines for implementing the various citizen participation mechanisms and trained municipal officials on how to implement them. Special training subjects were how these mechanisms relate to their participation; and corresponding roles and responsibilities of the mayor, council members, and municipal directors.
3. PROMUNI provided TA with methodologies and tools to implement the “empty chair” and citizen oversight committees.

**Figure 5: Interinstitutional work for implementing the empty chair**



The “empty chair” mechanism was finally implemented in the municipalities of Cascales, Gonzalo Pizarro, Cuyabeno, and Mira. The municipalities of Shushufindi, Quilanga, Gonzanamá, and Espíndola were in the process of approving the ordinances to institutionalize the “empty chair” as the project ended.

In terms of the application of participatory instruments, PROMUNI fostered the first uses of the “empty chair” in supported municipalities. The municipal council of Cuyabeno had a citizen representative occupy the empty chair during a debate for the approval of an ordinance benefiting senior citizens. In Gonzalo Pizarro, the municipal council session approved, with the participation of a citizen



*Training in “empty chair” and citizen oversight mechanism, Lago Agrio, November 2012.*

representative in the “empty chair,” an ordinance that regulates the fees for potable water and sewerage services in the city.

### *Participatory Budget*

PROMUNI sought to link all planning and budgeting tools to bring coherence and consistency between planning and budgeting, in both the long term and the short term. All supported municipalities applied the methodology for participatory budgeting as developed by PROMUNI. This practice produced multiyear capital investment budgets and, in the first quarter of the third year, municipalities prepared their annual operational plans with assistance from PROMUNI based on the PDOTs and multiyear budgets. A remarkable process took place in the province of Sucumbíos, where PROMUNI supported the unification of the participatory budgeting methodologies used by autonomous decentralized governments at the parish, municipal, and provincial levels. In this way, PROMUNI was fostering the bottom-to-top linkage of planning systems to optimize the responsibilities and funds of the various government levels, a first-time event in Ecuador that showed the feasibility of different levels of cross-government planning.

### *Mainstream gender inclusion within TA*

Throughout the program, PROMUNI took care not to lose sight of the importance of reinforcing and mainstreaming gender approaches in its TA activities. For example, PROMUNI developed a working relationship with the Association of Ecuadorean Women Municipal Leaders (AMUME). Three main lines of action were advanced in the area of gender as a cross-cutting activity of PROMUNI. These activities were:

- **Training.** AMUME has a “Political Education School” in which women elected as mayors or municipal council members are given tools for improved political and administrative performance. With the cooperation of PROMUNI, women authorities and leaders from supported municipalities in Esmeraldas, Carchi, Imbabura, and Sucumbíos participated in these events from August to November 2011. Additionally, PROMUNI developed a training module in

political communication that AMUME used in its School for Political Education.

- **Council Commissions on Equality and Gender (CCEGs).** PROMUNI promoted mainstreaming of gender, generational, and intercultural equity in its methodological designs and instruments, to ensure that women and special-attention groups are included in participatory planning. Part of this effort was the assistance provided to municipalities for creating the CCEGs, to comply with the Constitution and COOTAD. For this, PROMUNI provided supported municipalities with a draft ordinance to regulate the formation and operation of the CCEG and its technical unit. Furthermore, the PROMUNI Gender Coordinator delivered TA on this topic to the mayors, council members, and officials of the municipalities of Cascales, Shushufindi, Lago Agrio, Paján, Jipijapa, Puerto López, and Santa Elena. As a result, 14 municipalities created or modified their commissions to comply with the law.
- **Inclusion and equity in participatory processes.** PROMUNI fostered dialogue at the national and local levels to ensure effectiveness in including equity criteria in citizen participation and oversight mechanisms such as the “extra chair,” oversight committees, training and other techniques.

Additionally, PROMUNI contributed the article “Municipal Strengthening with a Focus on Equality and Gender”<sup>5</sup> to AMUME’s magazine *Constructing Equity in the Territories*, number 6, March 2012.<sup>6</sup> In terms of training, 36% of the total number of persons trained by PROMUNI in all subjects were women; this surpassed the initial goal of 25%. In the oversight committees created with the support of PROMUNI, 51% of the members are women; the initial goal was 30%.

### ***Address interculturality***

As noted, in early 2012 PROMUNI took on the inclusion of indigenous peoples in citizen participation systems. This activity focused on six municipalities in the north border region: Muisne, Cuyabeno, Cascales, Gonzalo Pizarro, Lago Agrio, and Tulcán. The first phase of this activity started in March 2012 with the Awá, Pasto, and Épera peoples in Tulcán. The second phase started in July 2012 with the Cofán people in the municipalities of Cascales, Gonzalo Pizarro, and Lago Agrio. The third phase started in November 2012 with the Chachi people in Muisne. All in all, six indigenous organizations were supported by PROMUNI. The organizations supported were the Indigenous Association of the Cofán People of Ecuador (FEINCE), the Federation of Organizations of the Kichwa Nationality in Sucumbíos, Ecuador (FONAKISE), the Organization of the Siona Indigenous Nationality of Ecuador (ONISE) in the province of Sucumbíos; and Comuna La Esperanza and Comunidad El Baboso in the province of Carchi, the community of the Chachis from the municipality of Muisne.

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<sup>5</sup> “El Fortalecimiento Municipal con Enfoques de Igualdad y Género.”

<sup>6</sup> *Contruyendo Equidad en los Territorios*.

During the first phase, inclusion of interculturality and indigenous groups was trialed in the municipality of Tulcán. As a result of this activity, the municipality and the Federation of Awá Centers signed an agreement by which five indigenous projects were included in Tulcán's PDOT and investment plan. PROMUNI and the municipal team from Tulcán worked to support the Pasto people by helping them prepare their life plan (*plan de vida*) and establishing coordination mechanisms with the municipality. This effort was still going on under the leadership of the municipality as PROMUNI came to a close.



*Assembly of the Awá People, Tobar Donoso parish, Tulcán.*

As part of the technical assistance provided in this activity, PROMUNI helped the municipality of Tulcán to revisit and update the ordinance that created Tulcán's SCPC. The modified ordinance now takes into account the different indigenous assemblies and acknowledges them as examples of basic participation. Similar ordinances were implemented in Lago Agrio, Gonzalo Pizarro, and Cascales, which will incorporate the Cofán people into the PDOT structure. In these municipalities the Cofán nation is preeminent and has previous experience with developing life plans. PROMUNI sought to strengthen the technical capacities of Cofán leaders. They received training from IAEN to prepare investment projects in SENPLADES's templates. This training was necessary to facilitate access to GOE funding. This activity had the backing of STPE and the Institute for the Environmental Development of the Amazon Basin (ECORAE), which will fund the projects and also assist municipalities in completing them.

In the province of Sucumbíos, besides traditional indigenous people, PROMUNI also promoted the inclusion of the Afro-Ecuadorian ethnic group in this province in the provincial PDOT. For this, PROMUNI participated in the delivery of their life plan to the provincial government of Sucumbíos.

### ***Build capacity in municipal environmental management, climate change, and biodiversity***

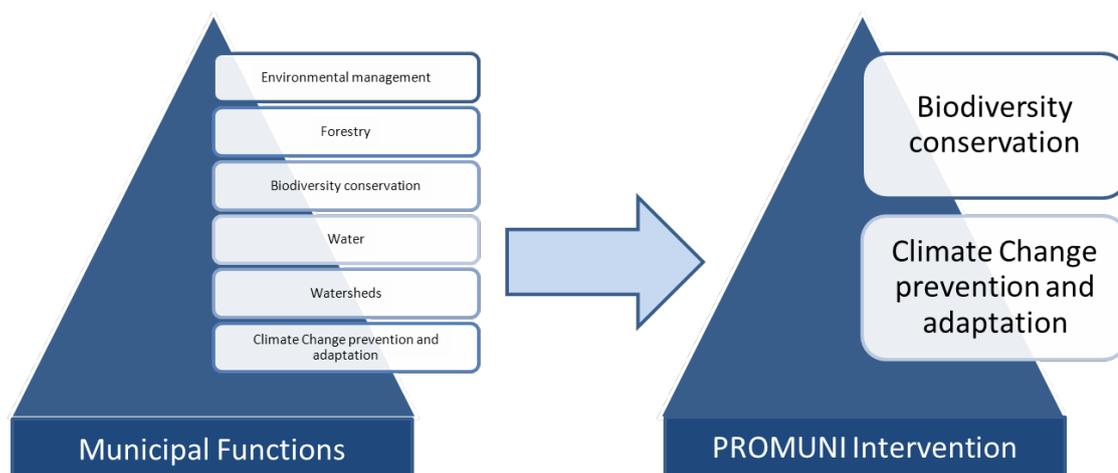
Environmental management in municipalities is becoming increasingly important in the effort to create SCPCs. According to the priorities set forth by the Mission, a new activity to strengthen municipal capabilities for environmental management was included in PROMUNI. PROMUNI developed a tool for defining municipal, participatory, and intercultural environmental agendas. These agendas were created in Tulcán, Mira, Gonzalo Pizarro, Muisne, Cuyabeno and Cascales. Implementing an environmental agenda comprises creating administrative structures, creating institutional capacities, and training municipal officials and indigenous people so that they can carry out their functions in coordination with the central government and other subnational governments. It is important to note that when dealing with intercultural integration and environmental management, PROMUNI was careful to train both municipal officials and representative from indigenous groups; leaders from

the Awá, Pasto, and Cofán peoples received training in the development of these environmental agendas.

The environmental agendas describe the programs and projects that are now part of the multiyear investment plan. The agendas were first reviewed and approved by municipal directors. Later, the agendas were validated by the local citizens at an environmental citizen assembly. The environmental agendas enable municipalities to align their operations with biodiversity conservation and climate-change objectives. Furthermore, they guide the relationships with the Ministry of Environment, Ministry of Agriculture, and others to leverage funding for executing the environmental part of the municipal PDOTs.

To start defining the interventions a municipality could make in environmental management, it was necessary to identify the environmental functions that correspond to municipalities by law. These are: environmental management, forestry, conservation of biodiversity, water (potable and wastewater), and climate change (see *Figure 6*).

**Figure 6: Municipal environmental functions: Biodiversity and climate change**



Another line of action in environmental management was the support to implement the Quito Climate Pact in supported covenant municipalities. To bring together intercultural inclusion and environmental management, the municipalities of Cascales, Gonzalo Pizarro, Cuyabeno, and Shushufindi participated, accompanied by PROMUNI, in the annual follow-up meeting of the Quito Climate Pact of 2013. The commitment of the municipalities to this Pact implies that climate change adaptation is now a policy that will guide the actions of those municipalities.

To assist in the institutionalization of the Climate Pact, PROMUNI provided TA to the covenant's supported municipalities to define road maps in which 10 basic actions, in each municipality, are identified and integrated into their multiyear and annual investment plans. These instruments will enable the involvement, mobilization, and action of the citizenry in the process of education about and struggle against climate change.

As part of the networking and horizontal cooperation among municipalities, PROMUNI promoted an exchange in which eight municipalities visited Lago Agrio to learn from the experience of developing an environmental municipal policy. The municipality of Lago Agrio received representatives from the municipalities of Jipijapa, Muisne, Pimampiro, Tulcán, Sucumbíos, Shushufindi, Cuyabeno, and Cascales, and the indigenous organizations of the Cofán-Duvuno, Cofán-Dureno, and Pasto people. The officials from Lago Agrio explained their practices and experiences in the development and application of their comprehensive solid-waste management system, environmental municipal management, environmental municipal regulations, dissemination of their PDOT, and establishment of citizen participation systems and oversight committees.

With regard to environmental management, PROMUNI promoted the inclusion of environmental projects in the 2013 plans and budgets of the municipalities of Muisne, Mira, Espejo, and Bolívar. This action resulted in the modification of the current annual budgets so that the execution of environmental projects can start in 2013, making environmental projects an integral part of municipal budgeting and implementation.

In April 2013, PROMUNI—together with AME and the Ministry of Environment—organized a workshop for training municipal officials in processes to prevent and control environmental pollution. The attendees at this workshop were the municipal directors of the departments of environment and planning, and council members of the seven municipalities in the province of Sucumbíos (Putumayo, Cascales, Shushufindi, Cuyabeno, Gonzalo Pizarro, Sucumbíos Alto, and Lago Agrio).

Finally, the mancomunidad of the Mira River and the Commission of Biodiversity and Natural Resources of the National Assembly requested PROMUNI's support to conduct a pre-legislative consultation to discuss the draft Water Law. In a workshop carried out on April 10, 2013, the municipalities of the mancomunidad, associations of irrigators, the members of the National Assembly Commission, and other stakeholders debated the contents of the draft Water Law and provided their inputs to improve the draft law. This pre-legislative consultation was a required step prior to debating and approving a law related to natural resources in the National Assembly (where debate was still ongoing as PROMUNI ended).

### **2.3 Objective 3: Increased Transparency**

Effective municipal transparency is difficult to promote. PROMUNI witnessed all possible obstacles to implement transparency procedures in supported municipalities. From resistance by municipal officials to hindrances produced by electoral processes, PROMUNI managed to overcome the obstacles and implemented practices of transparency in supported municipalities. After three years of execution, Ecuador now has proven tools for creating oversight committees, providing accountability reports, complying with the Organic Law on Transparency and Access to Public Information (LOTAIP), and seamlessly executing procurement processes. All these transparency tools were developed in the context of participatory processes which increased their

value for strengthening the reforms to public administration since the enactment of the 2008 Constitution.

For the transparency objective, PROMUNI staff emphasized the link between (1) municipal systems for citizen participation and (2) citizen oversight. The implementation strategy called for creating citizen oversight committees as derivatives of the municipal assemblies. All supported municipalities now are aware of the need to complete the circle of citizen participation and oversight by including oversight committees as part of the municipal participation systems.

### ***Enhance citizen oversight***

The creation of citizen oversight committees was probably the most difficult activity to implement. Although supported municipalities recognized the need to increase transparency and create citizen oversight committees, most mayors were initially reluctant to being overseen by citizen committees. Another obstacle to the early creation of oversight committees was that the municipalities invested a great deal of effort in strengthening their participatory planning systems as the basis for citizen engagement in local public administration. PROMUNI saw this approach as the first step in a process of effectively having oversight committees track the implementation progress and the priorities of the community. Considering the time horizon needed for this process to be implemented and institutionalized, it is understandable that proceeding to functioning citizen oversight committees will take time.

During the first year and half of PROMUNI, the staff concentrated on developing a set of tools for creating oversight committees. The tools consist of:

- A document on how to convene the municipal assembly to create citizen committees to oversee the execution of the PDOT and municipal budgets.
- A model municipal assembly resolution creating the citizen committees and nominating members.
- Sample minutes of a municipal assembly meeting.

During the earlier stages of the project, PROMUNI had approached the CPCCS to reach an agreement that would improve the opportunities for endorsement, sustainability, and dissemination of the TA in transparency; however, the CPCCS chose not to be involved at that time. After its President changed on September 20, 2012, PROMUNI again approached the CPCCS. Several meetings took place with the CPCCS to plan joint activities. Following the general strategy of working within national policies, PROMUNI and CPCCS jointly trained local authorities and citizens on citizen oversight committees as one of the mechanisms for supervising and controlling local public administration.

As part of the agreements reached with the CPCCS, the tools mentioned above were grouped into a single draft document along with the procedures and protocols to create oversight committees. This newly developed document conforms to Ecuadorean law and will be disseminated among local governments as a guide for implementing these processes.

Within the legal and policy framework for transparency and citizen participation, PROMUNI and the CPCCS jointly delivered technical training to municipal officials in order to improve the conditions present in municipalities to implement transparency mechanisms, including citizen oversight committees. Workshops on citizen oversight took place in the municipalities of Quilanga (Loja) and Cuyabeno (Sucumbíos). In these workshops, municipal authorities and officials, along with representatives from civil society organizations, learned about the legal mandates and procedures to implement oversight committees. These training events raised awareness among the trainees about the importance of bringing together municipalities and citizenry through transparency and participation mechanisms for more responsive and responsible public administration. Both these municipalities conducted several meetings with citizen representatives to move forward with creating oversight committees.

Finally, FY 2013 saw the start of the creation of citizen oversight committees after solid relations were nurtured among PROMUNI, provincial delegates of the CPCCS, and municipalities. In all, PROMUNI promoted the creation of 10 oversight committees in seven supported municipalities. These committees were created to oversee the execution of specific public works in each municipality. *Table 3* shows the processes and public works these committees will oversee.

**Table 3: Citizen oversight committees created**

Municipality	Process to Be Overseen
Bolívar	Election of the Property Registrar (committee formed by the juntas of irrigators and association of senior citizens of Bolívar)
Cuyabeno	Construction of a School of the Millennium
Espejo	Improvement of the potable water system in the communities of La Esperanza, San Miguel de Chabayán, and Santiago Alto
Mira	Construction of a regional potable water system for the communities of San Antonio Mirador, Las Parcelas, La Campiña, La Portada, San Marcos, and Playa Rica  Execution of a project for fruit production in the communities of El Rosal and Huagrabamba
Pimampiro	Election of the Property Registrar
Quilanga	Stormwater drainage system in downtown Quilanga
Shushufindi	Construction of a sewerage system in "7 de Junio" parish  Construction of a health center in "7 de Junio" parish  Oversight of procurement processes of oil-extraction companies in Shushufindi

An interesting effect of the in-field coordination between PROMUNI and the provincial delegates of the CPCCS was the creation and piloting of the first-ever event of the School for Citizen Participation in Ecuador. This event took place June 8,

2013, in the city of Tulcán. This training course was aimed at members of oversight committees and civil society organizations, as well as municipal authorities and officials, to develop the capacities of civil society and public officials to engage in demanding or providing transparency in public administration. This school also involved collaboration with the State Polytechnic University of Carchi, which increases the opportunities for sustainability of this experience.

### ***Promote municipal transparency***

PROMUNI promoted municipal transparency by aiding mayors in preparing accountability reports and complying with the LOTAIP. With respect to accountability reports, PROMUNI started to provide TA to link these reports to development plans. In the first year, when PDOTs were not available, mayors gave an accounting of investments and current expenses and how they corresponded to government plans. Supported municipalities used their local-actor maps as participation tools to convene local actors in a more inclusive fashion at accountability events.

The first real experience of linking PDOTs and accountability reports happened in the municipality of Mira. The 2011 accountability report of Mira's mayor directly informed the assembled citizens of the execution of the annual operations plan. At this event, the mayor described the works and investment executed their correspondence with participatory plans, and any projects that were not carried out. To prepare for this event, Corporación Participación Ciudadana worked with civil society organizations to process and comment on the accountability report. Meanwhile, PROMUNI assisted the municipality. This was also an example of cooperation between two USAID projects.

Another example of groundbreaking accountability reports was one given by the mayor of Quilanga in 2011. This event revealed the most noteworthy challenge to promoting transparency in municipalities and throughout the public sector. Municipal council members opposed having information about salaries, travel allowances, and other personnel expenses published. Nonetheless, the mayor decided to publish this information anyway and thereby demonstrated to the public and to the municipal authorities and officials the commitment of his administration to participation and transparency processes. Members of the public attending the accountability event congratulated the initiative and were avid about having information delivered more frequently.

Based on the experience gained through the TA provided to municipalities, PROMUNI developed a guide for preparing and delivering accountability reports. This guide is based on the one prepared by the CPCCS but with more practical and hands-on approaches.

In another aspect of municipal transparency, TA for compliance with the LOTAIP started in the municipality of Quilanga with the design and implementation of its website. However, not all municipalities were equally prepared to initiate the processes associated with complying with the LOTAIP. Thus, PROMUNI set out to create conditions for internal transparency within municipalities. Supported municipalities progressed in the implementation of web pages, which is a requisite for

starting the process of complying with the LOTAIP. AME also provided the standard formats they had developed for collecting and presenting the transparency information on the municipal web pages.

To increase compliance with LOTAIP, PROMUNI contracted a consultant to provide TA for setting up internal municipal compliance procedures. Ten municipalities (Carchi: Montúfar, Mira, Espejo, Bolívar, Huaca, Urcuquí, Pimampiro, Ibarra, Shushufindi, and Cascales) were targeted for this TA. This effort and the experiences in implementing transparency tools in these 10 municipalities resulted in a guide for complying with the LOTAIP. The guide contains:

- A conceptual and theoretical framework for transparency
- The legal framework for transparency
- Basic knowledge of transparency processes
- Principles for handling public information
- Administrative procedures for complying with the LOTAIP
- Process description and work flow
- Responsibilities and roles of municipal officials in the transparency process.

This guide has been adapted to the characteristics and peculiarities of each municipality and the results are in different stages of institutionalization. The guide also was shared with AME for replication in other municipalities nationwide as has been the standard operating practice to reach more municipalities in the country.

### ***Improve procurement processes***

Public procurement was a key area of intervention to promote transparency. PROMUNI worked to improve procurement practices mainly because it is the last link in the participation chain. Annual procurement plans, derived from investment plans, close the cycle from planning to implementation of participatory processes. Municipal officials received training in the operation of the National System for Public Procurement (SNCP). Training in public procurement was led by IAEN and the National Institute for Public Procurement (INCOP). In January 2012, PROMUNI and INCOP conducted a workshop to teach municipalities how to prepare annual procurement plans linked to development plans.

To strengthen the performance of public procurement in supported municipalities, PROMUNI developed a model process manual for municipal public procurement. The *Model Manual for Public Procurement Processes* is a management tool that facilitates the implementation of clear procedures and administrative structures for managing complex procurement processes. It describes the steps and activities that occur in each procedure for each phase of the procurement processes in the two procurement regimes defined by the INCOP: (1) general and (2) special (emergencies and communications). This tool contains model instruments for tailoring the process manual, and functions defined in a manner that complies with the regulations issued by the Ministry of Labor Relations. Finally, the tool provides model resolutions for

implementation in any given municipality and for each step involved in procurement processes. The municipalities of Tulcán, Sucumbíos Alto, Esmeraldas, Gonzanamá, Quilanga, Espejo, Puerto López, Jipijapa, Paján, and Cuyabeno have fully implemented their process manuals. The municipalities of Bolívar, Huaca, Pimampiro, Urcuquí, Muisne, and Gonzalo Pizarro, as of July 31, 2013, had a draft process manual under revision prior to approval.

### 3. Grants Fund

PROMUNI implemented a grants fund for small projects derived from participatory planning processes. These grants were designed to help build confidence in the citizen participation systems. They aided in the execution of small municipal projects and enabled municipalities to access more funding and leverage from the government, nongovernmental sources, and international cooperation organizations. The grants fund helped reduce the gap between funding needs and sources that support the priorities identified in PDOTs. In all, 15 projects were approved and funded through this mechanism. Ten grants were in-kind and five were fixed-obligation. *Tables 4 and 5* summarize the grants executed. The total amount disbursed via grants was US\$294,636.25.

**Table 4: In-kind grants awarded**

Municipality	Grant	Amount	Cost Share
Atacames	Purchase of a garbage collection truck	\$25,000	\$101,200
Esmeraldas	Computer equipment for the Planning Department	\$22,122.94	\$7,812.75
Espejo	Office furniture for Planning Department	\$5,900	\$6,250
Espíndola	Audio and visual equipment to improve the communication strategy of the municipality	\$12,453.92	\$6,538
Gonzanamá	Computer equipment for rural schools in the city	\$22,164.60	\$7,000
Jipijapa	Procurement of a skid-steer loader	\$25,000	\$33,192
Mira	Equipment for firefighters	\$22,072	\$58,716.72
Quilanga	Physical rehabilitation equipment	\$22,321.37	\$9,500
Sucumbíos Alto	Computer equipment and furniture for the municipality	\$15,351.42	\$6,500
Urcuquí	Tourism signage	\$17,300	\$6,250
	<b>Total</b>	<b>\$189,686.25</b>	<b>\$242,959.57</b>

**Table 5: Fixed-obligation grants awarded**

Municipality	Grant	Amount	Cost Share
Bolívar	Studies for an ecotourism corridor	\$25,000	\$6,250
Cascales	Organizational reengineering	\$18,750	\$6,250
Huaca	Linear park design	\$25,000	\$77,000
Montúfar	Environmental cadaster	\$25,000	\$7,220
Rioverde	Communication campaign to raise awareness of the new potable water system	\$11,200	\$7,800
	<b>Total</b>	<b>\$104,950</b>	<b>\$104,520</b>

Note: Total cost share: \$347,479.47. Total projects (grants + cost share): \$642,115.72.



*Grants: Installation of tourism signage in Urcuqui, April 2013.*

#### **4. Summary of Activities and Results for FY 2013**

This section of the final report describes the results of PROMUNI’s programmatic activities for the third and final year (October 2012–July 2013). It documents PROMUNI’s interventions in accordance with its FY 2013 work plan and the closeout plan agreed to by USAID, the local PROMUNI team, and RTI in March 2013.

The major highlight of this year, besides the TA results in municipalities, was that the supported municipalities that had been awarded grant funds officially received the equipment and funding they had requested from the grants contract line item (CLIN). This was significant because of the level of community visibility it gave to both the

municipal administrations' improved management efforts and USAID's assistance. Another important activity was that during the second quarter, at USAID's request, RTI and the PROMUNI local team worked on a proposal for a contract amendment that added environmental activities to the project. Finally, PROMUNI managed to achieve results toward the tasks that had been most difficult to implement during the previous two years because of groundwork that had to be laid first or, in some cases, a certain level of resistance that had to be overcome using information and persuasion. In the area of citizen participation and transparency, for example, supported municipalities started implementing the "empty chair" mechanism in coordination with the CPCCS. This national and provincial ally also facilitated the process to create citizen oversight committees, for which implementation had been elusive in previous years. Finally, supported municipalities inherited the responsibility for sustaining and providing TA via a network of municipal experts that PROMUNI selected and trained. This shows that PROMUNI effectively honored its promise of developing and consolidating local capacity in the targeted municipalities.

Once the decision to close the project as originally planned (i.e., on July 31) was made in March 2013, PROMUNI focused on shutting down all technical assistance activities in partner municipalities and making a final push to meet the assigned goals and objectives. From May, PROMUNI began implementing the closeout plan approved by the Mission.

The month of July was dedicated wholly to the administrative and financial closeout; no TA processes took place during this period.

#### **4.1 Objective 1: Increased municipal capacity, FY 2013**

During FY 2013, PROMUNI worked to fine-tune the TA tools implemented in supported municipalities to improve the linkages among the processes of planning, territorial development, and budgeting. For instance, PROMUNI created a tool to help municipalities reorganize internally according to the development needs of their PDOTs and multiyear capital investment plans.

##### ***Increase own-source revenues***

PROMUNI's work in the area of own-source revenues focused on guiding municipal officials in the continued use and institutionalization of the tools developed and applied during the project. Supported municipalities prepared plans for augmenting their sources of funding and improving their quality of expenditures by applying the knowledge delivered by PROMUNI over the past three years. It is noteworthy that supported municipalities continued improving their financial autonomy and self-sufficiency even as the TA tapered off. PROMUNI also continued providing TA in VAT recovery and tax collections and simultaneously began to reduce PROMUNI involvement by increasing the responsibility of municipal officials in this task as the project neared completion.

### ***Increase quality of expenditures and investments***

During the final year of the project, multiyear investment planning and participatory budgeting became part of the day-to-day operations of all the supported municipalities. PROMUNI continued to assist supported municipalities to allocate their funds to investments according to PDOTs. The tool for developing multiyear investment plans is now used to forecast investments and projects for the next four or five years. Supported municipalities allocated an average of 63% of their expenses to investments. PROMUNI and AME prepared an outline for a guide on leveraging funds through the various GOE financing vehicles (including those of the BdE) and international donors for municipal programs and projects.

### ***Improve services***

In the task of improving municipal services, PROMUNI continued focusing on potable water, sewerage, and solid waste management in FY 2013. PROMUNI assisted the municipalities of Shushufindi and Cuyabeno with their solid waste management services. PROMUNI also supported the municipalities of Paján, Jipijapa, Puerto López, and Rioverde in the implementation of new functions and services assigned by the COOTAD.

The construction of management models was an important activity for strengthening operational capabilities of supported municipalities. Service management models, organizational reengineering, and integration of new functions were the main work areas.

The municipality of Mira was the first to receive TA in organizational reengineering, to redesign its Environmental and Sanitation Department.



*Officials from supported municipalities visit Quilanga to observe solid-waste processing and recycling, September 2011.*

## **4.2 Objective 2: Citizen participation and oversight increased, FY 2013**

### ***Institutionalize participatory processes***

PROMUNI in the third year intensified the interinstitutional work with the CPCCS and AME. This joint work finally produced results in implementing the “empty chair” and citizen oversight committees as mechanisms for citizen participation and increased transparency. PROMUNI and CPCCS agreed on procedures to implement the “empty chair” and oversight committees in supported municipalities, and on a protocol to routinely have citizen organizations occupy the “empty chair.” The first uses of the “empty chair” in supported municipalities happened in the municipal councils of Cuyabeno and Shushufindi.

During the second and third quarters, PROMUNI focused its TA in citizen participation on having supported municipalities prepare the new planning and budgeting cycle for the Ecuadorean FY 2014. The goal of PROMUNI was to confirm that the supported municipal technical teams were able to conduct the process autonomously. The municipalities of Esmeraldas, Atacames, and Muisne received a study that analyzed opportunities to strengthen this economic activity in their territories.

### ***Promote intercultural inclusion***

PROMUNI's phase 3 municipalities worked to implement their Municipal Systems for Citizen Participation during FY 2013. The inclusion of indigenous life plans in municipal PDOTs was a main focus of PROMUNI in the province of Sucumbíos. The municipality of Cascales enacted its first ordinance to implement a municipal system for citizen participation and oversight that includes indigenous groups as important stakeholders in the system.

The municipality of Tulcán supported the preparation of the Life Plan of the Pasto People as the initial step toward integrating this people's projects into its PDOTs. This municipality also hosted an experience exchange in which visiting municipalities learned about introducing intercultural inclusion via participatory planning systems and PDOTs.

### ***Build capacity in municipal environmental management***

As a result of the fifth modification to the contract, PROMUNI incorporated into this objective activities related to global climate change adaptation. The implementation of citizen participation tools and environmental agendas had more emphasis in the municipalities of the province of Sucumbíos, which entered the program in the third and last phase of PROMUNI. PROMUNI tested actions to increase the capabilities of municipalities in environmental management, in accordance with USAID cooperation priorities. For example, PROMUNI provided TA for developing or improving municipal environmental agendas in the municipalities of Tulcán and the province of Sucumbíos. Most of the interventions focused on the development of environmental agendas and climate pact resolutions.

PROMUNI promoted the inclusion of environmental projects in the 2013 plans and budgets of the municipalities of Muisne, Mira, Espejo, and Bolívar. The municipalities of Muisne, Mira, and Tulcán designed their management models for implementing their environmental agendas. As indicated in ***Section 2.2***, the mancomunidad of the Mira River and the Commission of Biodiversity and Natural Resources of the National Assembly requested PROMUNI's support to conduct a pre-legislative consultation to discuss the draft Water Law. The mancomunidad of the higher watershed of the Catamayo River (municipalities of Quilanga, Gonzanamá, Espíndola, Calvas and Sozoranga) and PROMUNI conducted a study to explore options for creating a water fund for managing the watershed. This study was finalized in the last quarter of PROMUNI.

On climate change adaptation, PROMUNI sponsored an experience exchange in Lago Agrio to showcase the development of an environmental municipal policy. PROMUNI also worked with supported municipalities to have them sign covenants to abide by the Quito Climate Pact and to develop their own environmental municipal agendas.

### **4.3 Objective 3: Promoting transparency in municipal management, FY 2013**

#### ***Enhance citizen oversight***

The processes of creating oversight committees blossomed in the final year. To this end, PROMUNI delivered technical training to officials from supported municipalities and established working agreements with the National Council for Citizen Participation and Social Oversight. TA tools to create oversight committees were validated in the field to implement transparency processes in municipalities. PROMUNI coordinated several activities with CPCCS, including training events in Cuyabeno and Quilanga on citizen participation systems and citizen oversight mechanisms. PROMUNI supported the accreditation process, and the training of the new committee members in Cuyabeno and Lago Agrio, together with the CPCCS.

#### ***Promote municipal transparency***

As indicated earlier, during FY 2013, PROMUNI supported the setting up of internal municipal procedures to comply with the LOTAIP. PROMUNI delivered technical assistance to municipalities and developed the first draft of a guide so that they can now proceed on their own to implement procedures for complying with the LOTAIP. This guide resulted from the experiences in implementing transparency tools in the municipalities of Montúfar, Mira, Espejo, Bolívar, Huaca, Urcuquí, Pimampiro, Ibarra, Shushufindi, and Cascales.

In another aspect of municipal transparency, the mayors of Atacames, Rioverde, and Bolívar gave accountability reports before their citizenry. PROMUNI also provided TA to the mayors of Quilanga, Espíndola, Pimampiro, and Tulcán to prepare and deliver their accountability reports for the period 2011–2012. This effort marks the inauguration of a new paradigm of accountability to the community.

PROMUNI and CPCCS cooperated in the provinces of Sucumbíos and Carchi. This effort produced the creation and piloting of the first-ever School for Citizen Participation in Ecuador, for members of oversight committees, civil society organizations, and municipal authorities and officials (see *Section 2.3* above). Ten citizen oversight committees were created and were in the process of accreditation by the CPCCS as the project closed.

#### ***Improve procurement processes***

PROMUNI trained municipal officials in the adaptation and implementation of the public procurement management tool. The municipalities of Puerto López and Cuyabeno implemented their public procurement process manuals. The municipalities

of Sucumbíos Alto, Gonzalo Pizarro, Cascales, and Shushufindi were in the final stages of approving these manuals as of July 2013.

#### **4.4 Grants Fund, FY 2013**

As noted above in the FY 2013 highlights, all municipalities that were awarded grants completed the documentation necessary to execute the projects approved for funding. All 15 municipalities that were awarded grants received the goods, equipment, and funds to execute small projects derived from their PDOTs, including the grant for Espejo, which was executed in the fourth quarter. The municipalities of Esmeraldas, Espíndola, Gonzanamá, Mira, Quilanga, Sucumbíos Alto, Jipijapa, Bolívar, Montúfar Urcuquí, Atacames, Espejo, Cascales, Huaca, and Rioverde received during the final year either goods or funds donated via grants. These grants accounted for US\$294,636.25 out of a total allocated of US\$305,119.30.

#### **4.5 Project Cooperation and Coordination, FY 2013**

PROMUNI transferred a total of 14 manuals for the tools developed to be delivered to AME by the end of the project. (Paper and electronic copies of all manuals and tools were given to USAID and SENPLADES as they were completed and approved.) The coordination between STPE and PROMUNI continued until both organizations ended their activities in July 2013.

#### **4.6 Project Closeout Plan**

PROMUNI fully executed its closeout plan as approved by the Mission. All main activities were shut down by July 31, 2013. On June 28, PROMUNI presented its results at the closeout event (see *Section 8*) in which mayors, technicians and beneficiaries of the project participated. The main activity was the recognition of the municipal experts who now constitute the horizontal TA network. A short video was also presented in which the PROMUNI experience was summarized for the public.

As part of the closeout of technical assistance, each municipality signed a closeout agreement that described the TA provided, the products received and the commitments to continue its own strengthening process.

All project-purchased equipment and goods were donated according to the donation plan presented in March 2013. Three vehicles were transferred to the Mission for use by future projects.

The project's technical, administrative, and financial information was backed up and stored securely. PROMUNI made a copy of the electronic files and also a hard disk with the information to be sent to RTI home office in North Carolina. Physical files were placed in storage for audit and tax purposes. The physical records will remain in Ecuador for seven years.

## 5. Monitoring and Evaluation

PROMUNI achieved an average goal fulfillment of 125%<sup>7</sup> within its indicators compared to the goals proposed for the end of the project. The effort of the third year was important to bring up the indicators for the transparency objective. Every municipality signed a closeout report that described the actions carried out during the TA period and the road map to continue the strengthening process. As of July 31, several municipalities still had activities pending, such as the approval of public procurement manuals, the enactment of intercultural SCPC ordinances, and the inclusion of indigenous life plans in PDOTs and investment plans. These pending activities are described in the closeout reports, which were submitted separately to USAID.

Overall progress on indicators is shown in *Table 6*; progress on indicators for each supported municipality was presented in full in the April–June 2013 quarterly report submitted to USAID. Here we highlight some selected data to give a flavor of the efforts that the municipalities made. It is important to remember, however, that the municipalities started from different baselines and entered the project in phases a year apart. Thus, the phase 3 municipalities obviously had not received as much assistance or had time to advance as far by the end of PROMUNI.

- Among the first- and second-phase municipalities, the percentage of *total expenditures in municipal budgets that was capital investment* tended to cluster in the range of 60–70%, with the high and low figures being 87% in Sucumbíos Alto and 39% in Muisne. The phase 3 municipality of Jipijapa was able to reach 27% on this measure.
- Muisne posted the greatest *percentage gain in terms of change in own-source revenues in two consecutive periods*, at 191%. Results for this indicator varied substantially, and the municipality of Pimampiro actually lost some ground (-7%). As described below in *Section 9*, Mira received international accolades for its efforts in arrears recovery.
- Impressive across all the municipalities were the *numbers of individuals who received training*, including management skills and fiscal management, to strengthen local government and/or decentralization. It was not uncommon for these small municipalities to have sent upwards of 60 or 70 people for PROMUNI training by the end of the project, and because this metric was tracked by gender, it is possible to see that women's participation although not equal to men's, was more than token in almost all cases, representing a distinct cultural change.
- At 208%, Mira set a very high bar for *percentage change in funds allocated in annual municipal investment plans for biodiversity conservation/management and climate change actions*.

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<sup>7</sup> This figure is the average of all fulfillment percentages for PROMUNI indicators. That is, a percentage is calculated to compare the goals established and achieved for each indicator, and then an average fulfillment is calculated.

**Table 6: End-of-project status of indicators**

Indicator	Baseline	Goal Proposed	Goal Reached	Goal Fulfillment	Remarks
1.A: % of total expenditures in municipal budgets that was capital investment	61%	64%	64%	100%	Data to June 2013
1.B: % change in own-source revenues in two consecutive periods	0%	67%%	67% (61%) <sup>8</sup>	100%	Data to June 2013
1.C: # of project-supported municipalities that have established and used a mechanism for routinely providing information on public budget planning and expenditures	0	17	20 <sup>9</sup>	118%	
1.D: # of targeted municipalities that improved access to or quality of at least one service in past year	0	15	14 <sup>10</sup>	93%	
1.E: # of municipalities with integrated systems for collections, cadaster, registry, accounting, budget and reporting (including integration into the Integrated Financial Management System, eSIGEF)	0	23	22	96%	The municipality of Ibarra has not certified whether it has SIG-AME installed or not.
1.F: # of subnational government entities that received U.S. Government (USG) assistance through project activities to improve their performance (standard indicator, Governing Justly and Democratically [GJD] element 2.3)	0	26	27	104%	The municipality of Santa Elena received TA for only a short period because the mayor did not show interest in the project.
1.G: # of individuals who received USG-assisted training, including management skills and fiscal management, to strengthen local government and/or decentralization (total; men, women; prioritized groups) (standard indicator, GJD 2.3)	0	1,200 people	1,545 people <sup>11</sup> ; 560 women; 42 indigenous	129%	36% women; 3% indigenous people
1.H: Total amount of funding for rapid-impact or short-term projects executed in targeted municipalities	N/A	US\$305,119	US\$ 294,636.25 <sup>12</sup>	97%	15 projects funded

<sup>8</sup> Figures in parentheses are for the U.S. fiscal year.

<sup>9</sup> Municipalities are counted once for this indicator.

<sup>10</sup> 17 services improved in 15 municipalities.

<sup>11</sup> This figure includes 433 persons from other organizations.

Indicator	Baseline	Goal Proposed	Goal Reached	Goal Fulfillment	Remarks
1.I: # of project proposals that have been approved and funded by GOE	N/A	3	3	100%	“Plaza del Buen Vivir” marketplace in Tulcán, Urbina School in Esmeraldas, and a road to Chachi communities funded by GOE
1.J: Number of institutions with improved capacity to address climate change issues as a result of USG assistance	N/A	4	4	100%	Environmental units created in 4 municipalities
1.K: # of laws, policies, strategies, plans, agreements or regulations addressing climate change mitigation/adaptation officially proposed, adopted, or implemented as a result of USG assistance	N/A	5	6	120%	Pimampiro, Cascales, Gonzalo Pizarro, Cuyabeno, Jipijapa, and Mira
2.A: % of municipal projected investments that are allocated with participatory citizen input	0%	80% <sup>13</sup>	100%	125%	19 municipalities
2.B: # of project-supported municipalities that used participatory strategic planning tools in their last municipal planning cycle	0	21	25 <sup>14</sup>	119%	
2.C: % of members of citizen oversight committees who are (a) women, (b) from priority-attention (vulnerable) groups, and (c) from indigenous groups	0%	30%	51%	170%	Committees created in Shushufindi, Mira, Cuyabeno, Gonzalo Pizarro
2.D: Number of municipalities with an institutionalized Council Commission on Equality and Gender (CCEG) (or equivalent)	0	14	14	100%	
2.E: Number of municipal councils that have institutionalized the “extra chair”	0	3	4	133%	
2.F: # of local mechanisms supported with USG assistance for citizens to engage their subnational government (standard indicator, GJD 2.3)	0	115	120	104%	
2.G # of project proposals presented by indigenous groups that are included in PDOTs and investment plans	N/A	6	5	83%	The five projects were for the Awá people in Tulcán. In the same municipality, the Pastos developed their life plan with the municipality and in the province of Sucumbíos the Cofán were working with municipalities on integrating projects into PDOTs.

<sup>12</sup> US\$310,690.60 including VAT.

<sup>13</sup> Investment budgets add to US\$39,618,101.

<sup>14</sup> 32 planning tools in 22 municipalities; these include executive summaries.

Indicator	Baseline	Goal Proposed	Goal Reached	Goal Fulfillment	Remarks
2.H # of indigenous organizations supported by USG assistance	N/A	5	6 <sup>15</sup>	120%	
2.I # of ordinances that promote the inclusion of indigenous groups in citizen participation systems, participatory budgets, and plans enacted as result of USG assistance	N/A	5	5	100%	
2.J: % change of funds allocated in annual municipal investment plans for biodiversity conservation/management and climate change actions	N/A	10%	24%	240%	
2.K: # of laws, policies, strategies, plans, agreements, or regulations addressing biodiversity conservation officially proposed, adopted, or implemented as a result of USG assistance	N/A	5	6	120%	
3.A: # of mechanisms for external oversight of public resource use supported by USG assistance implemented in the past year (standard indicator, GJD 2.4)	0	3	11	367%	
3.B: # of project-supported municipalities that comply with transparency requirements of the Organic Law on Transparency and Access to Public Information (LOTAIP)	0	10	10	100%	
3.C: # of mayors in targeted municipalities who publicly present an annual accountability report	0	15	18 <sup>16</sup>	120%	
3.D: # of supported municipalities that implement process manuals for public procurement	0	10	10 <sup>17</sup>	100%	

<sup>15</sup> The organizations supported were the Indigenous Association of the Cofán People of Ecuador (FEINCE), the Federation of Organizations of the Kichwa Nationality in Sucumbíos, Ecuador (FONAKISE), and the Organization of the Siona Indigenous Nationality of Ecuador (ONISE) in the province of Sucumbíos; and Comuna La Esperanza and Comunidad El Baboso in the province of Carchi, the community of the Chachis from the municipality of Muisne.

<sup>16</sup> Some municipalities presented accountability reports more than once during the project life. The total number of accountability reports presented was 21.

<sup>17</sup> Six additional municipalities were in the midst of revising or obtaining approvals for their process manuals as PROMUNI ended.

## 6. Significant Project Cooperation and Coordination

PROMUNI worked jointly with several national counterparts, partners, and allies with productive cooperation that contributed to the success of the project. AME, for example, cooperated with PROMUNI from the beginning of the project. This institution was instrumental in disseminating and replicating the TA experience during the project's three years. The lines of cooperation implemented and the results produced were:

- International cooperation: Transfer of the Information System of Cooperating Organizations (SIOC) to 90% of supported municipalities.
- Development planning: The development planning system designed by PROMUNI to implement the mandates of the COOTAD and COPFP was the result of a consensus process with AME.
- Municipal Best Practices Award: PROMUNI sponsored its first Municipal Best Practices Award along with AME in March 2011.
- Knowledge management: Several publications were prepared with AME to ensure that knowledge is distributed and experiences are replicated. PROMUNI handed over to AME the guides for the tools implemented during the course of the project (see *Section 8* on knowledge management).

The relationship between the Technical Secretariat for Plan Ecuador and PROMUNI grew strong during the implementation of the project. STPE was the most relevant partner in the north border. For example, STPE backed the international seminar "Development, Planning, and Security in Border Zones," in coordination with AME and PROMUNI, in September 2011. It is worth noting that STPE welcomed the conclusions from the international seminar and will further their application in its work along the north border. Through the coordination with STPE, several supported municipalities are negotiating funding for their investment projects from a budgetary allocation of US\$40 million to STPE. STPE also coordinated with PROMUNI to promote the preparation of projects to compete for funding from the Italian Ecuadorean Fund. STPE requested PROMUNI to collaborate with BdE and the municipality of Rioverde to build a new potable water system. STPE and BdE will provide about US\$400,000 and US\$1.2 million, respectively, for the water system. Finally, STPE requested PROMUNI to provide a management model for the drinking water system of the parish Palma Real in the municipality of San Lorenzo, Esmeraldas. All these requests show the level of trust and credibility that STPE reached with PROMUNI, contributing to the growth of this solid partnership over time.

PROMUNI also had focused activities with other institutions which proved to be important to the success of the project. The work with AMUME over the first year focused on shaping municipal councils' gender and equality commissions. PROMUNI also assisted AMUME by providing support and TA for its political school for women, which gives political and technical training to women mayors and municipal

council members. This strategic engagement with AMUME enabled PROMUNI to carry out its mandate to *promote greater participation by women in functions of substantial responsibility within municipal operations*.

Another partner of PROMUNI was the National Institute for Public Procurement. With INCOP, PROMUNI strengthened public procurement processes in supported municipalities. INCOP contributed training for municipalities and PROMUNI developed a model manual for public procurement processes.

The National Institute for Higher Studies is the official provider of training for public sector officials. PROMUNI developed a relationship with IAEN to train officials from supported municipalities. Under this arrangement, PROMUNI could deliver official training in preparing investment projects in SENPLADES's templates and in the SNCP. IAEN also delivered courses in the National System for Public Procurement, and citizen participation and oversight. It is important to note that the joint work with IAEN opened training opportunities to indigenous leaders who could not otherwise have met the formal education prerequisites demanded by IAEN.

PROMUNI coordinated with the State Development Bank to ensure that supported municipalities would meet the requirements for accessing credit from BdE. Some supported municipalities improved their financial indicators, developed management models for various public services, and as a result were able to obtain credit to improve their service infrastructure.

Finally, the Citizen Participation and Oversight Council found a reliable ally in PROMUNI. CPCCS, through its joint efforts with PROMUNI, developed knowledge of the fieldwork required at the local level to implement the mechanisms of citizen participation and oversight. The collaboration focused on implementing the "empty chair" mechanism and creating citizen oversight committees. The tools and procedures that were developed will be replicated and disseminated by CPCCS throughout the country. In the province of Carchi, CPCCS and PROMUNI delivered the first module of a citizen participation school to train both members of the public and their officials in citizen participation and oversight.

## 7. Communications

PROMUNI employed two lines of work in communications. On one hand, PROMUNI carried out project communications according to its communication strategy and branding and marking plan. On the other, the project communications staff assisted the supported municipalities in their communications needs related to the TA provided. PROMUNI's communication strategy was executed according to USAID policies. For example, PROMUNI's branding and marking plan was discussed with USAID and included provisions for joint products with counterparts and supported municipalities. All communications products, promotional material, and knowledge products adhered to branding and marking policies, including the USAID 50th-anniversary branding (from November 2011). PROMUNI also used its web page ([www.promuni.org](http://www.promuni.org)) and a Twitter account (@promuni1) to inform followers of PROMUNI's activities in the municipalities and in the Quito office; this

included all job and consultancy opportunities. PROMUNI also delivered its monthly e-newsletter to approximately 800 contacts in municipalities, counterparts, and other institutions that had a relationship with the project.



The PROMUNI website became the main venue for selecting, hiring, and contracting staff, consultants, and companies to execute administrative or technical tasks. On the PROMUNI website, the public could also find and download working documents and knowledge products—for example, model ordinances and other publications—created jointly with the project’s counterparts.

With regard to supported municipalities, PROMUNI assisted them, on a demand-driven basis, in preparing publications such as PDOT summaries, accountability report magazines, and communications campaigns for increasing own-source revenues. PROMUNI enforced the branding and marking policies in all communication

materials and knowledge products to position USAID as the funding source.

PROMUNI and AME published two TA tools. The first was the aforementioned “Tool for the Transition of the Property Registry.” The other was a USAID-branded CD with a collection of model ordinances for various areas of municipal management; this collection was prepared by AME. With the Citizen Participation objective, the communications staff coordinated the publication of the Organic Law on Citizen Participation and Social Oversight and the Organic Law on the National Council of Citizen Participation and Social Oversight. Support was also provided in formats and templates for publishing PDOTs.



*Luis Azurduy, USAID Contracting Officer's Representative; Mónica Donoso, Chief of Party; and Fernando Carrion, Urban Development Expert, interviewed by CORAPE for its more than 700 rural radio stations, June 2013.*

At the end of the project, the methodology documents were distributed to AME, SENPLADES (STPE), and USAID; these documents abided by PROMUNI’s branding and marking policies. Finally, a video clip and a brochure summarizing the execution of PROMUNI were prepared and shown at the public closeout event of June 28, 2013.

## 8. Knowledge Management

As indicated previously, over the three-year period of performance, PROMUNI developed methodologies focused on implementing tools to comply with the new legal framework. In the third year, PROMUNI also embarked on an effort to formally identify and systematize the knowledge products it had produced and tested. Thus, PROMUNI at its end left a complete set of tools for dissemination among non-supported municipalities. These documents were distributed to AME, SENPLADES (STPE), and the USAID Mission. Digital copies of these documents will also be distributed to facilitate the replication of experiences as planned by PROMUNI's counterpart organizations. Documents on the following topics will instruct the municipalities to which AME will provide ongoing TA:

- Increasing own-source revenues
- Multiyear budgeting
- Funds leverage
- Municipal communication planning
- Management models
- Municipal reengineering
- Intermunicipal cooperation
- Municipal citizen participation systems
- Municipal strategy and PDOTs
- Mapping of stakeholders
- Project prioritization
- Gender approaches in management
- Transparency mechanisms
- Accountability reporting

Additionally, as part of the sustainability strategy, PROMUNI identified municipal experts who performed remarkably in the application of the TA tools provided during the three years of assistance. This pool of experts attended a “training of trainers” workshop in the final months to strengthen the network of experts in municipal strengthening, which is promising for the sustainability of such activities moving forward. As part of the knowledge transfer strategy, the municipal experts were publicly recognized at the closeout event in June 2013. This pool of experts is central to the implementation of intermunicipal cooperation for the sustainability of municipal strengthening processes.



## 9. Success Stories

PROMUNI found many successful best practice experiences that showed the progress of the project and the impact it produced in supported municipalities. Usually these success stories derived from the greatest challenges that PROMUNI and the supported municipalities had to face in order to implement the PROMUNI-developed mechanisms and tools. To successfully overcome these challenges, PROMUNI relied on its strategy of building dialogue and bringing together actors despite the time the processes might take. In this sense, PROMUNI preferred to establish dialogue among actors rather than pushing for quick results that might have dissipated after PROMUNI's end. The project brought much fulfillment to mayors and technical staff that is difficult to summarize, but testimonials such as the network of municipal experts speak for themselves. The stories described below show crucial elements of the TA provided, which had to be sensitive to the particular situation of each municipality.

The challenges faced had different sources. Some came from current regulations or obstacles that individual municipalities had. Others came from paradigms long set in the municipal officials' minds. An example of this was the success in increasing own-source revenues. In jurisdictions like those supported by PROMUNI, political patronage is often the main obstacle to providing TA so that municipalities can better collect their taxes or arrears. The recurring argument is that citizens will grow hostile to mayors if they enforce revenue-collection policies. PROMUNI helped mayors and other municipal officials analyze and understand the real situation behind collecting revenues and the ways to reduce any animosity to paying taxes and overdue bills. For example, the mayor of Atacames decided to increase property taxes after PROMUNI showed that most of the high-end real estate owners were not residents of the city and, thus, could not penalize him by withdrawing their vote. PROMUNI also helped municipalities to produce information for the public about the collection process and the use of those funds. After political will and communication strategies were in place, the municipalities successfully collected arrears and VAT refunds. The fresh funds received were allocated for capital investments to improve services and introduce a new culture of paying taxes to cover improved services.

The improvement of municipal financial performance, in turn, yielded interesting results in almost all municipalities. PROMUNI focused the financial TA on the improvement of indicators measured by national institutions such as the Ministry of Finance and the BdE. In this way, the TA provided worked not only to strengthen the internal operations of municipalities but also to improve their performance in the eyes of the institutions that can fund investment projects. For example, *minimal self-sufficiency* is an indicator used by the BdE. It measures the ability of a municipality to cover personnel expenses with own-source funds. In supported municipalities, own-source revenues initially accounted for 50% of personnel expenses. After three years of intervention, supported municipalities were covering 60% of personnel expenses. This shows a positive impact of 20% greater self-sufficiency in this short two-year period of implementation. In 20 supported municipalities, capital investments represented 53% of total expenditures. After PROMUNI's intervention, these

municipalities increased their investments to 64% of total expenditures. This again represents an increase of 17%, which contrasts with an average of 15% in other municipalities nationwide. These types of results yielded better credit standings for the supported municipalities and, in consequence, they are in a better position for funding and executing their PDOTs.

One of the most rewarding success stories of PROMUNI occurred during 2012 with the TA provided to the municipality of Mira in arrears recovery. The experience of this municipality was documented and presented to other municipalities via internships and visits. Furthermore, Mira's experience was submitted as a best practice to the committee in charge of organizing the 18th Iberoamerican Conference of Mayors and Local Authorities. This experience was selected as one of the four best practices



*Fausto Ruiz, Mayor of Mira, presents his experience in arrears collection at the 18<sup>th</sup> Iberoamerican Conference of Mayors and Local Authorities, Miami, USA.*

out of more than 70 practices submitted. The selection was done by a jury composed of representatives from Miami-Dade County, USA; the World Bank; and Florida International University. From Mira, Fausto Ruiz, Mayor; and Arlen Herrera, Treasurer, presented this best practice in arrears collection and received the recognition on June 21, 2012, in Miami, Florida, USA.

In terms of development planning, PROMUNI pioneered the inclusion of indigenous groups in municipal citizen participation systems. PROMUNI first provided the country with a model for structuring SCPCs but took a step forward by also providing TA for intercultural inclusion in the SCPCs. For example, the municipality of Tulcán is working toward the construction of a multicultural state. With TA from PROMUNI, this municipality carried out several activities to include the Awá and Pasto peoples that dwell in Tulcán. The Federation of Awá Centers joined in participatory processes for planning, budgeting, and oversight of public policies. As a result of their inclusion, motivated by PROMUNI, the Federation of Awá Centers and the municipality of Tulcán signed an agreement by which they assured the Awá governance mechanisms in their territories as part of the municipal PDOT, and the inclusion of the bi-national (Ecuador-Colombia) life plan of the Awá in the bi-national development agenda of the municipality of Tulcán. The implementation of this agreement started with the inclusion of five Awá projects in the municipal multiyear capital investment plan. Furthermore, the municipality of Tulcán, based on the learning provided by the experience with the Awá, began working with the Pasto people to develop their life plan and later to integrate it into Tulcán's PDOT. The municipality of Tulcán became self-sufficient in the integration of indigenous life plans into PDOTs and is an example of collaboration with ancestral forms of government.

In terms of institutionalizing intercultural inclusion in SCPCs, the municipality of Cascales, with PROMUNI assistance, enacted the first ordinance to implement a municipal citizen participation system that includes the participation of indigenous groups as stakeholders within this system. The CPCCS provincial delegate in Sucumbíos accompanied PROMUNI during the deliberations in Cascales, and then took this ordinance as a model to be adapted and replicated in other municipalities in Sucumbíos. Furthermore, the CPCCS will disseminate this ordinance among municipalities in the whole country.

Throughout the three years of execution, the implementation of the “empty chair” as an effective participation mechanism was difficult and found significant resistance. Most PROMUNI municipalities, even as this report was being written, were reluctant to carry out council sessions with citizen representatives occupying the “empty chair.” However, after PROMUNI intensively worked on building strong relations between the municipalities and their civic organizations, through the implementation of various participation mechanisms and the support of the CPCCS delegation in Sucumbíos, the municipalities of Cuyabeno and Gonzalo Pizarro finally conducted sessions that complied with the constitutional mandate of having a citizen representative participate in the municipal council. This result was the product of both implementation of the SCPCs and the credibility built through the participatory planning process with steady persistence, perseverance, and developing the trust and confidence of the key stakeholders. This story reflects that even the most difficult reform can be implemented on the basis of sincere dialogue, collaboration, and commitment among the citizenry and the public administration in an atmosphere of trust and openness.

The creation of citizen oversight committees also presented a challenge for PROMUNI because of the reluctance of municipal authorities to implement this transparency mechanism. Political will plays an important part in the process of developing a transparent municipality, but is not all that is needed. Citizen understanding of and confidence in participatory processes and the integration of the CPCCS (in charge of promoting and supervising the application of participation mechanisms) are crucial to establish oversight committees at the local level. In November 2012, PROMUNI started a series of workshops with the CPCCS to train citizens on how to initiate, lead, and manage oversight committees. These training events were piloted in Quilanga and Cuyabeno. The representatives of local civil society organizations and municipal officials learned the steps to create a citizen oversight committee. This training included the participatory design of a road map for creating the citizen oversight committees. After working together, the local actors launched a citizen oversight committee on December 7, 2012, in Cuyabeno. The decision to oversee the construction of sidewalks in Tarapoa came after the planning director of the municipality of Cuyabeno informed citizen representatives about the investment plan and the status of each municipal project. Once selected as the members of the committee, at the same meeting they filled out the forms and presented the required documents to be accredited as citizen overseers by the CPCCS.

As described in *Section 2*, the *Model Manual for Public Procurement Processes* is a management tool developed by PROMUNI to facilitate the management of complex procurement processes as defined by the INCOP and governed by regulations issued by the Ministry of Labor Relations. After the training workshops for the implementation of this tool, PROMUNI received very positive comments as to its pertinence and ease of use.

## **10. Lessons Learned and Constraints Resolved**

During its three years, PROMUNI adapted continuously to ensure the fulfillment of goals. To have a clear vision of the project and to focus on providing practical tools to municipalities was instrumental for the success of PROMUNI. This approach produced important lessons to be studied for the preparation and execution of future projects. Among the lessons learned are the following.

### **10.1 Key Lessons Learned from Working with National-Level Agencies: Technical Secretariat of Plan Ecuador and AME**

Under the current reform process in Ecuador, these national agencies have produced policies and guidelines that bring coherence and a clear vision to the reform effort. The national planning guidelines and structure, the dependence of funding on prior planning, the oversight mechanisms as participation processes, and other reforms were very well built at the national and conceptual level. However, at the local level, these instruments were not effective by themselves and needed further development. PROMUNI quickly learned that the instruments to be applied in municipalities must be directly derived from the national guides but at the same time be very practical and straightforward. The tools created should solve the needs of municipalities that arise from the new legal framework. Nonetheless, the provision of these tools must be accompanied by intensive initial TA and on-the-job applied training to adapt the tools, taking into consideration the particular situations of the supported municipalities. In this manner, municipalities and national agencies alike can appreciate the value of the tools implemented and use them to increase effectiveness.

PROMUNI's strategy was key to its success. The TA provided focused on implementing the new constitutional and legal framework. To this end, PROMUNI aligned its efforts with the national policy so that acceptance by Ecuadorean authorities was easy to build and, thus, replication is more likely to occur in the near future. Municipalities also were more open to TA once they understood that the TA would enable them to easily comply with the legal framework.

### **10.2 Lessons Learned in Institutional Strengthening**

PROMUNI's experience demonstrates that institutional strengthening and service management models based on down-to-earth tools had palpable impact because it was easier for mayors to commit to effecting the desired changes to improve the municipality's finance and service delivery. PROMUNI showed that the more local the assisted level of government is, the more practical the tools have to be in order to

produce tangible and long-lasting results. Below are more specific lessons that the PROMUNI experience revealed.

Another key ingredient for achieving PROMUNI objectives was a steady supply of consultants and organizations in the country and regions that not only could use the PROMUNI toolkit, but also could effectively tailor their own TA and training to the characteristics of each municipality.

The way PROMUNI provided TA to municipal officials ensured effective building of capacities. That is, creating technical teams within municipalities and working with them—instead of doing the tasks for them—increased the capacity of the supported municipalities. These technical teams are now capable of continuing to implement the tools provided after the project close. In other words, PROMUNI was careful not to substitute its own capacities for those of the municipal officials.

PROMUNI used an approach based on local dialogue to create an atmosphere of trust among local actors. As a result of working as a team, the key actors and stakeholders developed confidence and trust that assured these results would be internalized and be sustainable over the long term.

PROMUNI evolved in its role during the three years of implementation. One reason was the realization that a TA provider must understand the particular situation of the beneficiary and adapt its TA delivery to that situation. In other words, at the beginning of the project, PROMUNI's staff was more involved in defining tools and mechanisms, and implementing them in concert with the municipal technical teams. In the second year, PROMUNI took on the role of a mentor, in which its staff guided the applications of tools and mechanisms in supported municipalities. At the end of the project, the technical team gave light guidance to municipal teams, just advising or correcting the processes fully executed by the municipalities. This approach was fundamental to effective capacity building.

PROMUNI demonstrated that the institutional strengthening process was incremental, starting with increasing own-source revenues and then using these funds to improve services. The strategy to improve services then led to development of service models and the opportunity to leverage GOE financing alternatives to have a greater impact.

This result shows that local capacity cannot be underestimated; in some cases, local professionals just need an opportunity to learn and apply the tools provided. This is especially true if we consider that local professionals know—sometimes intuitively and sometimes from experience—the particularities of their municipality and the restrictions on implementing a tool at a given time.

Working directly with municipal officials allowed PROMUNI to identify technicians who, due to their capabilities to apply the tools provided, could become sources of

*“The best strength that PROMUNI helped us discover is that of believing in our own strengths, of creating our own path with what we have; that is, to better use our human and material resources, to better exploit our geographic situation, to leverage our populations so that we can keep dreaming our vision of well-being to which we all have to aim. We learned that working as a team with our citizens makes it easy to materialize what appears impossible.”*

—Carlos Flores, Planning Director,  
Municipality of Espejo

expertise for their municipalities and others. These “expert change promoters” were a logical consequence of the trust and teamwork with which the TA process was conducted. The municipal experts were trained in the last months of PROMUNI to become technical advisors and trainers so that they can transmit their knowledge and shape a network of municipal strengthening.

Visits, internships, and exchanges among supported municipalities to learn successful processes and implementation were valuable to foster knowledge exchanges and personal associations. They also encouraged new implementation of tools and replication of experiences. Furthermore, this practice promoted the creation of support networks among municipalities.

### **10.3 Lessons Learned in Citizen Participation**

PROMUNI demonstrated that changes in individual, group, and institutional attitudes and patterns of behavior are a long and slow process. It is relatively easy, from a technical point of view, to build a water system or to provide the mechanics of a garbage system. It is far more difficult to involve the community in prioritizing needs and in making key decisions leading to its increased involvement; to convince mayors and council members to have citizen inputs in prioritizing their projects; to involve the indigenous and incorporate their plans into the PDOTs; to have budget hearings and render accounts to the public (see *Section 10.4*); and, in general, to implement all the actions that lead to sustainable services and effective organizations.

One of the key lessons of PROMUNI is that participatory strategic planning and subsequent citizen involvement can happen only when municipal leaders meet the demands of their citizens by establishing the necessary mechanisms (as outlined in this report) to jointly formulate and develop the PDOTs.

The close collaboration among the key stakeholders in developing the PDOTs—facilitated by PROMUNI staff—cemented a partnership that put the citizens at the forefront of effective governance. The multi-stakeholder approach was developed and implemented in a participatory, consensus building manner, which assured “buy-in” from each stakeholder. PROMUNI was fortunate to work in most jurisdictions for nearly three years, and could thus build the governance nexus from within. This was crucial to the success and sustainability of practices.

To include indigenous communities in local governance is not a one-sided effort. This was a new concept in the project regions, as more typical in Ecuador is for local governments to approach indigenous communities in a patronizing manner. The inclusion of indigenous groups must start with both groups’ better understanding of each other’s cultures and world views, and then by extension, the differences between them. Thus, it is important that providers of TA act first as cultural mediators to bring together the indigenous and mestizo actors. “Mediation” in this case refers not to solving conflicts, but to interpreting cultures, needs, visions, and traditions. The role of the mediator is not to reconcile indigenous life plans with municipal PDOTs. The role is to find the junctions at which mutually beneficial activities can be defined and executed; the projects included in PDOTs are the result of this mediation process.

This process is particularly important when dealing with environmental management. The indigenous and mestizo cultures tend to diverge significantly in their views about the environment. However, by finding and rephrasing points of common interest, the mediator (“honest broker”) can help ensure that actions and projects are more easily defined and executed. An interesting effect within PROMUNI was that municipal officials and indigenous people lowered the levels of distrust in each another. We can expect that if the efforts to bring together these two worlds continue, the concepts of governance in this jurisdiction may evolve to create a seamless integration of different cultures that thrive in the same territory.

The project encouraged local leaders’ commitment to participatory governance and improved service delivery. It created greater awareness among a considerable number of local officials of their roles and responsibilities in democratic governance. And it strengthened the capability of community coalitions to advocate for participation and citizens’ voices (including indigenous peoples). In doing so, it was able to achieve its overarching objective of “expanding participatory, effective, and accountable governance.”

PROMUNI confirmed that participatory processes must give an active role to citizenry to prevent “false” engagement of citizens in public decision-making. That is, the citizens must be aware of the real situation of the municipality, and also be given space to voice their opinions and be heard. The involvement of the people must be continuous and tailored to each phase of the participatory processes. To prevent citizens from becoming bored at meetings, participation stages must be designed to be productive and relevant; not every step of participatory planning must be conducted in open assemblies, for example. The people must feel that the participation processes have definite steps and that they have a start and an end each year, with concrete results.

Understandably, environmental management is more easily approached in municipalities whose residents have sensitive interconnections with the environment. For example, if the economy of a municipality depends on tourism, if there is imminent danger of natural disasters, or if there are significant indigenous populations that live close to the land, the attention to environmental concerns is likely to be more serious and effective, which in turn will facilitate its integration into the municipal development plans. However, even though environmental concerns may be in the mainstream, these concerns will differ depending on the various short-term visions for the environment in the territories.

#### **10.4 Lessons Learned in Transparency**

The PROMUNI team found unquestionably that establishing citizen oversight committees and ensuring accountability in local governance take time and require a great deal of information dissemination.

Before PROMUNI, most mayors initially were reluctant to hold open budget hearings or to be overseen by citizen committees with whom they typically had no direct communication. As noted previously, another obstacle to the early creation of

oversight committees was that the municipalities invested a great deal of effort in strengthening their participatory planning systems as the basis for complying with the national legal framework—which was, in fact, the first step in the process of participatory governance. PROMUNI also established the importance of raising awareness about citizen oversight and fiscal transparency among key stakeholders who did not know what their rights and obligations were in this respect. Trust and confidence levels emerged as insufficient in and of themselves; more communication, information sharing, and knowledge about the legal framework needed to be promoted. For example, mayors were not aware of their obligation to publicly present accounts to comply with LOTAIP until PROMUNI facilitated this process.

The concept of the citizen oversight committee now is generally better received, although much remains to be done. It is also important to bear in mind that each municipality has its own approach for how quickly the process should move and how receptive it is to input from citizens' groups. The advisory group needs to organize around specific objectives; guarantee the motivation of the citizens involved; and provide an opportunity for the council to see concrete benefits of working more closely with citizens. Despite the differences across municipalities, the success of citizen oversight relies on candid trust of the elected authorities in their constituents and vice versa.

Transparency in the most common activities of municipalities should not be overlooked, especially when they have a direct relationship with long-term planning. Public procurement is an example of such an operating function. The annual procurement plan and its execution is the final link from preparing PDOTs to executing investment projects. It ensures a smooth transition and is an important part of the supply chain to verify that projects are implemented in an efficient, sound, and effective manner. Crucial capabilities need an element of formal redundancy to ensure effective materialization of development plans. The TA provider must assess the alignment of all common, although essential, administrative, operational, and community-oriented functions. A final day-to-day assumption not to be overlooked is the importance of preparing strengthening plans to ensure success for the beneficiary. These strengthening plans ought to contemplate the key institutional considerations to ensure integrity in the procurement process, objective and sound selection processes, and transparent and open procurement systems where feasible and available.

## **10.5 Lessons Learned in Governance Frameworks and Program Design**

The PROMUNI program emphasized the importance and focused on the practical implementation of the new (2008) constitutional and legal framework. To this end, PROMUNI aligned its efforts with the national policy so that acceptance by Ecuadorean authorities was easy to build and, thus, replication was more likely to occur in the near future. Furthermore, municipalities also were more open to TA once they understood that the TA would enable them to easily comply with the legal framework. The framework emphasized the role of the community in local

governance and hence paved the way for greater acceptance of the involvement of the key stakeholders in local governance decision-making process.

This PROMUNI focus on local issues, local priorities, and tangible deliverables increased the interest and commitment in the development of the strategies, service delivery plans, and PDOTs. For example, a good demographic analysis of the population of Quilanga served to identify physical rehabilitation as an immediate need of the elder population; this was the basis for awarding a grant to provide the municipality with rehabilitation equipment which will help improve the health of these senior citizens.

Ultimately the local focus led mayors to be more open to suggestions and criticisms of the concerned parties and how to improve these issues and shortcomings at the municipal level. For example, the mayor of Mira discussed with the attendees at his first accountability report the actions that were planned but not executed, and why; this produced an opportunity to sensibly modify the short-term plans without any hostile reaction by the citizens affected by it.

PROMUNI demonstrated that the design of the program, based on interlinking objectives, was crucial to its success. A development or institutional strengthening project cannot have components that operate in isolation. The success of PROMUNI was that its three objectives were designed with activities that depended on one another. For instance, public service improvements were tied to the necessities defined in PDOTs, and oversight committees were created to track the execution of public works and investments planned in a participatory manner.

The modifications of the program for intercultural inclusion, environmental management, and climate change and biodiversity were another extension in the same direction. These new activities were integrated into the core of the project design: the participation processes. In this way, the new activities were easily started, were well received by the municipalities, and naturally included indigenous communities that heretofore had been largely excluded from the governance process.

Governance improvement processes require visible short-term effects on investments, public works, or public services to break the perceived stagnation of development planning. Under PROMUNI's grants program in particular, these easy gains for the population provided momentum for implementing more complex tasks in the long term. The grants fund also multiplied the benefits of new work undertaken by municipalities.

PROMUNI influenced service-delivery improvements on a demand-driven basis in water, solid waste management, and markets (i.e., basic and exclusive municipal functions). These service sector improvements served as a stepping stone to other important sectors—such as the environment, for which biodiversity and climate change were the next building blocks for local progress.

PROMUNI's greatest bet for sustainability was the creation of horizontal cooperation among supported municipalities. This reasoning, embedded in the design of the project, allowed the promotion of mancomunidades, the network of municipal experts, the twinning and exchanges, and the preparation of multi-municipal plans

(for example, in Esmeraldas). These actions facilitated replication of innovations and best practices from one municipality to another and allowed participants to observe new practices and institutions for themselves. Since good practices need to be adapted to local conditions, those local experts who could witness these practices and envisage how to adapt them were able to implement innovations much more rapidly than if they were implemented by professionals from outside the municipality.

Another effective strategy was to organize work in clusters of municipalities. This arrangement respected the national policy of promoting associations of local governments. PROMUNI helped the municipalities to build practical and functional relationships with other municipalities in their vicinity. PROMUNI, besides supporting individual municipalities, worked also with the mancomunidades of the Mira river watershed and the Catamayo river higher watershed. This provided for the joint and consented application of tools, strategies, and procedures in the municipalities that lay within those watersheds.

## 11. Recommendations for Sustainability

PROMUNI gathered ample experience on which project courses of action would best strengthen the realization of the new management model in Ecuador, especially at the local level. Some activities resulted in in-depth knowledge about the implementation of public participatory management at the local level; in other cases, just an exploration could be done. Where success was achieved, new opportunities will continue to arise for perfecting the local governance and management model. When challenges were found, PROMUNI learned the new angles and situations that galvanized further adaptation of the mechanisms and tools designed. PROMUNI was a fruitful experiment to further deeper citizen participation in local governments in Ecuador. Below we offer some recommendations for the ongoing development of democratic governance in Ecuador.

Now that all provincial, municipal, and parish governments in Ecuador have their PDOTs, it is necessary to **articulate them to the community to optimize the use of public resources** according to the functions exclusive to each level. This effort will necessitate broadening the scope of the citizen participation systems and establishing dialogue roundtables for each planning subsystem that cut across levels of government. This coordination of planning structures is particularly important for environmental management, especially in terms of biodiversity, climate change and indigenous inclusion. In the case of environmental management, the coordination among different levels of government will facilitate, for example, the definition of projects and programs by watershed management (as in the case of Catamayo), by protected areas, or by other planning units that transcend a single municipal jurisdiction. In the case of intercultural inclusion, the multilevel structures encouraged under PROMUNI will help public authorities to better consider the indigenous territories (which can cross multiple parishes, municipalities, provinces, or even countries) in their development and land use plans. Similar considerations can be

made for sectors such as biodiversity conservation, climate change adaptation, and risk reduction management.

The articulation among levels of governments will require **stronger horizontal cooperation**. PROMUNI's strategy of working by clusters of municipalities proved to be beneficial to leverage capacity building. This arrangement can be extrapolated to the provincial and parish level to have stronger levels of government through coordination and citizen engagement. The network of municipal experts and the promotion of mancomunidades (especially for environmental management), exchanges, and sharing are practices that could very well be implemented in other levels of government.

If a strengthening program of this type is operating under a strong national policy, then regardless of its dedication to subnational levels, the program must **coordinate with central government agencies**. Basic agreements with national institutions cannot be overlooked because they provide for strategic support to the development and implementation of mechanisms and tools at the local level. Furthermore, they allow for considerable leveraging of national government sectoral funds. Also, for example, provincial delegates of national agencies are fundamental to the success of the implementation of the project. These delegates, under the direction of their national authorities, can provide training, technical expertise, support, and credibility to the strengthening process. Furthermore, these delegates keep information flowing in the other direction, to their national agencies. It is important that information flows directly to the national authorities in this way even though the provincial delegates are involved in the implementation.

Technical assistance needs to **focus on building and transferring capacities instead of substituting them**. That is, TA projects cannot do the work for municipal officials. The project staff needs to work with public officials in order to implement on-the-job training, which is more effective in terms of sustainability. The role of the TA staff is to provide tools, alternatives, and solutions instead of recommending a given course of action or executing the task by themselves. TA providers must avoid the temptation of doing the work themselves to obtain rapid results; this self-control will help the providers to keep objectivity and focus on the goals of the project.

**All efforts to strengthen governance must show results in the short term** to gather confidence from the public and public officials. Implementation strategies that capitalize on the "low-hanging fruit" can be a powerful incentive to getting buy-in from the key stakeholders in the governance process. The PROMUNI program demonstrated and excelled in such examples. Small-scale projects that contribute to long-term visions or objectives can help municipalities or other subnational governments to gain momentum and support from the citizenry and from within their institutions. The effect of these "quick hit" projects is to form stronger bonds between service providers (public institutions) and users (citizenry) for the long-term development goals.

## Annex A: Summary List of Subcontractors

Subcontractor	Areas of Expertise	Activities Implemented
AlterNativa Consultoria e Inovación (ANCOIN)	Institutional strengthening; citizen participation; transparency	<p>Formulate and develop baseline studies for the municipalities of Jipijapa, Pájan, Puerto López, and Santa Elena covering socioeconomic; environmental; institutional, and analogous indicators; financial situation assessment; arrears and aging of receivables.</p> <p>Analysis of citizen participation and transparency process, including LOTAI, with the corresponding baseline indicators.</p> <p>Codification of municipal ordinances for the municipalities of Paján, Puerto López, Jipijapa, and Santa Elena.</p>
Universidad Técnica Particular de Loja (UTPL)		Formulation of studies and design of small municipal infrastructure projects for two parishes in Municipality of Gonzanamá.
Coordinadora de Radio Popular y Educativa del Ecuador (CORAPE)	PROMUNI communications and information dissemination	<p>Preparation of communication materials to promote the project.</p> <p>Training in alternative media communications for municipalities.</p> <p>Elaboration and documentation of success stories.</p> <p>Production of audiovisual products to disseminate experiences of targeted municipalities.</p>
Instituto de Altos Estudios Nacionales (IAEN)	Training for PROMUNI objectives	Training courses on preparing investment projects in SENPLADES format; legal fundamentals for public procurement, citizen participation, and citizen oversight.

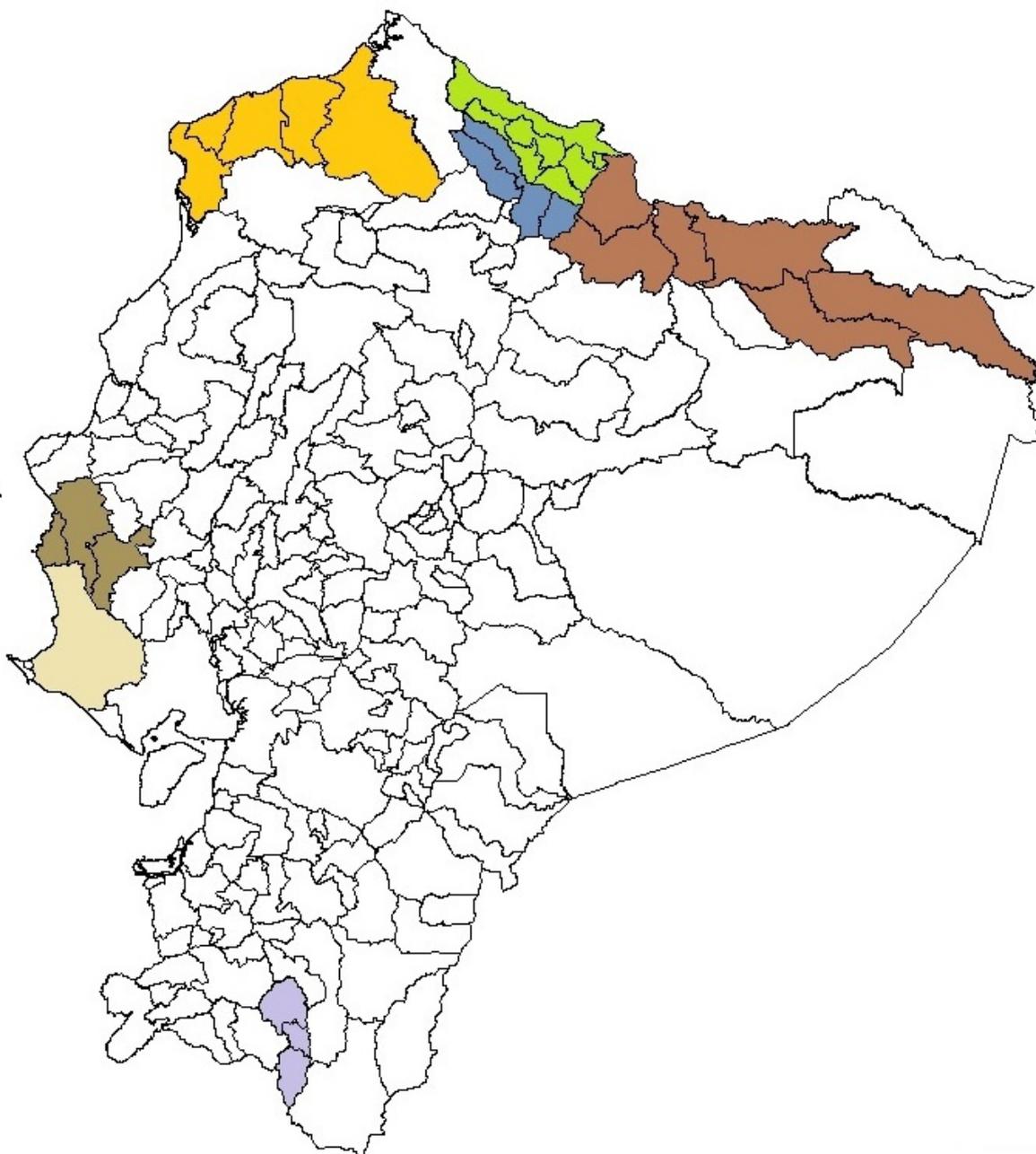


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## ***Annex B: Supported Municipalities***

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Location of PROMUNI municipalities and clusters



### List of selected municipalities, by phase

Phase	Region	Province	Municipality	
1	North	Carchi	Tulcán	
			Montufar	
			Mira	
		Esmeraldas	Esmeraldas	
			Eloy Alfaro	
			Rio Verde	
	South	Loja	Sucumbíos	
			Sucumbíos Alto	
			Quilanga	
2	North	Esmeraldas	Muisne	
			Atacames	
		Carchi	Huaca	
			Espejo	
			Bolívar	
		Imbabura	Pimampiro	
			Urcuquí	
			Ibarra	
		Coast	Manabí	Shushufindi
				Paján
			Puerto López	
		Santa Elena	Santa Elena	
	3	Coast	Manabí	Jipijapa
		North	Sucumbíos	Lago Agrio
				Cascales
Cuyabeno				
Gonzalo Pizarro				