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# LESSONS LEARNED REVIEW

DECENTRALIZATION AND DEMOCRATIC LOCAL  
GOVERNANCE PROJECT



JULY 2006

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## **DISCLAIMER**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.



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# ACRONYMS

AME	Association of Ecuadorian Municipalities
APM	Advanced participation methods
CONAM	Congressional leaders, and the Executive arm’s National Modernization Commission
CONCOPE	Consortio de Consejos Provinciales del Ecuador
COP	Chief of party
3D	Democracy, Decentralization, Development Project
DDLGP	Decentralization and Democratic Local Governance Project
FMM	Financial Management Model
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
GoE	Government of Ecuador
IOM	International Office of Migration
LDMM	Local decentralized management models
M&E	Monitoring and evaluation
NGO	Nongovernmental organization
PRODES	ProDecentralization Program
SIF	Social Infrastructure Fund
SOW	Scope of work
USAID	United States Agency for International Development



# I.0 INTRODUCTION

Between October 2001 and 2006, ARD implemented a Decentralization and Democratic Local Governance Project (DDLGP), or known in Ecuador as ARD-3D (Democracy, Decentralization, Development). Its focus is three-pronged: (1) strengthening local governments in policy formulation, organization and management, service delivery and transparency processes; (2) institutionalizing community participation in decision-making, local strategic development planning, and provision of local government services; and (3) supporting reforms and more effective implementation of decentralization policies in collaboration with key institutions such as the Association of Ecuadorian Municipalities (AME), Congressional leaders, and the Executive arm's National Modernization Commission (CONAM), among others. The fundamental development hypothesis of the ARD-3D project is that positive results in these three interrelated components will enhance the legitimacy of local government in Ecuador and enhance participatory democratic processes, which in turn will increase citizen support for democracy.

ARD-3D has made positive impact and enhanced the participatory democratic processes at all levels of local government: provinces (*consejos provinciales*), municipalities (*cantones*), and parishes (*juntas parroquiales*). ARD-3D also focused efforts to advanced decentralization at the national level via decentralization efforts with ministries of the Government of Ecuador (GoE), congressional committees, political parties, and the office of the Vice-President of the Republic. All Ecuadorian geographical regions have benefited from ARD-3D, including the Costa, Sierra, Austro, Oriente, and the Galapagos. The subnational governments were selected to cover the geographic, ethnic, racial, cultural, and economic diversity found in Ecuador. Over the course of the project, USAID extended ARD-3D in both scale and duration: the period of implementation was extended from 30 to 60 months, and the original contract value of \$7.1 million was increased to \$11.359. The ARD-3D project was also modified, expanding responsibilities to provinces and parishes and increasing the total of local government to 25. As of June 2006, ARD-3D has gone beyond its contractual duties in scale and responsibilities by extending the project beyond the contracted level of effort, which required 25 local governments to 53 local governments at the provincial, municipal, and parish levels.

The purpose of the 3D Lessons Learned Review is to determine the technical and administrative aspects of the 3D project that did—and did not—work, in order to provide recommendations for future decentralization and local governance projects in the region. The report begins with a summary of the methodological approach of the Lessons Learned Review and then follows with the evolution, challenges, and highlights of the 3D project. The report provides a broad-brush picture of the political context in Ecuador. At the heart of the report is a summary of themes and lessons learned through a review of the 3D project. The report concludes with examples of best practices and summary recommendations for future decentralization and local governance assistance in Ecuador and other countries with similar programs.



## 2.0 METHODOLOGY

This review took place in May–June 2006, in the third quarter of the five-year 3D project. Ms. Dawn Traut, the project’s democracy and governance specialist, (1) identified key elements of the project history through interviews and a document review; (2) established a framework with USAID and 3D senior staff; (3) gathered the perspectives and experiences of current 3D and USAID staff and beneficiaries through two participative workshops, interviews, focus groups, and a document review; (4) analyzed information and culled lessons learned; and (5) provided recommendations for similar projects in the future.

Ms. Traut spent four weeks in the field and covered all regions of Ecuador, including the Costa, Sierra, Austro, Oriente, and Galapagos, by interviewing beneficiaries at the workshop in Cotacachi and conducting on site interviews and site visits with local government officials, representatives from civil society, and beneficiaries in Otavalo, Cotacachi, Cayambe, Manta, Azogues, Chordeleg, Guayaquil, Bahahoyo, and Quito. A total of 66 people were interviewed. A list of those interviewed appears in Appendix A.

### **Lesson Learned:**

An insight derived from project or program implementation that imparts new knowledge or understanding about a given implementation approach, and may benefit those embarking upon similar activities in the future.



## 3.0 CONTEXT

Ecuador has been a presidential democracy since 1979, when it joined what political scientists called the “third wave” of democracy government in Latin America.<sup>1</sup> Countries defined as third-wave countries were considered to be “returning” to some form of civilian electoral democracy. Since 1979, Ecuador has, however, experienced significant political instability, as evidenced by the fact that it has had six presidents in the last eight years. An acute institutional crisis, a discredited political elite and party system, regional friction between Quito and Guayaquil, and the indigenous movement have buttressed the role of the Ecuadorian military as arbiters of national politics.<sup>2</sup> In 2000, a group of officers led by Colonel Lucio Gutierrez allied with the indigenous movement and briefly formed a government. Ecuador’s sixth president since 1996, Lucio Gutierrez, was elected in a runoff vote in 2002. He disappointed his allies by trying to introduce structural reforms, was involved in several instances of corruption and nepotism, and pursued a less-than transparent foreign policy. He was toppled, as a result of street protests and politically unsound decisions, in April 2005, and was replaced by his vice-president, Alfredo Palacio. Mr Palacio has struggled to contend with rising social unrest and to secure party support for his policy proposals.

Region-wide opinion polls show that, although Latin Americans continue to broadly support democracy as compared with military rule, Ecuadorians are increasingly dissatisfied with the performance of democratic governments and are becoming impatient with those governments’ ability to effectively address their most pressing concerns.<sup>3</sup> Ecuador registered the second greatest decrease (behind Peru) in its citizens’ level of satisfaction in government institutions—from 34% in 1996 to 14% in 2004.<sup>4</sup> Ecuadorians’ frustration with their politicians stems from the leaders’ failure to satisfy citizens’ most basic needs, such as providing sanitary waste facilities, potable water, and decent schools. As a result, Ecuador’s political leadership, at both the national and local levels, is blamed for the shortcomings of democracy. The country’s politicians are accused of corruption and of lacking the long-term vision and skills needed to lead governments and deliver basic public services. These high levels of dissatisfaction with the government and its institutions could have negative consequences for democratic consolidation.

Beginning in the early 1990s, Ecuador’s decentralization reforms yielded a framework for decentralization in Ecuador. These reforms, however, have not necessarily led to a wide-scale existence of local democratic governance. A clear political path to the implementation of existing decentralization laws has yet to be apparent in Ecuador. Since 2001, several laws and policies have been developed; however, the GoE has yet to implement these laws uniformly.

In response to the political context, the United States Agency for International Development (USAID) developed a democracy strategy that focuses on strengthening the transparency and accountability of democratic institutions, fostering greater inclusiveness of historically disadvantaged groups in key democratic processes, and increasing consensus on policies that are critical to democratic consolidation.

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<sup>1</sup> Huntington, Samuel P. *The Third Wave: Democratization in the Late Twentieth Century*. Norman, Oklahoma: University of Oklahoma Press, 1991.

<sup>2</sup> Iglesias, Carlos. *The Military and Politics of the Andean Region*. Andean Working Paper. Inter-American Dialogue, April 2006.

<sup>3</sup> Mijeski, Kenneth. *Citizen Support for Democracy in Ecuador: Has the Third Wave Crested?* Paper prepared for presentation to the 52<sup>nd</sup> Annual Meeting of South Eastern Council on Latin American Studies, April 7-9, 2005. Nashville, Tennessee.

<sup>4</sup> See [www.latinobarometro.org/](http://www.latinobarometro.org/) for more information about the Latinbarometro survey’s origins and activities. The countries surveyed are Argentina, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Honduras, Mexico, Nicaragua, Panama, Paraguay, Peru, Uruguay, and Venezuela.

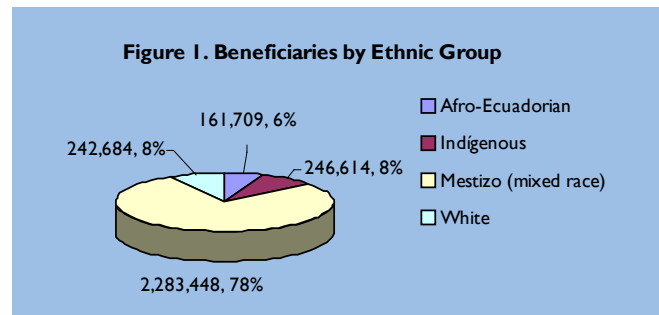
The 3D project aimed to strengthen democratic local governance through the promotion of effective decentralization, strengthening citizen participation in and oversight of local decision making, and simultaneously enhancing the capacity of local governments to respond to citizens needs in an accountable and transparent manner. The project focused technical assistance on the following subgovernmental levels: provinces, municipalities (*cantones*), and parishes (*juntas parroquiales*), and municipal associations (*mancomunidades*). The 3D project strengthened the capacity of and worked in collaboration with mayors, council members, and staff at the municipal level, governors at the provincial level, and presidents of parishes at the parish level.

ARD-3D also worked with citizen oversight committees, whose objectives are to (1) involve citizens in the decision-making process; (2) support citizen oversight initiatives; and (3) strengthen local organizations in public outreach, strategic planning, and service provision. At the highest level, municipal assemblies (*asambleas cantonal*) represent the citizens of the community. They are autonomous organizations, elected by the citizens, and serve as the representative to the council and mayor. Municipal assemblies work more at the political level of the process; whereas parish assemblies work at the most local level, generally in rural areas, and represent the citizens of several neighborhoods. *Veedurías* provide oversight and technical assistance to projects.

The rationale behind the design of the activity is that by strengthening local and other subnational governments to ensure delivery of services, local governments would serve as a conduit to attract greater public participation and increase citizen participation in the identification and prioritization of public works. The improved service delivery and increased citizen participation would lead to an increase in Ecuadorian's confidence in their government's institutions.

## 4.0 ACCOMPLISHMENTS OF THE 3D PROJECT

Between October 2001 and 2006, ARD implemented the DDLGP, or ARD-3D, as it is known in Ecuador. In Phase I of the activity (October 2001–September 2003) ARD-3D’s Social Infrastructure Fund (SIF) was used as a point of entry to encourage local governments to strengthen municipal management, public services, financial resources, and participation. In Phase 2 (September 2003–Present) SIF was used to leverage funds and provide an incentive to enhance the participatory democratic process of local governments. As a result, ARD-3D was able to improve basic internal functions and skills needed to improve service delivery and allocate public resources in a more efficient, transparent, and accountable manner, which in turn, benefited 2,216,024<sup>5</sup> Ecuadorians. It is interesting to note the gender and racial equity of the 3D activity: 51% of the beneficiaries were men and 49% were women, and 77% were mestizos (mixed race), 9% were indigenous, 8% white, and 6% Afro-Ecuadorians (see Figure 1).



ARD-3D strengthened strategic planning, organization and management, service delivery, and transparency processes of 53 subnational governments, including 2 provincial councils, 30 municipalities, 18 parishes, and 3 municipal associations. While it is too early to evaluate the impact of the ARD-3D project, workshops, exchanges of experience, study tours, SIF planning and implementation, and one-to-one technical assistance resulted in the following:

- The development of strategic municipal and parish development plans with citizen participation.
- Increased accountability and transparency, including civic forums,<sup>6</sup> procurement, and contracting related to SIF, citizen oversight of strategic plans and SIF.
- The development of highly successful and replicable programs and tools to strengthen local governments, such as the Graduate Certificate in Local Public Management and ARD’s Financial Management Model (FMM).
- Support for the development and strengthening of citizen participation models (i.e., municipal and parish assemblies, *veedurias* [or technical oversight committees], and civic forums).
- The refinement and flexible use of advanced participation methods (APM) to identify and prioritize citizens needs.<sup>7</sup>

<sup>5</sup> This number is based on measurement and evaluation information provided by the 3D project.

<sup>6</sup> Civic forums were held before the local elections to discuss mayoral candidates’ agenda and citizen’s needs. Citizens followed up with elected mayors to negotiate final agendas.

- Lobbying for and approval for resources and responsibilities to be transferred to the municipality of Cayambe in the agriculture sector.<sup>8</sup>
- The development and approval of the Municipal Law (*Ley de Regimen Municipal*). The law outlines roles and responsibilities of the national and municipal levels of government related to decentralization.
- Strengthening the capacity of eight municipalities to prepare systems, both fiscal and administrative, for future decentralized resources.
- The implementation of 35 SIF projects in 30 local governments with the active participation and oversight of the community.

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<sup>7</sup> According to beneficiaries in the nine municipalities visited, APM allowed citizens, for the first time, to identify and prioritize local development needs.

<sup>8</sup> This was the first approval for the transfer of decentralized resources and responsibilities in the agricultural sector.

## 5.0 FINDINGS

This section highlights themes and the lessons learned related to each theme. The report discusses the following themes:

1. Scaling up
2. Financial management
3. Analytical studies, surveys, and needs assessments
4. Social Infrastructure Fund (SIF)
5. Institutional strengthening
6. Citizen participation;
7. Decentralization
8. Program management
9. International donor and local agency collaboration
10. Sustainability.

Each finding begins with an introduction of the theme, followed by the lessons learned related to the theme. The lessons learned are based on both project experience and summarized opinions of those interviewed. To avoid providing abstract recommendations, many of the lessons learned are illustrated with an example.

### 5.1 SCALING UP

Over the course of the project, USAID extended ARD-3D in both geographic scale<sup>9</sup> and duration: the period of implementation was extended from 30 to 60 months, and the original contract value of \$7.1 million was increased to \$11.359. The 3D project was also modified, expanding responsibilities to provinces and parishes and increasing the total of local government to 25. Moreover, ARD-3D continued expansion in scale, at the request of local governments and with the approval of USAID, by extending the project beyond the contracted level of effort to 53 local governments. A list of subnational government units with which ARD-3D worked is shown in Table 1. (Maps of provinces, municipalities, and parishes can be found in Appendix B).

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<sup>9</sup> Scaling up is defined as efficiently increasing the socioeconomic impact from a small to a large scale of coverage. In the case of 3D, the project scaled up in expansion of experience (i.e., scaling up impact within an area or country on the basis of one or more existing useful, preferably successful initiatives).

**TABLE 1: LIST OF SUBNATIONAL GOVERNMENTS**

<b>Provincial Councils</b>				
Napo	Los Ríos			
<b>Municipalities</b>				
Esmeraldas	San Lorenzo	Espejo	Mira	Urcuquí
Ibarra	Atuntaqui	Cotacachi	Otavalo	Pedro Moncayo
Cayambe	El Chaco	Tena	Ambato	Pelileo
Azogues	Cuenca	Chordeleg	Saraguro	Samborondón
Salitre	Bucay	Babahoyo	Simón Bolívar	Manta
Portoviejo	Sucre	San Cristóbal	Santa Cruz	Isabela
<b>Parishes</b>				
San Mateo	Juan Montalvo	San Rafael	Gonzalez Suárez	Eugenio Espejo
Olmedo	Ascázubi	Linares	Santa Rosa	Ahuano
Pano	Talag	Salasaca	G. Moreno (Chiquicha)	Luis Cordero
Guapán	Charapotó	San Isidro		
<b>Municipal Associations</b>				
Otavalo-Pedro Moncayo	Santa Elena	Galápagos		

### 5.1.1 Replicate successful activities at the local level

This expansion in scale was advantageous in that ARD-3D successfully created economies of scale, replicating previously successful municipal strengthening and citizen participation activities at the provincial and parish levels. For example, in the municipality of Cayambe, ARD-3D replicated successful solid waste management activities at the parish level.

At the municipal level, ARD-3D provided monetary and technical assistance, conducted a diagnostic study of the sanitation situation, created a landfill, and designed and built a new compost center. Together with ARD-3D, the local government launched an information campaign to educate citizens on the importance of keeping the city clean and separating and recycling their trash. Cayambe's citizens responded positively and actively participated in the municipal government's efforts by assisting with the clean-up and the educational campaign. Cayambe has one of the few municipal landfills that have received environmental certification from Ecuador's national government. The change in the city has been dramatic, and ARD-3D is now working with the municipal government of Cayambe to extend this successful urban project to the parishes of Olmedo and Ascázubi. The replication allowed for the transfer of lessons learned and best practices from the Phase I Solid Waste Management project in the Cayambe municipality to the rural areas of the municipality. This resulted in improved trash collection (from two days a week to seven), increased knowledge and participation of citizens in recycling and proper waste disposal, and increased confidence of citizens in the municipality of Cayambe and the parishes. The more efficient collection system resulted in an increase in families reached, while fees remained stable. ARD-3D is in the process of replicating the solid waste projects to two additional parishes in Cayambe—Ayora and Juan Montalvo.<sup>10</sup>

Replication to different levels of government, in the same geographic area, provided the ARD-3D project the opportunity to easily transfer lessons learned and maintain focus while scaling up.

<sup>10</sup> A success story related to the Solid Waste Project in Cayambe, entitled *An Ecuadorian City Cleans Up Its Act*, can be found in Appendix C. All 3D success stories were authored by Janie Hulse, an independent consultant, in May 2006.

### **5.1.2 Maintain focus on successful activities while scaling up**

In Phase II, ARD-3D worked with 53 subnational government units on a number of successful interventions to strengthen local governments, institute community participation, and support more effective implementation of decentralization policies. The expansion in scale allowed ARD-3D the flexibility to respond to request for technical assistance of USAID, municipalities, and parishes. By its last year, the ARD-3D project had developed an excellent reputation among Ecuadorian local government, and they began directly requesting technical assistance from USAID, ARD's home office, and the ARD-3D office. For example, after hiring a field coordinator in the Costa region, ARD-3D received and positively responded to several requests for assistance from the region, including Manta and Babahoyo.

In addition, this expansion in scale allowed ARD-3D and USAID the flexibility to provide targeted technical assistance to municipalities USAID deemed as strategic. For example, in response to requests USAID, ARD-3D implemented activities in San Lorenzo and the Galapagos.

There is, however, a delicate balance to consider when responding to requests to scale up outside of the original geographic area. Donors and implementing agencies should consider how to build on successes and promote sustainability related to successful ongoing projects (i.e., the original 15 municipalities) while, at the same time, expanding to other geographical regions.

There were some disadvantages to scaling up the 3D activity outside of the original geographic area. The scaling up of the activity in Phase II to other geographical regions expanded the focus of the activity and, as a result, may have decreased the depth of potential impact in some of the original 15 municipalities. In other words, as the contractual obligations were fulfilled, the 3D team considered technical assistance was complete, and turned their attention to increasing the number of projects in various geographical areas instead of focusing on the sustainability of existing public works projects and newly developed democratic processes.

In retrospect, ARD-3D could have maintained focus and built on successful projects while expanding in geographic scale to a more limited number of subnational governments. For instance, the municipality of Azogues in collaboration with the citizen oversight committee implemented a project to clean up and beautify the banks of the River Burgay. The project was identified by the citizens, accompanied by a civic awareness campaign, and was successfully implemented and completed. At this point, the project turned its attention to scaling up in additional municipalities. During the site visit to Azogues, the citizen oversight committee expressed their desire to stay involved in the project through awareness-raising, organizing maintenance "clean-up" days, or implementing another similar project at the municipality or parish level. ARD-3D could have continued technical assistance in the above-mentioned areas, replicated the activities at the parish or provincial level, and strengthened the capacity of the citizen oversight committee and the municipality of Azogues in fund-raising and resource mobilization. This would have promoted the sustainability of the project and the maintenance of the banks of the River Burgay through environmental clean up.

In conclusion, donor and implementing agencies should carefully consider how to develop and respond to requests to scale up while, simultaneously, maintaining focus on successful projects in the original contract. It may be even more beneficial to maintain focus on successful projects in order to build on recently gained skills in the area of democratic local governance. This approach of scaling up to a limited number of subnational governmental units, while at the same time, continuing to support successful activities would more likely deepen impact and promote sustainability.

### **5.1.3 Increase staff in proportion to the scaling up of activities in distant geographic areas**

Another area to focus on while scaling up relates to program management and staffing. In 2005, the chief of party (COP) reorganized the staff structure in order to improve staff management of the increasing number of activities in the diverse and distant geographic regions. The primary management challenge was to maintain

high program efficacy, efficiency, and productivity within budget constraints—in other words, manage more with less. Positions were restructured and differentiated between “staff” and “line” functions, field coordinator positions were created, and several positions were combined (i.e., regional offices supervisor and technical coordinator for institutional strengthening). This resulted in a more efficient management structure. Combining the positions, however, did affect the ability of staff to respond to the increasing number of responsibilities.

The team was motivated to succeed, and staff voluntarily worked overtime to maintain high program efficacy and efficiency. Nonetheless, the increased coverage from 15 to 53 local governments (or by 112%) required a more substantial increase in staff to ensure the most effective management of the 3D activity.

#### **5.1.4 Develop national or regional continuing education programs for local government officials**

ARD-3D developed an innovative way to “scale up” without losing depth of the project. In 2005, ARD-3D initiated and codeveloped the program and curriculum for the Graduate Certificate in Local Public Management<sup>11</sup> in collaboration with Equinocial Technological University (Quito), Casa Grande and Catholic Universities (Guayaquil), and Azuay University (Cuenca). A total of 173 professional Ecuadorians (mayor, prefectos, municipal and provincial council members, businessmen, and local public officials) started classes in January 2006. The objective of the postgraduate course is to develop the knowledge of a professional cadre of local government actors in municipal management. Another advantage of the program was that local government officials and members of the private, public, and social sectors from different municipalities had the opportunity to build professional relationships and exchange experiences. ARD-3D invested \$38,000 in partial and full scholarship for 26 students from the provincial, municipal, and parish levels. With an overall investment of \$346,000, this represents an excellent example of leveraging funds from other organization. ARD-3D expects the Graduate Certificate in Local Public Management Program will be a sustainable academic program that will develop the skills of local government officials to improve the participatory municipal management process. Details of this program are outlined in section 6.0, Best Practices.

## **5.2 FINANCIAL MANAGEMENT**

The financial management systems of most provinces, municipalities, and parishes in Ecuador are inadequate to deliver basic services to the community. Local governments in Ecuador are highly dependent on transfers from the central government, which account for approximately two thirds of local government revenues. Municipalities with fewer than 50,000 inhabitants depend even more heavily on central government transfers, which account for almost 90% of local government revenues. This dependency of local government on central government funds, coupled with their concern of losing political support, has weakened the motivation to generate revenue through taxes and fees to improve basic services.

It does not help the situation that Ecuadorian citizens have an extremely low level of confidence of how taxes are spent. According to the Latinobarometro 2003–2005, 12% of Ecuadorians trust that the money from taxes will be well spent by the government. It is believed that local governments can increase the confidence of how taxes are spent by more efficiently delivering services and demonstrating their transparency and accountability. To deliver basic services in Ecuador, local governments must increase their capacity in revenue generation (i.e., taxes and fees) and request decentralized funding as outlined by the law.<sup>12</sup>

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<sup>11</sup> A success story related to the Graduate Certificate in Local Public Management, titled *Training Local Leadership for Democracy in Ecuador*, can be found in Appendix C.

<sup>12</sup> The 1997 law on Decentralization of the State, Public Participation, and its Regulation. (Ley Especial de Descentralización del Estado y Participación Social).

Local governments are hesitant to request approval for decentralized funding and responsibility. The majority of local government officials, interviewed during the fieldwork, believe they may receive approval for the responsibility of the decentralized service but not the necessary funding to provide the service. Officials at the central level are reluctant to approve and transfer decentralized funds and responsibilities, as they are not aware that local governments have the capacity to manage decentralized resources and funds.

Without a thorough understanding of local government financial management, fiscal decentralization systems, and revenue generation, local governments may not be able to effectively and efficiently provide services to the community. Donor and implementing agencies should develop comprehensive financial improvement technical assistance packages to implement with local governance strengthening projects.

### **5.2.1 Develop assistance packages that require financial management improvement**

In many cases, ARD-3D provided SIF to local governments that lacked basic skills in financial management. Although some technical assistance was provided to improve financial management of local governments, there needed to be a more rigid analysis of the existing financial systems and intensive technical assistance, both through workshops and peer-to-peer learning, to improve financial management of the participating local governments at the initial stage of the program. Municipalities in Ecuador need technical assistance to improve the handling of financial information, the reporting and forecasting of revenues and expenditures, and their fiscal management. In the future, donors should develop a more extensive financial management technical assistance package to accompany institutional strengthening and SIF projects. Areas of technical assistance required to improve the financial understanding and situation of local municipalities include the following:

- Financial analysis
- Fiscal decentralization
- Forecasting revenues and expenditures
- Revenue generation through tax collection, service fees, cadastres
- Financial reporting to the central level
- Participatory budgeting and citizen oversight.

### **5.2.2 Sequence financial management and participatory budgeting activities**

It is critical to sequence financial management activities. First strengthen the financial management of local governments, and once they have the ability to effectively analyze and manage their finances, strengthen the skills of local government and the citizens in participatory budgeting and oversight. Local governments should also understand the importance of transparency and accountability and be willing to open the process to citizens.

### **5.2.3 Develop and replicate financial management and participatory budget tools**

ARD has developed valuable tools to strengthen the financial management of municipalities worldwide. ARD's ProDecentralization Program (PRODES), funded by USAID, provides technical and material support to 527 municipal and seven regional governments, providing them with the tools and skills required for them to successfully implement the Peruvian government's decentralization policies. Under those policies, participatory planning and budgeting are legal requirements, and PRODES was designed to assist the target municipi-

palties conform with the law. To reach 527 municipal governments across seven regions, ARD works through locally based technical teams, mainly composed of regionally based NGOs. These technical teams have been trained and provided didactic materials prepared by the ARD team based in Lima. The materials are user-friendly booklets that provide step-by-step guidelines for implementation of the principal local government functions of participatory planning and budgeting, institutional strengthening, and reporting back to local citizens (*rendición de cuentas*). The technical teams help each municipality organize the public meetings and preparing the appropriate materials for each event.

2006 represents the fourth year of program interventions, and each of the 527 target municipalities has received two years of intensive assistance. Results show that over 90% of the target municipalities have successfully implemented one public session for participatory planning and budgeting (confirmed by the issuance of a municipal ordinance including the budget approved by the municipal council) and at least one session to report back to citizens on budget execution and project implementation (confirmed by acts of assembly signed by all participants). The use of these participatory methodologies for local decision making are now widely accepted by municipal officials and expected by most citizens.

In Ecuador, ARD-3D has developed a financial management model (FMM) to strengthen the financial management of municipalities. The FMM is an Excel®-based tool to evaluate municipalities' finances, detect institutional obstacles to the process of fiscal decentralization, and forecast revenues and expenditures. The FMM prepared by ARD for USAID/Romania was recently refined to meet the Ecuadorian needs, presented to 25 local government leaders during a workshop, and field tested in the municipality of Otavalo. A financial report was submitted to Otavalo's authorities to provide a diagnosis of the municipality's fiscal situation and demonstrated the utility of the tool. The FMM is further discussed in the Best Practices section.

### **5.3 ANALYTICAL STUDIES, SURVEYS, AND NEEDS ASSESSMENTS**

USAID, the World Bank, CARE, Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ), the United Nations Development Program, and Latinobarometro are among a few organizations that have published high-quality research and analytical studies concerning decentralization and local governance in Latin America and Ecuador. It is important to *use* the results of existing analytical studies, surveys, and needs assessments to improve project implementation. ARD-3D successfully used the results of the University of Pittsburgh survey to increase citizen participation.

#### **5.3.1 Use results of analytical studies, surveys, and polls to promote debate and improve project implementation**

Much time and money are invested in analytical studies, surveys, and assessments in Ecuador. It is critical to *use* results from polls and recommendations from analytical studies to encourage debate between local government and citizens and improve project implementation. USAID funded the University of Pittsburgh to conduct a poll, in 2002 and 2004, to measure citizen perception of local governance in Ecuador. The poll asked 300 citizens 40 questions, and the results were directly relevant to the 3D activity—for example, 50% of respondents have confidence in local government and in their mayors. ARD-3D used the results from the USAID-funded poll at initial meetings to encourage debate, which resulted in the development of action plans. Additionally, ARD-3D used the results of the University of Pittsburgh Citizen Perception of Local Governance survey in workshops with local government officials and citizens in 14 local governments. ARD-3D selected a sample of 12 out of the 40 existing questions, and citizens answered the questions before they knew the results. The answers were then compared with the results, also prompting much debate. Finally, as a result of the debate, citizens and local government officials developed action items to increase citizen and municipal coordination.

It is interesting to note that this activity was further replicated in Mira with a group of youth. ARD-3D worked with a group of young people in how to conduct public polling. The group conducted a mini-poll, based on the University of Pittsburgh poll, and then shared the results at a public meeting with the mayor's participation. The community and the mayor then agreed to a strategic action plan to increase citizen participation and improve local governance. This is an excellent example of how results from a study, survey, or poll can be used and lead to increased citizen participation and improved local governance.

### 5.3.2 Develop executive summaries and recommendations for reports and studies in a collaborative manner with ARD-3D, consultants, and partners

ARD-3D conducted numerous reports and studies to assist in the decentralization process, assess capabilities of local governance, and provide legal and technical information to partners and beneficiaries. In Phase II, ARD-3D began using a systematized template for reports, including executive summaries and recommendations. As donors, implementing agencies, and national and local government officials must read numerous documents and reports, it would be greatly beneficial to standardize the report to include an executive summary. In this manner, even if the partners or beneficiaries do not have the time to read the report, they can at least look at a summary. This also demonstrates that ARD-3D is editing and supervising the quality of the research and approves of the report's content. Depending on the objective of the report or study, practical and actionable recommendations should be developed, optimally *in collaboration* with the consultant and the team receiving the report.

## 5.4 SOCIAL INFRASTRUCTURE FUND

The SIF served as an incentive to meet ARD-3D's objectives by providing basic services identified by the community. The SIF aimed to (1) increase the investment in social infrastructure in accordance to priorities established by the citizenry; (2) increase municipal capacity to pursue in a participatory way similar projects in the future; and (3) provide for immediate responsiveness to local needs and priorities, thereby contributing to legitimacy and support for local government. ISIF also enhanced the municipality's and the community's capacity to carry out a participatory and transparent procurement process that could be emulated in the future with public funds. In Phase I of the activity (October 2001–September 2003), ARD-3D's SIF was used as a point of entry to encourage local governments to strengthen municipal management, public services, financial resources, and participation. The identification and implementation of SIF projects in the 15 municipalities were the main focus of Phase I. The approach was successful in that it was demand-driven; projects were identified and prioritized in a participatory strategic planning exercise.

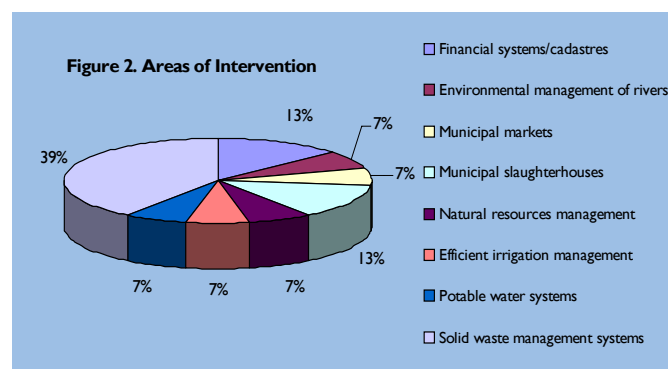
In Phase 2 (September 2003–Present), based on the contractual agreement with USAID and a decrease in funding, SIF projects were no longer the major focus of the ARD-3D project. Instead, SIF was used to leverage funds and provide an incentive to enhance the participatory democratic process of local governments and stimulate participation of citizens. As a result, ARD-3D concentrated more on improving the process and basic internal functions and skills needed to improve service delivery and allocate public resource in a more efficient, transparent, and accountable manner. Table 2 provides some examples of Phase II activities.

**TABLE 2: ILLUSTRATIVE PHASE II ACTIVITIES**

Local Government	Type of Intervention
Cayambe	Support to oversight committee and technical assistance in the area of decentralization
Santa Cruz	Strategic planning with municipality, citizen oversight committee strengthening, technical assistance in the area of decentralization
Pedro Moncayo	Strengthening of the environmental municipal association

It was difficult, but not impossible, to convince some mayors to work with ARD-3D, given the reduction in the SIF amounts. Local governments, however, quickly learned the skill to leverage funds to improve service delivery as the SIF incentives made the transition to smaller-sized projects. For future interventions, it is better to start with small SIF investments, test the local government’s response, and then increase the investment amounts. This approach tests political will with smaller amounts and tends not to create high expectations for future funding. A table with amounts ARD committed to SIF and technical assistance, and the funds leveraged by local governments, communities, and donors, is shown in Appendix D.

ARD-3D helped identify and prioritize communities’ needs by using the highly successful APM—a series of refined methodological tools to strengthen participation. APM was tailored to the Ecuadorian context and used to identify and prioritize SIF projects. As a result of Phases I and II, 35 SIF projects were implemented, including markets, slaughterhouses, waste disposal and management, environmental projects, and sanitary landfills. Figure 2 shows the distribution of types of interventions. Table 3 shows a list of SIF projects.



**TABLE 3: SIF PROJECTS**

Region	Province	Local Government	Intervention
Sierra Centro	Tungurahua	Ambato	Virtual financial/cadastral automation
Sierra Centro	Cañar	Azogues	River environmental management
Costa	Los Ríos	Babahoyo	Solid waste management
Costa	Guayas	Bucay	Health decentralization
Sierra Norte	Pichincha	Cayambe	Solid waste management Agriculture decentralization
Sierra Sur	Azuay	Chordeleg	Health decentralization
Sierra Centro	Imbabura	Cotacachi	Market privatization and upgrade Health decentralization
Sierra Sur	Azuay	Cuenca	Health decentralization
Oriente	Napo	El Chaco	Parochial planning and public leadership
Esmeraldas	Esmeraldas	Esmeraldas	Slaughterhouse
Sierra Norte	Carchi	Espejo	Watershed/natural resource management
Galápagos	Galápagos	Isabela	Municipal tourism department Citizens organization strengthening Health fiscal decentralization strengthening
Costa	Los Ríos	Los Ríos (CP)	Elementary education’s strategic plan
Costa	Manabí	Manta	Slaughterhouse privatization Tourism decentralization
Sierra Norte	Carchi	Mira	Irrigation district management
Oriente	Napo	Napo (CP)	Institutional Planning
Sierra Centro	Imbabura	Otavalo	Municipal Water System Environmental <i>mancomunidad</i>
Sierra Centro	Pichincha	Pedro Moncayo	Virtual financial/cadastral automation

Region	Province	Local Government	Intervention
			Environmental <i>mancomunidad</i>
Sierra Centro	Tungurahua	Pelileo	Citizen oversight committees development
Costa	Manabí	Portoviejo	Tourism decentralization
Galápagos	Galápagos	San Cristóbal	Institutional Planning Citizens organization strengthening
Esmeraldas	Esmeraldas	San Lorenzo	Solid waste management Urban and rural cadastre development
Costa	Guayas	Sanborondon	Elementary education's strategic plan
Galápagos	Galápagos	Santa Cruz	Institutional planning Citizens organization strengthening Health decentralization
Costa	Guayas	Santa Elena	Tourism <i>mancomunidad</i>
Costa	Guayas	Salitre	Elementary education's strategic plan
Sierra Sur	Loja	Saraguro	Solid waste management
Costa	Guayas	Simón Bolívar	Institutional planning
Costa	Manabí	Sucre	Solid waste management
Oriente	Napo	Tena	Solid waste management

#### 5.4.1 Develop a simplified contracting mechanism to ensure rapid delivery of good and services

ARD-3D developed simplified contracting mechanism at the initial stages of the project to ensure rapid delivery of goods and services. The 3D contracting office worked closely with ARD and USAID/Ecuador to develop simplified contracting mechanisms to ensure rapid delivery of goods and services. This is especially important at the beginning of the project to demonstrate transparent, effective, and efficient mechanisms of procurement and contracting to local governments and, more importantly, to deliver the services and show visible results to the local governments and communities.

#### 5.4.2 Develop and initiate a quick-start track of smaller, finite projects to demonstrate immediate and tangible results in each municipality in order to quickly build credibility of the project and municipalities

ARD-3D initiated a quick-start track of smaller, finite projects to demonstrate tangible results to the local government officials and citizens in the 15 communities. For example, in San Lorenzo, ARD-3D helped design and construct a public park. The community was very satisfied with the park and was enthusiastic to begin working with ARD. The construction of the park also increased political will of the mayor and council to work with ARD-3D on the solid waste project, financial management, mechanisms to increase transparency, and leadership training to improve public management.<sup>13</sup>

<sup>13</sup> The success story, *A Clean Start in Northern Ecuador*, can be found in Appendix C.

## 5.5 INSTITUTIONAL STRENGTHENING

The *institutional strengthening* component aimed to strengthen the management and administrative capacities of local governments in order to provide responsible, transparent, and effective leadership that is responsive to citizen priorities. ARD-3D strengthened the management and administrative capacities across several levels of local government, including 2 provinces, 30 municipalities (*cantones*), 18 parishes (*juntas parroquiales*), and 3 associations of governments (*mancomunidades*). Maps of the local government units can be found in Appendix A.

Using participative training, formal education, peer-to-peer learning, and technical assistance, ARD improved the capacity of public managers in the domains of basic municipal management skills, planning skills, financial management, citizen participation, public information dissemination and transparency, organizational development skills, and service delivery and management. The SIF was used to motivate local government officials and to achieve progress in municipalities to actually deliver services identified by citizens. Training was linked conceptually and practically to the SIF.

As required in the contract, Phase I focused on municipal management and technical assistance directly related to the service that the municipality was providing with the SIF. Phase II focused more on the overall process of democratic governance using SIF as the incentive to involve local governments and citizens in strategic planning, leadership training, participatory budget planning, and service delivery and management. In both phases, citizen oversight committees helped implement the SIF projects and ensured transparency and accountability throughout the process.

ARD-3D promoted a demand-side approach to municipal strengthening through the use of APM, open forums, citizen oversight committees, and public information activities. ARD supported the development and strengthened municipal and parish assemblies and *veedurias* or technical oversight committees. Importantly, local governments learned how to link strategic planning with service delivery directly in response to citizens needs. In Babahoyo, for example, strategic planning activities were conducted in collaboration with 700 citizens, through open participation and dialogue, that in turn increased transparency, citizen trust, and the sense of ownership of the 2005–2008 municipal strategy (a DVD of the process is provided in a folder of the report).

One of the major challenges to strengthening local governments was the changing political will of mayors and councils after elections. Of the 15 original municipalities, 6 new mayors were elected, which resulted in ARD-3D having to develop strategies to overcome low political will.

### 5.5.1 Develop strategies to overcome low political will relevant to the context

ARD-3D provided and focused technical assistance in areas where there was low political will to collaborate or to include citizens in the development process (i.e., San Lorenzo and the Galapagos). In addition, political will changes over time as new mayors are elected. For a project to succeed, there needs to be political will at all levels—mayor, council, and citizens. ARD-3D developed strategies to increase the political will, including:

1. Develop SIF projects to demonstrate visible results that increase the credibility and legitimacy of the local government in the eyes of the citizens. For example, despite the fact that the mayor increased water fees and taxes to improve the water system in Otavalo, the improved water system (and visibly cleaner water) was a major success in the eyes of the community.
2. Invite mayors and local government officials to participate in study tours in cities and countries that have resolved similar development challenges. For example, ARD funded mayors and local government officials to participate in study tours in Bolivia and Texas. The result was improved cooperation between the mayors and local government officials in the development and implementation of the ARD-3D project.
3. Use SIF as a negotiating tool with mayors and local government officials. Some staff invested large amounts of time and effort convincing mayors to collaborate with the ARD-3D project, to include citi-

zen in the process, and to invest in local government strengthening activities. In some cases, staff used SIF and hard bargaining techniques and successfully convinced mayors to work with ARD-3D in a more participatory process with citizens.

4. To increase the political will of the citizens, ARD-3D strengthened municipal and parish assemblies and used APM to increase the involvement of citizens in the development process. ARD-3D also implemented smaller, finite projects and events to demonstrate immediate and tangible results, such as public parks and environmental clean up days.
5. Focus on main opponents to the project (i.e., council members, or the mayor, or middle management) and thoroughly explain the scope and benefits of the project.

### **5.5.2 Require matching contributions from the municipality and help leverage funding**

ARD-3D has been highly successful at leveraging funds from the local government and communities. From the initial stages of the ARD-3D project, local governments were encouraged to contribute up to 50% of the resources required for financing infrastructure projects. As per last calculation in May 2006, ARD-3D has invested \$4,389,109, while local governments and community counterparts have invested \$4,333,454. This represents an almost 1:1 ratio in investment. Leveraging funds ensures that local governments promotes ownership of local development projects and increases the capacity of local governments to raise funds for local development projects, which in turn, promotes sustainability. Appendix D lists contributions by local governments and communities to Phase I and Phase II SIF projects.

### **5.5.3 Provide technical assistance in conflict resolution**

Some local government officials insisted that they found it difficult to allow full and open participation of citizens because of both inter-community conflicts and those that arose between the communities and the local governments. It would be greatly beneficial to include a conflict resolution component in technical assistance before identifying and prioritizing projects. Implementing agencies could use conflict resolutions organizations and consultants to help develop and conduct conflict resolution workshops with local government officials and citizens. If the implementing agency selects a local organization, ensure that the organization remains neutral and does not have conflict of interests. Below is a list of local conflict resolution organizations based in Ecuador that could be used in the future:

- Centro de Mediación judicial en Quito Guayaquil y Cuenca- Función Judicial
- Centro de Mediación de la Camara de la Construcción de Quito
- Centro de Mediación de La Cámara de Comercio de Quito
- Centro de Mediación de La Superintendencia de Compañías Quito
- Centro de Mediación de la Cámara de Industrias y Comercio de Cuenca
- Centro de Mediación de la Pontificia Universidad Católica del Ecuador (Quito)
- Centro de Mediación de la Corporación Latinoamericana para el Desarrollo (Quito)
- Centro de Mediación de la Universidad San Francisco de Quito.

## 5.5.4 Create economies of scale through support to municipal associations (*mancomunidades*)

In cases where there is a need to provide a certain service for communities across several municipalities, *mancomunidades*, or municipal associations, have formed to organize themselves and provide the service to the communities. In Ecuador, municipal associations have taken the responsibility for the provision of essential services, including local economic development (e.g., tourism) and environmental protection. ARD-3D has provided technical assistance, mainly in the area of strategic planning and organizational development, to three municipal associations in the Galapagos, Otavalo and Pedro-Mancayo, and Santa Elena. For example, the Municipal Association of Santa Elena is composed of four municipalities to improve the local economic development of the region by focusing on improving the tourism sector. ARD-3D helped the association develop a strategic plan, a citizen oversight committee, and an organizational management model to allow them to function effectively. Working with municipal associations is more challenging and requires more follow up and conflict resolution than working with subnational governmental units. It does, however, create more of an impact when the municipal associations succeed in providing the service to several municipalities.

## 5.6 CITIZEN PARTICIPATION

ARD-3D's citizen participation component promoted and strengthened mechanisms that directly influence decision-making processes. Citizen participation processes included developing a cadre of citizens with skills in APM; identifying and prioritizing SIF priorities in each community; developing skills in strategic planning; and developing the leadership skills of local civil society representatives. It not only involved shared responsibility in decision making for the collective welfare, but importantly, civic oversight and accountability. ARD-3D successfully strengthened local communities' overall capacities at the provincial, municipal, and parish levels to learn about, understand, participate in, and oversee decisions and management by municipal authorities (i.e., developing skills in the oversight of transparent procurement processes).

ARD-3D supported and developed models of citizen participation, including municipal assemblies, parish assemblies, and *veedurias* (technical oversight committees). The objectives of these models were to (1) involve citizens in the decision-making process; (2) support citizen oversight initiatives; and (3) strengthen local organizations in public outreach, strategic planning, and service provision. At the highest level, municipal assemblies (*asambleas cantonal*) represent the citizens of the community. They are autonomous organizations, elected by the citizens and serve as the representative to the council and mayor. Municipal assemblies work more at the political level of the process. ARD-3D strengthened the organizational development, helped develop proposals for official legal approval of the organizations, and provided technical assistance to the municipal assemblies of Cotacachi, Babahoyo, Simon Bolivar, Pelileo, Ambato, Urququi, and Mira. In Otavalo, the mayor developed four parish assemblies, instead of a municipal assembly, to reach citizens at the local level in each parish. Municipal and parish assemblies organized events to identify and prioritize needs, developed and reviewed municipal and parish strategic plans, and provided oversight of strategic plans and the implementation of the projects.

ARD-3D provided technical assistance to citizen oversight committees, or *veedurias*, in the area of citizen participation, specific technical areas related to the infrastructure project, and on-site assistance in order to provide oversight and technical assistance to projects.

### 5.6.1 Provide technical assistance and support to citizen oversight committees in order to ensure proper implementation, accountability and transparency, and maintenance of SIF projects

ARD-3D used SIF and conducted workshops to strengthen the capacity of citizen organizations to plan strategically, identify, and prioritize projects with the citizens. It is critical to strengthen assemblies at the municipi-

pal and parish levels as well as more technically oriented *veedurias* to ensure that SIF projects are maintained and promote sustainability.

It is critical to provide technical assistance to municipal and parish assemblies and *veedurias* during and after implementation of SIF projects. For example, in Cotacachi, a *veeduría* was created during the construction of the market to ensure that beneficiaries of the market (vendors of vegetables and meat) were consulted and included in the process. The *veeduría* also initiated the development of the fee structure to pay for maintenance services and helped select the maintenance service provider once the market was built and functioning. In Otavalo, the local government has developed parish assemblies to oversee project implementation and to provide the communication link between citizens and the mayor and councils.

### **5.6.2 Ensure assemblies and technical oversight committees are autonomous**

In many cases, the mayor or council attempted to participate and even lead the assemblies and technical oversight committees. To create an authentic system of checks and balances, it is essential that the assemblies and technical oversight committees are autonomous. Mayors and local government officials should not be involved in the work of the assemblies and technical oversight committees. Members of the community should be elected by the citizens to participate in the assemblies and technical oversight committees.

### **5.6.3 Create and link *veedurias* to the municipal or parish assemblies**

There should be an explicit link between technical oversight committees and municipal or parish assemblies. As noted above, *veedurias* provide technical advice, assistance, and oversight on specific projects. They serve as an essential communication link between citizens and the municipality or parish. If there is a technical problem, community obstacle, or financial issue directly related to the project, the *veedurias* can more easily communicate this through the municipal or parish assemblies to the municipality.

### **5.6.4 Open up process of selection to involve more diverse groups, including marginalized groups**

ARD-3D worked with the mayors to select and identify citizens to participate in the citizen participation component of the 3D project. The technical coordinators encouraged the mayor to invite the participation of diverse groups from the municipality, including citizens from parishes, urban and rural areas, youth, women, and the most economically challenged areas of the municipality. Although there was a wide spectrum of diverse groups involved in the 3D project, it is advisable to open up the process of selection to include more diverse groups and avoid selecting the elite of the community. It is important to conduct research (both demographic and a mapping of local actors) and site visits in municipalities. Depending on the mayor, donors and implementing agencies can provide a list of proposed organizations that reflect the demography of the municipality. For example, in Mira, 3D technical coordinators first visited civil society organizations and individuals of parishes to discuss the project and inquire as to their interest in participating. The 3D technical coordinator composed a list of potential participants and proposed the list to the mayor who agreed to include them in the citizen participation component of the SIF.

### **5.6.5 Use APM and other participatory and technical methodologies, not only to identify and prioritize SIF projects, but also to develop citizen oversight committees**

APM was successfully used to increase citizen participation in the identification and prioritization of SIF. These workshops involved 30–90 citizens and local government officials in each municipality. Citizen oversight committees were elected at this phase of the project. In addition, APM was used for strategic and action

planning workshops for citizen oversight committees, building consensus between citizens and between communities and local government officials. ARD-3D conducted a training of trainers in APM for 275 citizens and local government officials. Of those 275, 120 citizens and local government officials became expert APM facilitators who conducted strategic and action planning workshops, quality service improvement programs, public review of local government commitments, and progress and best practices workshops. Citizens who benefited from the APM to identify and prioritize SIF project often formed citizen oversight committees.

It is critical to provide technical assistance to citizen oversight committees on the “how to” of implementing, maintaining, and evaluating projects. Citizen oversight committees also need capacity building in advocacy, participatory budgeting, and oversight techniques to ensure the checks and balances are taking place with the local governments.

### **5.6.6 Take advantage of electoral cycle to increase participation**

ARD-3D took advantage of the 2004 municipal elections by conducting effective “civic forums.” ARD-3D promoted the civic forums event through TV, radio, and the distribution of 5,000 brochures. The forums took place in Saraguro, Tena, Ambato, and San Lorenzo. Local nongovernmental organizations (NGOs) replicated civic forums in Pedro Moncayo and Otavalo. The forums aimed to build the capacity of the citizens to develop “citizen agendas” and attend forums to share the agenda with the candidates running for mayor. The candidates then signed commitment letters of what they agreed to do when elected.

Civic forums have been sponsored by various donors over the years; however, ARD-3D developed an innovative final phase. Once the mayor was elected, a citizen oversight committee met with the newly elected mayor to discuss the agenda, negotiate next steps, and obtain his/her commitment once in office. Although this was a difficult phase for both the mayor and the citizens, it produced a more accountable governance process.

### **5.6.7 Organize events to promote transparency and accountability of local government officials**

ARD-3D strengthened the capacity of citizen oversight committees, increased the confidence of local government officials through leadership training to participate in open forums aimed at increasing transparency and accountability, and established mechanisms of communication to conduct several open forums. At these events, mayors presented progress achieved related to the municipal development plan and SIF project, and citizens monitored the progress and actions of the municipal development plan and SIF projects. ARD-3D organized several successful open forums in Mira, San Lorenzo, Cayambe, Tena, Esmeraldas, Manta, Azogues, Otavalo, Saborondon, Prefectura de los Rios and Silitre, Napo, Pelileo, Simón Bolívar, Santa Elena, and Ambato. Donors and projects are in an excellent position to serve as initiators, facilitators, and mediators in promoting the transparency and accountability process.

## **5.7 DECENTRALIZATION**

Ecuador’s decentralization reforms, starting in the late 1990s, yielded several policies for decentralization in Ecuador. These reforms, however, have not necessarily led to a wide-scale existence of local democratic governance. Although there is a comprehensive legal framework for decentralization, there is not a favorable regulatory environment or political will to implement decentralization laws. A clear political path to the implementation of existing decentralization laws has yet to be apparent in Ecuador. Since 2001, several laws and policies have been developed; however, the GoE has yet to implement these laws in a uniform manner.<sup>14</sup>

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<sup>14</sup> In 1997, two major laws were promulgated with the intent to foster decentralization of the Ecuadorian state:

ARD-3D employed a two-prong approach by working from the central level to the local as well as the local to the central. The decentralization component supported the effective transfer of responsibilities to the sub-national governments, legal reforms, and a more effective coordination between the cooperation agencies and the central government of Ecuador in the efforts to implement policies and programs in this area.

ARD-3D developed and institutionalized a formal *advisory committee* to help develop and guide implementation of the decentralization component. The advisory committee aimed to convince the GoE to implement decentralization laws, regulations, norms, and practices. This group is also charged with lobbying and inter-agency coordination (AME, CONCOPE [Consortio de Consejos Provinciales del Ecuador], Consejo Nacional de Juntas Parroquiales Rurales de Ecuador, CONAM, *Mesa de Gobernabilidad*, etc.) to improve Ecuador’s enabling environment in the area of decentralization. The advisory committee’s participation was especially beneficial as it provided important input and guidance into ARD-3D’s annual work plans that improved project implementation in the decentralization component.

ARD-3D supported several initiatives to push for the reform of decentralization laws and policies. Working with AME, ARD provided technical assistance to develop the Municipal Law (*Ley de Regimen Municipal*), lobbied deputies in the Ecuadorian Congress to support the law through events and meetings, and conducted workshops with all political parties to reach a consensus on the law. The law explains the roles and responsibilities of the national and municipal levels of government related to the new decentralization context.

ARD-3D has also supported initiatives for several laws and ordinances that are still being discussed, including:

- Technical assistance to develop the national law related to the roles and responsibilities of the provincial levels (*Ley Orgánica de Regimen Provincial*), lobbying, and consensus building with 22 prefectures.
- Technical assistance to develop and build consensus around six municipal ordinances to create the Municipal Councils for Health.

It was challenging to achieve results of legal reform in the current Ecuadorian political context. Nevertheless, some funds should be devoted to supporting initiatives to help create laws and reach consensus at the national level.

### **5.7.1 Focus on strengthening capacity at the local level to prepare local governments for future decentralized resources.**

If there is little political will to systematize and implement decentralization laws at the national level, focus on strengthening capacity at the local level to prepare local governments and citizens for future decentralized resources. For example, ARD-3D helped organize and strengthen citizen oversight committees, called the Municipal Committees of Decentralization, in eight municipalities, comprising citizens and local government officials, in the areas of agriculture, health, and tourism. The committees participated in municipal strategic planning, organizational development, budgetary oversight, and awareness-raising campaigns. To present clear and accurate information concerning fiscal transfers, *local decentralized management models* (LDMMs) were developed and approved by local government authorities. The LDMMs present different options to deliver sustainable decentralized services. ARD-3D analyzed the capability of the eight municipalities to provide decentralized local services through data-gathering and simulation models. The LDMMs demonstrate that un-

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1. Law on Decentralization of the State and Public Participation and its Regulation
  2. Law on Distribution of 15 percent of the Central Government budget to Sectional ( Local) Governments and its Regulation.

In addition, Article 225 of the most recent Constitution states: “the state will promote coordinated development of the country, strengthen public and local government participation, and the transfer of public resources and wealth through decentralization and deconcentration.”

der an ideal transfer of responsibilities and resources, municipalities will have the resources required to provide decentralized local services. ARD-3D developed workable decentralized models in Chordeleg, Bucay, Cuenca, Cotacachi, Santa Cruz, Cayambe, Manta, and Portoviejo.

For example, ARD-3D developed administrative and financial management tourism models in collaboration with the municipalities in Manta and Portoviejo. The models demonstrated what municipalities can do with the effective transfer of administrative and financial resources from the national level and what must be improved, both administratively and fiscally, at the local level to ensure effective decentralization in the tourism sector. The local governments have recently made the necessary, recommended administrative changes (e.g., decrease the number of government employees) and financial administration.

### **5.7.2 Demonstrate the increased capacity of local governments to manage decentralized services, both administratively and fiscally, to the national level**

Once the local decentralized models are developed and approved by the corresponding local government and line ministry, it is critical to present the models to decentralization “champions” at the national level. For example, ARD-3D organized a presentation of the Manta and Portoviejo decentralized models with the participation of USAID, the mayors, the Ministry of Tourism (an advocate for decentralization), and the vice-president of Ecuador. It is important to help local governments market their newly acquired skills and management models to the national level in order to promote better communication and encourage the implementation of existing decentralization laws. At the presentation, it was recommended that ARD-3D (or another neutral observer) follow this process in the near future to monitor progress and cull lessons learned for municipalities that will replicate the process with the national level.

### **5.7.3 Strengthen capacity of and coordination between donors and national organizations promoting decentralization and local governance strengthening**

To maintain momentum at the national level when there is little political will to implement decentralization, strengthen the capacity of and coordination between donors and national organizations involved in the decentralization debate. ARD-3D participated in the International Donors Group (*Mesa de Gobernabilidad*), which aimed to facilitate development of a donor common vision and ensured that donors were aware of each organization’s strategies and objectives. It was important to present plans in order to avoid replication and sequence activities with other donors. Table 4 lists the 3D donors and collaborative initiatives. ARD’s participation in the International Donor Group resulted in collaboration with GTZ in the “Best Practices Competition” and with CARE in the initial phases of the 3D activity in the Galapagos.

ARD-3D also supported national organizations involved in decentralization reforms and implementation, such as AME, CONAM, and CONCOPE. For example, through GOBEL, ARD-3D provided and installed the computer software and provided training to AME to electronically connect the seven regional offices.

**TABLE 4: ARD-3D DONORS AND COLLABORATIVE INITIATIVES**

<b>Donor</b>	<b>Type of Intervention</b>
CARE	GOBEL Provided staff for Galapagos and shared institutional knowledge
GTZ	Best Practice Award Lobby for approval of Municipal Law Reform
AME	GOBEL Lobby for approval of Municipal Law Reform
CONCOPE	GOBEL Lobby for approval for Provincial Law Reform
CONAM	Strengthen Administrative Capacities to lobby for Decentralization reforms and implementation of laws Decentralization studies
Fundacion Ecuador	Develop primary education models and plans that can be replicated in other local governments
Peace Corps	Helped place volunteers and collaborated with them in the Galapagos

#### **5.7.4 Promote an aggressive communication campaign to promote decentralization among citizens**

ARD-3D, in collaboration with CONCOPE, developed effective TV and radio commercials (see the DVD with samples of the most successful TV commercials in the report folder). These TV and radio commercials were broadcast on national and local TV and radio stations over a two-year time period. The objective of the commercials was to convince citizens (including local government officials and staff) of the need to decentralize to effectively solve problems at the local level. The result was that citizens were informed as to the benefits and importance of decentralization.

### **5.8 PROGRAM MANAGEMENT**

To meet the demand of the increasing workload and project coverage that resulted in providing technical assistance to 53 local government nationwide, the structure of the ARD-3D office was decentralized and the roles and responsibilities of 23 permanent staff were clarified. Technical staff work mainly as project managers and are led by the technical component specialists (institutional strengthening, citizen participation, and decentralization). It is the technical component specialist's responsibility to conceptualize scopes of work (SOWs) in the areas in which the projects can generate the most impact. In line management, each region is coordinated by a regional coordinator, who is responsible for the development and implementation of projects in his/her region. On average, a regional coordinator is responsible for the management of activities in approximately eight local government units. Both technical component specialists and regional coordinator provide technical assistance as needed. For specific issues and projects, ARD-3D contracts consultants and local organizations/firms that are supervised by the technical staff. There are three regional offices: (1) Guayaquil, (2) Esmeraldas, and (3) the Galapagos Islands. All regional offices have been provided by local partners and therefore generate minimum financial expenses. Appendix E shows the organizational chart of the current ARD-3D staff structure.

### 5.8.1 Decentralize management functions

A decentralized operational structure is essential to allow a project to cover activities in 53 municipalities in a large geographic area. In 2005, the COP reorganized the staff structure to improve staff management of the increasing number of activities in the diverse and distant geographic regions. The primary management challenge was to maintain high program efficacy, efficiency, and productivity within budget constraints—in other words, manage more with less. Positions were restructured and differentiated between *staff* and *line* functions, field coordinator positions were created, and several positions were combined (i.e., regional offices supervisor and technical coordinator for institutional strengthening). This resulted in a more efficient management structure. The addition of the regional coordinator positions was especially beneficial as it allowed the technical coordinators to focus more on technical aspects of program development, implementation, and monitoring and evaluation (M&E). The regional field coordinators were key to the efforts of 3D toward institutionalization and sustainability of current ongoing processes via deconcentrated offices, with full-time equivalents working and living locally. The coordinators cover five zones: Esmeraldas, North-Eastern Sierra, Central-South Sierra, Coast, and Galapagos. The regional coordinators report to the field operations supervisor.

Both regional coordinators and technical coordinators were responsible for program management, which led to a more efficient management structure, as technical coordinators were based in Quito and did not have the time to visit the increasing number of sites. Importantly, resources and decision making were decentralized to the program management level. Technical coordinators were responsible for the overall management of their component and would monitor each activity in collaboration with the regional coordinators, intervening when there were issues that needed to be resolved. This management structure provided the resources and the decision-making authority to those who were directly responsible for achieving results. The COP, deputy COP, M&E coordinator, and technical coordinators ensured that the activities were on track through weekly meetings and on-site monitoring. The decentralized operational structure motivated the staff, which was essential for covering such a large number of municipalities in the many diverse regions of Ecuador.

### 5.8.2 Recruit bilingual and bicultural staff who are highly respected and trusted by the community

It is highly beneficial to recruit bilingual and bicultural staff as senior management (senior technical advisor, COP, deputy COP) in Latin America. Bilingual staff have the ability to quickly develop and maintain relations with the project staff, the government, and the beneficiaries. It is also important to hire field-based staff who are trusted by the community. Field-based staff living and working in their communities (technical coordinators and regional coordinators) are key to programmatic implementation, serving as the vital link between the project, the government, NGOs, and the beneficiaries. The recruitment of staff with extensive networks in the indigenous community, among NGOs, and at the higher levels of national government improved the rate of success of the project.

For instance, 3D hired a prominent and highly respected lawyer as the *decentralization technical coordinator* for the project. Her network within the GoE helped increase the political will of senior officials to participate in the decentralization activity and create consensus among disparate political parties. Another example was the recruitment of the *civic participation technical coordinator*, who is highly respected by both the general population and, more specifically, the indigenous population. His network and excellent relations with the local government officials in the north resulted in highly successful projects with a high level of civic participation.

### 5.8.3 Promote equity reflected by gender and racial diversity in the project office

Out of 23 employees, 16 are female, or the equivalent of 70% of the workforce; 54% are in supervisory, technical, or managerial positions. In addition, mestizos, indigenous, and whites are represented on the project

staff. This sends a message to USAID and the beneficiaries that ARD is committed to promoting equity, both racially and related to gender.<sup>15</sup>

#### **5.8.4 Devote resources and time to in-house retreats and developing procedural handbooks and templates for SOW, report format, M&E, and data entry**

Projects should devote resources and time to clearly document and training staff on the most up-to-date process, roles, and responsibilities. Resources should be devoted to develop procedural handbooks, templates, report formats, and M&E reporting. This should be done early in the project in close coordination with the donor, and reviewed periodically for updating and improvement. It is not easy to find the time while implementing a program to provide training to staff on process, roles, and responsibilities. ARD's experience shows that it actually saves time in implementation of the projects *to take the time* to develop handbooks and templates and hold staff retreats and workshops to learn about the different processes and clarify roles and responsibilities.

### **5.9 INTERNATIONAL DONOR AND LOCAL AGENCY COLLABORATION**

ARD-3D built strategic alliances with donors and local organizations, which resulted in more efficient management and use of resources. 3D built the confidence of the donor community with its open-door policy and proactive approach to building alliances. 3D had the reputation of following through on activities and commitments. One donor explained that coordination was excellent because, “3D didn’t just talk the talk, they walked the walk.” Table 4, above, lists interventions and donors with whom ARD-3D collaborated over program implementation.

#### **5.9.1 Plan and implement activities with international and local organizations, universities, and agencies**

ARD-3D reached out to numerous international and local organizations, universities, and agencies to leverage funds, improve coordination, and promote sustainability. ARD-3D initiated and participated in the *Mesa de Gobernabilidad*, which improved coordination and several activities that would not have taken place if ARD had not been participating in the *Mesa de Gobernabilidad*. For example, ARD-3D participated in the Best Practices Awards, in collaboration with GTZ. ARD-3D played a considerable role as the secretariat of the project and invested approximately 45% to the overall activity budget. The following year, local organizations implemented the Best Practices Award activity without ARD-3D’s assistance.

ARD-3D also collaborated with Peace Corps in the selection and placement of Peace Corps volunteers to implement health and citizen participation activities in the Galapagos Islands. The volunteers work with ARD-3D consultants and other donors to organize and conduct workshops and provide follow up tasks to assist in the decentralization of health services. It is essential to develop memoranda of understanding between local agencies and ARD with clear roles, responsibilities, and timelines. It is also critical to ensure that USAID is informed and approves of activities involving other donors.

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<sup>15</sup> A success story related to gender, titled *Women Leaders Participate in Ecuador’s Development*, appears in Appendix C.

## **5.10 SUSTAINABILITY**

ARD-3D improved local institutional frameworks and human resource skills that permit a greater level of effective management of municipal resources. Sustainability requires the transfer of lessons learned to other municipalities, municipal associations, other donors, and national government entities. ARD effectively promoted the transfer of experiences through the following: conducting a midterm and final lessons learned reports, lessons learned workshops for staff, partners, and beneficiaries, working with other donors and local organizations, promoting a demand-driven approach to local government, and institutionalizing citizen participation practices.

### **5.10.1 Transfer lessons learned and best practices to other municipalities, municipal/provincial associations, other donors, and national government entities**

ARD-3D transferred lessons learned and best practices both horizontally (between municipalities and parishes) and vertically (between local government units and the central government). For instance, ARD conducted two regional workshops for new mayors to share lessons learned of the 3D project and provide an orientation for the new mayors. ARD-3D also recently shared lessons learned and best practices from the municipal level to the parish level through leadership workshops for 16 presidents at the parish level. In 2004, ARD organized a forum on solid waste management to exchange experiences and best practices between San Cristobal, Cayambe, and the Galapagos.

In 2006, a local consultant conducted a comprehensive lessons learned report from Phase I of the project. The findings will be shared at a workshop with local governments in July 2006. The present Lessons Learned Report will also be shared with international and local partners. Findings of this report may be presented at the best practices workshop that ARD is holding at the end of the project in September 2006. These initiatives promote sustainability of the activities; however, the processes of citizen participation may be even more important to ensure the sustainability of the 3D activity.

### **5.10.2 Promote a demand-driven approach to identification, prioritization, and development of community projects**

Citizen participation, more than an objective in itself, is a means to promote the sustainability of the processes and mechanisms implemented by ARD. ARD-3D successfully promoted a demand-driven approach and demonstrated results to citizens, local government officials, and mayors. According to many beneficiaries, this is the first time their communities have had the opportunity to identify and prioritize projects in their municipality and/or parish. ARD-3D helped legalize citizen oversight committees and provided advice as to continue working to identify, prioritize, and oversee activities. The challenge will be to see how citizen groups motivate themselves when there are no financial incentives.

### **5.10.3 Institutionalize practices of citizen participation and oversight**

ARD-3D developed and institutionalized citizen participation and oversight processes and organizations. Citizen participation and oversight organization must be officially approved by the government. ARD-3D helped develop proposals and organizational development models to obtain approval from the relevant officials. ARD-3D also worked as a liaison, or neutral party, to present the organizations to the local government officials and clarify roles and responsibilities of both the organizations and the local government officials. As a further step to promote sustainability, it would be interesting to explore what incentives motivate citizens to participate in local issues when international donors do not participate.

#### **5.10.4 Leverage funds from other donor programs and local government and communities**

ARD-3D succeeded in leveraging funds from both local government and communities at an almost 1:1 ratio. As of May 2006, ARD-3D invested \$4,389,109, while local government and community counterparts invested \$4,333,454. ARD-3D also promoted public–private partnerships to help construct the market in Cotacachi and the slaughterhouse in Manta.

ARD-3D helped market successful projects and leverage funds from other donors and agencies. For example, ARD-3D shared information related to the Cities Alliance and helped develop the proposal for the water and sanitation project activity in Otavalo. 3D also leveraged funds from the International Office of Migration (IOM) and UN Habitat to build on and continue to support the activity. ARD-3D successfully leveraged funds from the IOM to the Ministry of Housing and Urban Development and UDENOR (a national government-sponsored public infrastructure NGO to support the northern border communities) in order to update the cadastre in San Lorenzo.

Leveraging funds and promoting public–private partnerships from participating local government and communities is an excellent way to ensure that beneficiaries actively participate in the activity, to provide an opportunity to learn how to raise funds, and as a result, to promote sustainability. Appendix D shows the contributions from various counterparts.



## 6.0 BEST PRACTICES

This section outlines best practices that emerged from the lessons learned review. The recommended best practices are illustrated with examples from the 3D project. Identifying “best practices” is not an endorsement to directly transplant an approach or methodology from one country to another. Political, social, economic, and legal systems; culture; and tradition should be taken into account before transferring best practices to another program. Best practices, can however, be used to stimulate creative thinking and encourage the adoption of techniques that have proven effective elsewhere, and may be transferable and adapted to other contexts.

### Best Practice:

A tested, proven, and replicable approach or methodology developed and used by ARD to achieve like objectives most effectively in a variety of settings.

### 1. Develop national continuing education programs for local government officials

Developing a graduate program, in collaboration with accredited universities, invests in the development of local public servants and will have a long-lasting, positive impact on these individuals, the citizens they serve, and a country’s local democratic governance.

*The Graduate Certificate in Local Government Management* is an approach that USAID and donors should explore for possible replication in other countries. Together with four national universities in Ecuador, ARD-3D has created a countrywide leadership development program aimed at strengthening the country’s local governance. In 2005, ARD-3D initiated and co-developed the program and curriculum for the Graduate Certificate in Local Public Management in collaboration with Equinoctial Technological University (Quito), Casa Grande and Catholic universities (Guayaquil), and Azuay University (Cuenca). The objective of the postgraduate course is to develop the knowledge of a professional cadre of local government actors in municipal management.

A total of 173 professional Ecuadorians started classes in January 2006. Students include congressmen, mayors and vice-mayors, heads of provincial councils, municipal and provincial council members, financial directors, public works directors, and representatives of the syndicates, of which 32% are women and 68% are men. Approximately 40% of the students receive scholarships for tuition and study materials. The 9-month academic program is offered at four universities, where public leaders study the history of local governance, laws related to the local governance, local government planning, organizational development, human resource management, project management, financial management, conflict and mediation, and communications and marketing. The classes take place two weekends a month in three strategic locations across the country: Quito, Guayaquil, and Cuenca. The program trains local administrators to become better leaders, providing them with the skills needed to plan strategically, involve citizens, and deliver public services.

### 2. Develop best practices awards competition and national events to showcase best practices of local governments

Developing a *best practices awards competition*, in collaboration with other donors and local partners, motivates and provides an incentive to local governments to develop highly effective models of local democratic governance. National and regional events provide the opportunity to share lessons learned and best practices horizontally, for example, between municipalities and vertically, between national, provincial, municipal, and parish levels. In addition, it provides a venue for networking and may increase trust and collaboration between the national and local levels, which may result in further decentralization.

In collaboration with the lead agency GTZ, other donors, and local partners, ARD-3D organized and developed a best practices awards competition—a national municipal fair coordinated to select and present awards

in front of 1,000 citizens. The competition, which took place May 18, 2004, recognized the country's most effective and best managed management models, citizen participation experiences, decentralization initiatives, and public service systems in 22 provinces. There were 70 entries competing for the prizes. Attending were 500 members of the media, mayors, political leaders, international donors, government institutions, and national associations. ARD financed 45% of the first event and served as the secretariat. The second event took place in 2005 without ARD's assistance.

### 3. Use results of existing polls, surveys, and statistics to promote debate and action planning among citizens and local governments

A large amount of time and money are invested in analytical studies, surveys, and assessments. It is critical to research existing polls and statistics and *use* results to encourage debate between local government and citizens and improve project implementation.

For example, USAID funded the University of Pittsburgh to conduct a poll, in 2002 and 2004, to measure citizen perception of local governance in Ecuador. Three-hundred citizens were asked 40 questions, and the results were directly relevant to the 3D activity (i.e., 50% of respondents have confidence in local government and in their mayors). ARD-3D used the results from the USAID-funded poll at initial meetings to encourage debate, which resulted in the development of action plans. ARD-3D used the results of the University of Pittsburgh Citizen Perception of Local Governance survey in workshops with local government officials and citizens in 14 local governments. ARD selected a sample of 12 out of the 40 existing questions, and citizens answered the questions before they knew the results. The answers were then compared to the results, which promoted much debate. Finally, as a result of the debate, citizens and local government officials developed action items to increase citizen and municipal coordination. This is an excellent example of how results from a study, survey, or poll can be used and lead to increased citizen participation and improved local governance.

### 4. Present clear and accurate information concerning fiscal transfers and required administrative resources to local governments

Local governments need to understand how the transfer of decentralized authority and funds will help local governments improve delivery of public services. Many local government officials were hesitant to apply for decentralized decision-making responsibility and funding because they were concerned that they would receive the responsibility but not sufficient funds to deliver the services. On the other hand, national-level officials were hesitant to implement decentralization laws and transfer decision-making authority and funds because they were not aware that the local government units have the administrative capability to deliver public services. Given this context, it is crucial to present clear and accurate information related to fiscal transfers and administrative resources required to deliver decentralized public services.

ARD-3D developed *LDMMs* for eight local governments. The models present different options to deliver sustainable decentralized services. ARD-3D analyzed the capability of the eight municipalities to provide decentralized local services through data gathering and simulation models. ARD made practical, rapidly implementable to improve administrative management of the municipalities. The models demonstrated that under an ideal transfer of responsibilities and resources, municipalities will have the resources required to provide decentralized local services. ARD-3D developed workable decentralized models in Chordeleg, Bucay, Cuenca, Cotacachi, Santa Cruz, Cayambe, Manta, and Portoviejo.

For example, ARD-3D developed administrative and financial management tourism models in collaboration with the municipalities in Manta and Portoviejo. The models demonstrated what municipalities can do with the effective transfer of administrative and financial resources from the national level and what must be improved, both administratively and fiscally, at the local level to ensure effective decentralization in the tourism sector. The local governments have recently made the necessary, recommended administrative changes (i.e., decrease the number of government employees) and financial administration.

## **5. Develop user-friendly tools to evaluate municipal finances, identify institutional obstacles to fiscal decentralization, and forecast revenues and expenditures**

Without a thorough understanding of local government financial management, fiscal decentralization systems, and revenue generation, local governments may not be able to provide services to the community effectively and efficiently. It is important to develop user-friendly tools to evaluate existing municipal finances, identify obstacles to fiscal decentralization, and forecast expenditures.

ARD-3D has developed a valuable tool to help strengthen the financial management of municipalities. The FMM is an Excel®-based tool for evaluating municipalities' finances, detecting institutional obstacles to the process of fiscal decentralization, and forecasting revenues and expenditures. The FMM prepared by ARD for USAID/Romania was recently refined to meet the Ecuadorian needs, presented to 25 local government leaders during a workshop, and field tested in the municipality of Otavalo.

ARD has developed tools to strengthen the participatory budget process through the PRODES project in Peru. These types of tools should be used during the prioritization of activities with local government and citizens and during citizen oversight of the projects.

## **6. Organize civic forums before local government elections**

It is important to take advantage of the political cycle of a country to promote citizen participation and open up a dialogue between mayoral candidates and citizens. Civic forums provide an opportunity for mayoral candidates to present their agenda in an open forum where citizens can ask questions and voice concerns on local issues.

In 2004, ARD-3D organized civic forums in seven municipalities. ARD-3D developed workshops for citizens so that they could develop an agenda and elect a speaker for the event. ARD organized a public forum (with a maximum of 100 participants) for the mayoral candidates to present their agendas for the four upcoming years, and citizen leaders reacted to and discussed their agenda. The mayoral candidates and citizen leaders each had a 10-minute limit for the presentations. ARD-3D developed an innovative and challenging element to continue the process post-election. Once the mayors were elected, ARD-3D organized a group of citizens, provided capacity building in negotiations skills, and organized a meeting between the newly elected mayor and the citizen group to negotiate a final strategic agenda and an action plan. This was a challenging aspect of the project, as negotiations proved difficult; however, a final agenda and action were signed in each participation municipality. Annually, citizen oversight committees met with the mayor to discuss progress and obstacles of the action plan. It is highly recommended that this process be replicated in the 2008 local elections.

## **7. Use consensus-building tools such as APM and refine them to the country context**

There is a need to incorporate participatory approaches into programming in order to build capacity, enhance performance, expand stakeholder participation, and ensure institutional accountability. It is highly advantageous to use a uniform method and refine it to the country context in order to promote open participation of citizens and local government in the development process.

ARD has experimented in various sectors and numerous countries with advanced methods of participation. From this approach a series of refined methodological tools, APM, has emerged. APM is one of many tools ARD used to promote citizen participation; it is useful when needing to gain consensus among meeting participants. APM can be tailored to the specific cultural context of a country and to a broad array of participatory challenges. APM was successfully used to increase citizen participation in the identification and prioritization of SIF. These workshops involved 30–90 citizens and local government officials in each municipality. Representatives for the citizen oversight committees were elected at this phase of the project. ARD-3D conducted a training of trainers in APM for 275 citizens and local government officials. Of those 275, 120 citizens and local government officials became expert APM facilitators who conducted strategic and action plan

ning workshops, quality service improvement programs, public review of local government commitments and progress, and best practices workshops.

## **8. Encourage documenting and marketing of the participatory process**

Local governments and citizen groups should document, package, and market participatory processes in order to demonstrate increased democratic local governance to their citizens, national government, and to other donors. Videos, pictures, success stories, and brochures can be used to document successes in service delivery and highlight the importance of the participatory process. These materials can increase the confidence of citizens, local and national governments, and other donors, thereby possibly resulting in funding and/or increased political will to collaborate.

For example, the municipality of Babahoyo developed a DVD to demonstrate the process the municipality used to increase citizen participation in developing their strategic plan. (The DVD can be found in the folder of this report.) This is an excellent example of innovative marketing techniques of the democratic process. It is recommended to edit these types of presentations to a 10-minute period.

# 7.0 CONCLUSION: SUMMARY RECOMMENDATIONS

The following recommendations for future decentralization and democratic local governance programs in Ecuador are based on the findings of the lessons learned review. These recommendations can also be applied to other Latin American countries that implement decentralization and democratic local governance programs.

- **Recommendation 1: When scaling up, simplify and replicate successful processes, refine processes to contextual factors, maintain focus in scope, and build on previous successful projects.** The process of scaling up should, at least internally, be driven by a process of simplifying rules, methodologies, and procedures for use by many people on a larger scale. In the case of the 3D project, APM was simplified and replicated to ensure that marginalized and hard-to-reach groups in the municipalities and parishes were included in the participatory process. In addition, manuals, procedures, and processes to transfer lessons learned and best practices were developed and replicated at the provincial, municipal, and parish levels. It is also important to consider institutional context and political, social, and cultural issues when scaling up. ARD-3D recruited and fielded staff in the regional hubs that focused on refining the process to the local context. It was important to limit resources to five essential services in order to maintain focus of the citizens, systematize project implementation and procurement procedures, and create a uniform program in which best practices and lessons learned were shared. In addition, successful processes and activities that were transferred from the municipal to the parish, or between municipalities, resulted in highly successful interventions. Institutionalization of on-the-ground lessons, through reports, workshops, and events (i.e., *best practices awards*) is critical to the successful scaling-up of an activity.
- **Recommendation 2: Consider the advantages and disadvantages of scaling up versus deepening impact in existing programs.** Donors and development agencies should keep in mind that by scaling up an activity, over a limited time period, there are both losses and gains to the project. By geographically scaling up, a project will reach more local government units, citizen groups, and people; have the opportunity and more flexibility to replicate successful activities; apply the recommendations of lessons learned and best practices; and reach higher numbers of beneficiaries to report to their national government (i.e., Congress in the case of USAID). On the other hand, an expansion in geographic scale may result in missed opportunities to deepen impact; less focus on promoting the sustainability of existing programs; and, if staff is not increased at a proportionate level, a decrease in the quality of management of the program.
- **Recommendation 3: Develop comprehensive financial management improvement technical assistance packages and require that local governments participate in financial improvement activities in order to receive funds.** Local governments need a thorough understanding of their financial situation, financial management, fiscal decentralizations systems, and revenue generation to effectively and efficiently provide basic services to the community in a transparent manner. Donors and development agencies should develop a more extensive financial management technical assistance package to accompany institutional strengthening programs. Some local governments may be hesitant to open up their books to individuals outside of the government; however, donors and development agencies should require that a local government's finances are in order before implementing activities in order to ensure proper account-

ing of funds. Once local government units can effectively analyze and manage their finances, it is important to strengthen the skills of both local government and civil society in participatory budgeting and oversight.

- **Recommendation 4: Use SIF as an incentive to strengthen the participatory democratic process of local governments and stimulate participation of citizens.** If the objectives of a program are to strengthen local governments and institutionalize community participation in local development issues, it is important that SIF are used as an incentive, as a means to an end, and not as an end in itself. In Phase I, ARD-3D focused more on multidimensional, large-scale infrastructure projects. The implementation of large-scale infrastructure projects tend to take time, attention, and resources away from strengthening the democratic/participatory process side. In Phase II, ARD-3D focused more on strengthening the participatory democratic process by offering smaller SIF incentives. As a result, local governments leveraged funds and delivered visible results more rapidly. It is important to start with small SIFs and scale up to larger ones in a selective manner, depending on the response of the counterparts. ARD-3D was able to focus more on improving the process and basic internal functions and skills needed to improve service delivery and allocate public resources in a more efficient, transparent, and accountable manner.
- **Recommendation 5: Develop strategies to overcome low political will at the initial stages of the project.** Assume political will of local governments will change over time, for the better or the worse. During the implementation of the 3D project, 6 of the original 15 mayors were not reelected. The new 6 mayors changed technicians and systems, or were unwilling to collaborate and/or maintain infrastructure projects. In addition, citizen participation in the SIF projects decreased, as many were loyal to the former local government administration. Donors and development agencies should assume that political will of local governments and citizens will vary over time, and develop strategies to overcome low political will (see 5.5.1 “Develop strategies to overcome local political will relevant to the context”).
- **Recommendation 6: Support, develop, and institutionalize models of citizen participation and oversight (i.e., municipal and parish assemblies and *veedurías*).** Citizen participation and oversight committees, which are responsible for involving citizens in local decision-making processes and overseeing projects and progress of local government strategic plans, should be developed and supported. It is critical to ensure that these organizations are institutionalized by helping them attain the relevant legal approval by local and national authorities. It is essential that citizen oversight committees are autonomous from the local government to create an authentic system of checks and balances.
- **Recommendation 7: Focus on strengthening capacity at the local level, at the beginning of the decentralization process, to prepare local governments for future decentralized resources.** Donors and development agencies should focus on strengthening capacity of local governments to understand what kind of services can be delivered with funds transferred from the central level, and what kind of administrative improvements need to be made to deliver decentralized services. At the initial stages of decentralization, local governments require clear and accurate information concerning fiscal transfers. Local governments need to understand what they can do with the effective transfer of administrative and financial resources. Local governments also need to understand what improvement should be made, both administratively and fiscally, to ensure effective decentralization. It is also important to provide opportunities for local governments to “market” their newly acquired skills and management models to the national level. This may increase trust between the central and local governments.
- **Recommendation 8: A decentralized operational structure is essential to allow a project to cover numerous activities in a large geographic area.** Recruiting and devolving power to highly competent and reputable local staff gives a project immediate legitimacy in the community and allows access to marginalized groups. It is also critical to ensure that program implementation and M&E requirements match human resource capacity.

- **Recommendation 9: Transfer lessons learned and best practices to other municipalities, between provincial, municipal, and parish associations, as well as to other donors, and national government entities.** Midway through a project, it is beneficial to begin to review lessons learned and best practices through workshops, interviews, a report, and presentations. It is especially interesting to begin the process at the midpoint of a project so that recommendations can be implemented and improvements to the project can be made. It is useful to share lessons learned and best practices (1) between municipalities; (2) between the different levels of local government (provincial, municipal, and parish levels); (3) with the national government; and (4) with other donors working on similar themes. For future interventions, local governments should be required to take the responsibility for transferring lessons learned to local governments outside the reach of the project. This would thus expand the impact of the project and provide sustainability to the processes.



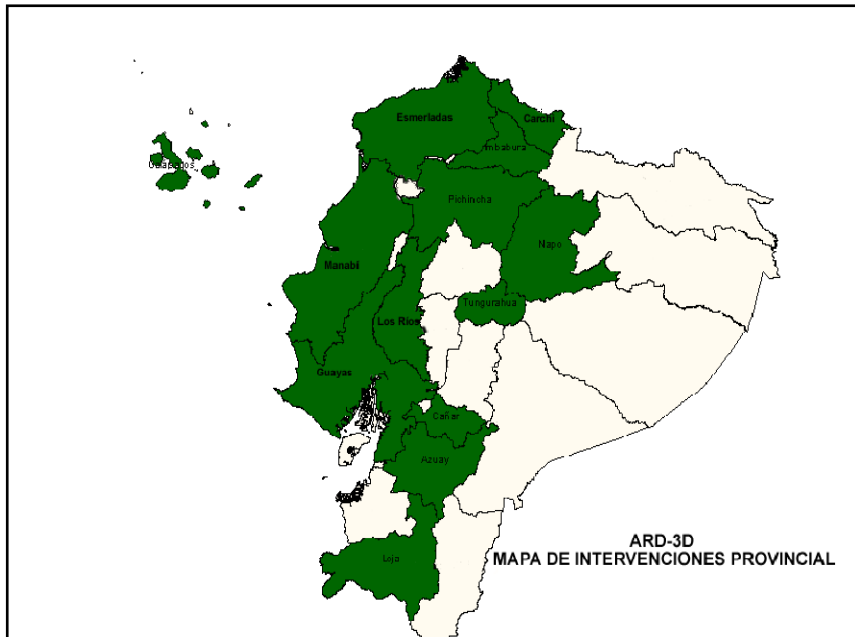
# APPENDIX A: LIST OF INTERVIEWEES

<b>Name</b>	<b>Relation to 3D/Location (if applicable)</b>
Maria Abeiga	President of the Chamber of Tourism, Manta
Rubén Acero	Municipal Assembly of Cayambe, Cayambe
Pedro Aguayo	Fundacion Ecuador, Guayaquil
Maria Aldaz	Municipal Council on Health, Galapagos
Dr. Joaquin Hernandez Alvarado	Director of Postgraduate Studies, Catholic University, Guayaquil
Rosa Andrango	Vendor/Beneficiary of Cotacachi Market
Manuel Andrango	Vendor/Beneficiary of Cotacachi Market
Segundo Andrango	Citizen Participation Technical Coordinator
Domingo Angulo	San Lorenzo
Ruben Avendaño	Director of International Cooperation, Babahoyo
Jouber Azua	Manta
Dr. Flavio Barros	Mayor of Chordeleg, Chordeleg
Raul Bastidas	Vendor/Beneficiary of Cotacachi Market
Alberto Bolaños	Administrative Director of the Municipality of Otavalo
Susana Bonilla	Vendor/Beneficiary of Cotacachi Market
Rene Martinez Burbano	Manta
Mónica Castro	Provincial Council of Napo, Tena
Luis Cevallos	Parish representative, Cayambe
Cecilia Condo	Coordinator of the Graduate Certificate Program, Guayaquil
Jimmy Díaz	Secretary of the PDC, Babahoyo
Mero Espinoza	Manta
Jorge Fabara	Civic Forum, Ambato
Gladys Flores	NGO representative, Urcuqui
Angel Fraveo	Babahoyo
Lisbeth Freiere	Citizen Oversight Committee, Tena
Ana Garcés	Regional Offices Supervisor and Technical Coordinator/Municipal Strengthening
Ricardo Gomez	Coordinator, Fondacion, Ecuador, Guayaquil
Yolando Guerra	Administrative Assistant
Janie Hulse	Project Success Story Writer
Jacky Jairala	Director of Tourism, Manta
Ramon Larenas	Babahoyo
Elena Larrea	Municipal Government of Otavalo, Otavalo
Remigio Lopez	Citizen Oversight Committee, El Angel
Fernando Martinez	Director of Democracy Program, CARE/Ecuador
René Martinez	Burbano, Manta
Santiago Medina	DCOP and M&E Coordinator
Matías Mendez	Parish representative, Sucre
Lina Mendoza	Public relations Director, Babahoyo
Sandro Mendoza	Fundacion Ecuador, Guayaquil

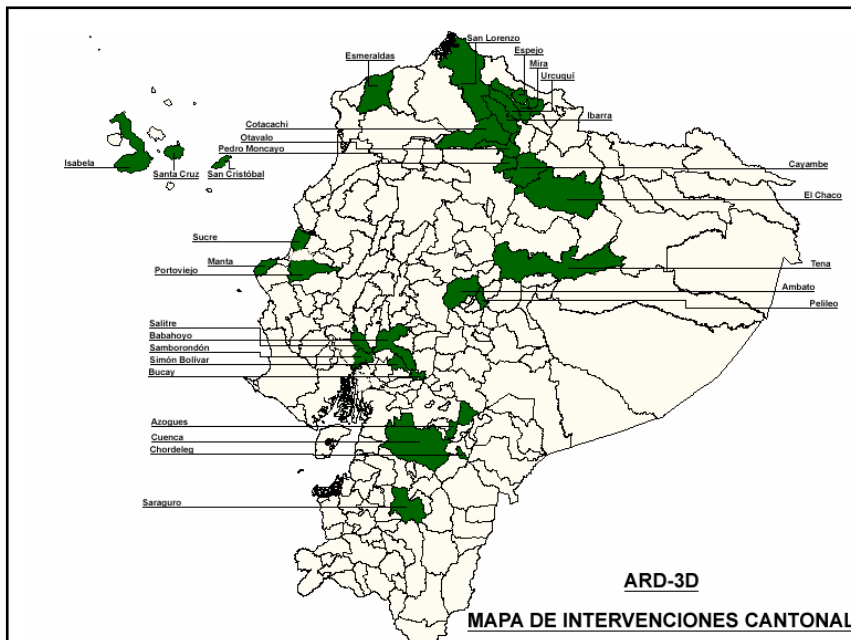
<b>Name</b>	<b>Relation to 3D/Location (if applicable)</b>
Gonzalo Molina Menendez	Manta
Cecilia Morales	Vendor/Beneficiary of Cotacachi Market
Fulton Morante	Representative of PTA, Guayaquil
Thomas Moore	USAID CTO
Amor Morocho	Teacher, Babahoyo
Adriana Navarro	Vendor/Beneficiary of Cotacachi Market
Cesar Palacios	Municipal representative, Azogues
Leticia Orces Pareja	Vice-Dean, University of Casa Grande, Guayaquil
Jaime Pelaez	Chordeleg
Paula de la Puente	Deputy Chief of Party
Oswaldo Quinatoa	Parish representative, Olmedo
Cesar Rivera	Public relations staff, Babahoyo
Hector Rivera	Chief of Party
Alberto Rosero	Lessons Learned Specialist, Quito
Cecilia Rosero	Finance Specialist
Tatyana Saltos	Coordinator of Cotacachi Market Activity, Cotacachi Municipality
Jorge Samaniego	ARD Consultant, Manta
Elizabeth Segovia	Contracts Specialist
Eduardo Severino	ARD Consultant, Babahoyo
Angel Franco Valle	Coordinator of Presidents of the Babahoyo Municipality, Babahoyo
Gladys Varela	Vendor/Beneficiary of Cotacachi Market
Eulalia Vásquez	Civic Forum Participant, Ambato
Macarena Vega	Technical Coordinator/Decentralization
María Eloisa Velázquez	Field Program Coordinator of the
Franklin Yacelga	Field Program Coordinator of the Sierra/Oriente
Jorge Yopez	Administrative Director, Babahoyo
Raul Zavala	Provincial Director of Tourism, Manta

# APPENDIX B: MAPS

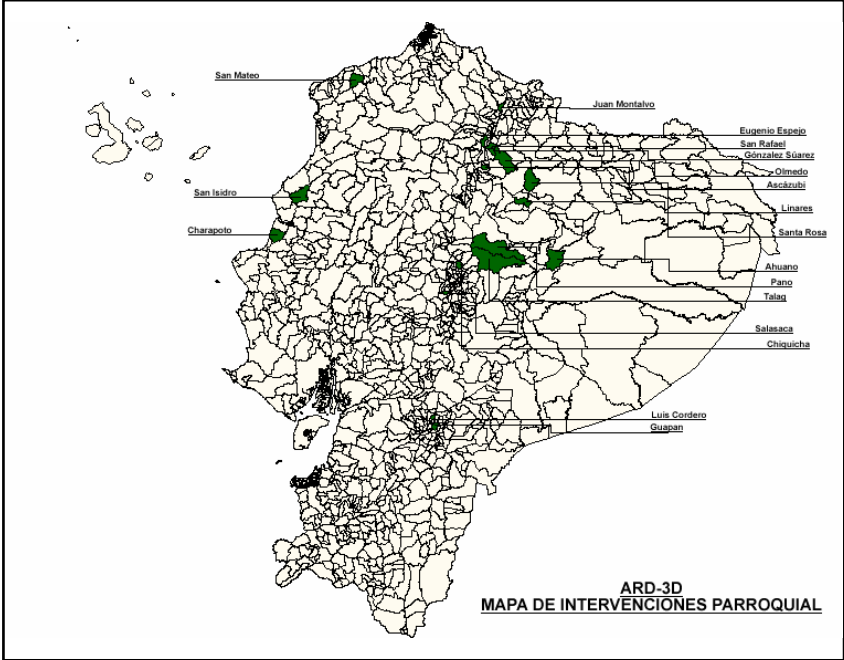
Map of ARD-3D project provinces.



Map of ARD-3D project municipalities.



**Map of ARD-3D project parishes.**



# APPENDIX C: SUCCESS STORIES

- A Clean Start in Northern Ecuador
- An Ecuadorian City Cleans Up Its Act
- Ecuadorian Women Lean an Effort to Revamp Community Marketplace
- Employees-Turned-Entrepreneurs Help Modernize Ecuador’s Meat Production
- A Healthy Improvement in Southeastern Ecuador
- Training Local Leaders for Democracy in Ecuador
- Water Works in Ecuadorian Tourist Town
- Women Leaders Participate in Ecuador’s Development



## SUCCESS STORY

### A Clean Start in Northern Ecuador

One of Ecuador's poorest municipalities receives USAID assistance to clean up its community.



*Before: Trash accumulates on the side of the road in San Lorenzo.*



Photo: ARD, Inc. (2)

*After: Government workers and citizens working together to clean up the city.*

**USAID provided technical assistance and funds to this poor, Afro-Ecuadorian community to improve its problematic waste management system. The results are visibly astonishing and have improved citizens' confidence in the workings of their local government.**

Access to basic public services is a pervasive problem throughout Ecuador, especially in the country's poorest regions. Such is the case in San Lorenzo, a poor Afro-Ecuadorian city located in the far northwest of Ecuador. Less than five years ago, San Lorenzo was extremely unkempt and dirty; trash and debris strewn along the streets were commonplace. Garbage collection was irregular, and waste would remain along public roads for days. The municipal government did not have the necessary personnel or vehicles for proper collection. A few miles outside of the city center was an inadequate, disorganized, and unsanitary waste depository, which attracted flies and other pests.

USAID has helped San Lorenzo's government and citizens clean up their community. Thanks in part to USAID's assistance, public sanitation services in San Lorenzo have improved, a new, safer landfill has been constructed, and a redesigned tax collection system is making these new government service provisions more sustainable.

USAID funds enabled the city to buy a new trash truck and repair the old one. Garbage collection has increased from 60% to 83%, now taking place daily from Monday to Saturday on established routes and preventing the accumulation of waste along public roads. USAID also helped establish a new sanitary landfill located seven miles outside of the city that includes an organized system of reception, separation, and control of toxic materials. San Lorenzo is a cleaner place. The change is visibly astonishing.



## SUCCESS STORY

# An Ecuadorian City Cleans Up Its Act

Local government works with citizen groups to clean up the city.



Photo: ARD, Inc.

*Cayambe Citizen Volunteers teach children about the importance of waste separation and recycling. "Clean Cayambe! Live Better!" is the slogan of the informational campaign that helped contribute to this Ecuadorian community's environmental consciousness and activism, leading to a cleaner and ultimately more democratic place.*

**USAID assisted a highlands community in Ecuador with a waste management project that included funding for new trash collection equipment and advisory services to help boost citizen awareness and participation in the clean up.**

Volunteer teachers engaged Ecuadorian school children in lessons about garbage, a subject that deviates from their daily instruction. The teachers came prepared with large posters featuring a smiling cartoon character inspired by the town's ubiquitous volcano. This fun little cartoon, however, conveyed a serious message to the young citizens of this highlands town: "Clean Cayambe! Live Better!" These children and others throughout the municipality of Cayambe are learning about trash: what it is, where it goes, and what its environmental impact is for their direct community and the world at large. These concepts may seem rudimentary, but they are critically important to teach in a town that nearly drowned in its own debris just a few years ago.

In 2002, Cayambe's municipal government was on the brink of collapse and unable to provide its citizens with some of the most basic government services—most notably, sanitation services. In fact, for 15 days that year, the city was literally covered in trash. The municipal government had only two old garbage trucks and no adequate landfill for the waste. The situation sparked citizen protests and demands for change.

The municipal government of Cayambe lacked the resources to deal with the situation and solicited assistance from international organizations. One USAID program helped the municipality create a temporary landfill and a new compost center and provided monetary and technical assistance to help clean up the city. USAID funds were used to purchase new tractors and street sweepers. And USAID supported the municipality with its efforts to mobilize citizen participation in the clean-up. Thanks to this support, the local government launched an informational campaign to educate citizens on the importance of keeping the city clean and separating and recycling their trash. Cayambe's citizens responded positively and backed the municipal government's efforts, readily volunteering to assist with the clean-up and the educational campaign. Such community participation will help make the program sustainable, teaching citizens of all ages to do their part to "reduce, reuse, and recycle."

Thanks to international assistance, including that of USAID, Cayambe has a brand new landfill, a new compost center, and adequate trash collection equipment and management. It is now one of the few municipal landfills in Ecuador that has received environmental certification from the national government. The change in the town has been dramatic and goes beyond an improved physical appearance to heightened public awareness of environmentally friendly practices. Citizens like these school children now understand the complexity and importance of proper waste management; they no longer take for granted the newly improved government services. The project helped foster better relations between Cayambe's municipal government and citizen groups, making the municipality's waste management program sustainable and boosting citizens' confidence in the workings of their local, democratic government.



## SUCCESS STORY

# Ecuadorian Women Lead an Effort to Revamp Community Marketplace

The new market transforms this northern Ecuadorian municipality.



Photo: ARD, Inc.

*Rosa Andrango, a fruit vendor and stakeholder of the new Cotacachi market, said, "People are happy with the new market. It's clean and they don't get wet when it rains. In some parts of the country, they still have to sell on the streets."*

***USAID has helped this largely indigenous municipality in Ecuador renovate its marketplace, creating jobs while improving working and shopping conditions and boosting community pride and confidence in local government.***

Rosa Andrango was one of the many vendors who would wake up at the crack of dawn in order to sell her fruits at Cotacachi's central marketplace. Cotacachi is a picturesque, multi-ethnic municipality about 60 miles north of Ecuador's capital, Quito. This town of about 37,000 inhabitants—50% are indigenous and 80% live in rural areas—had an inadequate, hazardous central market. The municipal government, with the support of USAID and engaged citizen stakeholders, changed this by building a covered marketplace that has boosted the local economy and improved the livelihood of individuals like Rosa.

Less than five years ago, the principal market in Cotacachi was open-air where vendors would come and set up their goods on the ground, crowding the city center on the weekends. Sanitary conditions were poor, and it was not uncommon to see rats scurrying around food products. On the weekends, sellers would wake up early to pick up their goods from the wholesaler, travel to the city center, and set up their "stands," only to pack up at the end of day. They were often fatigued from the early morning set-up and were subject to the weather conditions, frequently working all day under the beating sun. The market's organization was precarious and uncomfortable for vendors and limited to Saturdays and Sundays, when many of Cotacachi's inhabitants would make their way to the city center to buy meats and produce for the week.

In April 2002, USAID supported Cotacachi's municipal government and interested citizen groups in a highly participatory process to improve the municipal marketplace. The municipal government's monetary support of 54% for the project was supplemented by USAID's 30% contribution and a significant 16% from community members. Together, these investors decided on an innovative mixed economy model for the marketplace. The municipal government became the principal stakeholder with 82% ownership, with the remaining 18% ownership going to about 140 store owners—mostly women.

Rosa was one of a dozen women who led the market reform effort. Together with other vendors, she bought into the new marketplace and took on shared responsibility for its success. Rosa now pays a monthly fee for her space, but in return she receives a covered stand where she can store products and work every day of the week. She and her fellow merchants are now protected from inclement weather and can provide their buyers with a clean, organized shopping experience. Rosa said, "People are happy with the market. It's clean and they don't get wet when it rains. In some parts of the country, they still have to sell on the streets."

Rosa and her fellow vendors' working lives have improved, and their active participation in the successful marketplace project has helped unite a diverse community and boost its confidence in local democratic governance.



## SUCCESS STORY

# Employees-Turned-Entrepreneurs Help Modernize Ecuador's Meat Production

A community effort in an Ecuadorian coastal city creates a clean, modern meat production facility.



Photo: ARD, Inc.

*Luis Gonzalez proudly shows off the new meat production facility's machinery. He explains, "It was messy before because our methods were pretty basic. Now, however, the process is organized, clean, and less grueling for all involved."*

**USAID has helped an Ecuadorian coastal community develop a modern, hygienic slaughterhouse, supplying safer, higher quality meat and improving on this once rudimentary and dangerous local industry.**

Luis Gonzalez is proud of Manta's new meat facility. He was an integral part of helping it transform from a dirty, disorganized space into a large, organized complex complete with modern equipment. He explains, "It was messy before because our methods were pretty basic. Now, however, the process is organized, clean, and less grueling for all involved." Luis was one of the original workers retrained to operate the new slaughter house in Manta, a coastal city in Ecuador.

Manta had no proper livestock-handling facility before; rather, animals were butchered in a rudimentary fashion and in unhygienic conditions. It was not surprising, then, that the city was known more for its seafood than its beef. This is beginning to change, thanks to one USAID program that supported Manta's municipal government and citizens to revamp their community's meat production. The municipal government reacted to its citizens' concerns and, with USAID assistance, developed a project to modernize the city's slaughterhouse facility and operational processes.

USAID assisted the local government with citizen participation methods and in selecting technical consultants to design, build, and reorganize a new livestock facility. First, citizen forums were held to solicit opinions and initiate dialogue about the new project. Then, a market study was conducted by consultants to decide on the proper size of the facility, appropriate production levels, and adequate pricing schemes for the meat sold in the market. This research helps ensure the project's economic sustainability. Finally, a brand new meat facility and smaller administrative office were constructed. The facility included new, modern equipment.

Beyond the physical transformation of the meat facility, its administration and operation changed as well. The original workers formed a cooperative that now runs operations. They were retrained in new, more sophisticated techniques and operational methods. These employees-turned-entrepreneurs were

accustomed to unkempt conditions and simple butchering practices that proved messy and dangerous for the individuals involved and cruel for the animals. Thanks to modern equipment, newly enforced sanitary requirements, and worker retraining, the butchering process is now clean, efficient, and relatively painless. The workers are proud to show off their facility and explain the improved mechanisms.

The workers' cooperative now produces a larger quantity of higher quality meat that it sells to local supermarkets in Manta and to other nearby towns and cities. The profits being made are being reinvested in the facility to continue to improve and increase production. Manta's citizens appreciate the healthier, more hygienic meat production, which strengthens their faith in the workings of their local government. The project is being touted as an example for other municipalities across Ecuador.



## SUCCESS STORY

# A Healthy Improvement in Southeastern Ecuador

A local government in Ecuador leverages international aid to revamp its community's health clinic.



Photo: ARD, Inc.

*Dr. Ximena Prieto uses the brand new ultrasound machine purchased with USAID funds. Chordeleg's mayor, Flavio Barros, remarked, "Thanks in part to USAID funds and technical assistance, Chordeleg has a modern, clean health clinic that attends to the public every day of the week."*

***USAID has helped a small municipality in Ecuador take charge of and revitalize its health center. The center is now clean, organized, and well-equipped, providing the community with decent healthcare and helping to administer proper vaccinations to all children.***

The mayor of Chordeleg proudly shows off his community's newly renovated health clinic. Outside, there are beautifully kept wild flowers. Inside, physicians in white cloaks busily attend patients. A dentist inspects the teeth of a child in an organized, well-lit space. In a nearby office, a technician uses a brand new ultrasound machine. Down the hall, there is a chemist working in a well-equipped laboratory. This may sound commonplace, but just a few years ago none of this existed in Chordeleg. In 2004, the municipality's central clinic, administered by Ecuador's Ministry of Health (MOH), was sorely neglected, run down, and lacked adequate medical equipment.

Chordeleg's particular socioeconomic reality, coupled with central administration and Ecuador's national economic crisis, made it impossible to provide proper public healthcare. In 1998, Ecuador experienced one of its worst economic crises. In 1999, the central government was near bankruptcy and the country's poverty rate soared to 70%. Chordeleg, still recovering from a flood that devastated the area in 1993, was hit hard by the national crisis.

As a municipality subsisting largely on tourism, Chordeleg has had a slow recovery. International emigration has soared as jobs are few. As a result, Chordeleg has a disproportional number of males (4,800) to females (6,000). The municipality carries the extra burden of a high number of low-income single mothers with significant healthcare needs. Moreover, 15% of Chordeleg's citizens are indigenous and often rely on limited and sometimes dangerous traditional medicines.

It was clear that centralized, national administration of the municipality's healthcare was not working and drastic reform was needed. Since early 2005, USAID has worked to decentralize Chordeleg's health administration from the MOH to the municipal government level. The MOH suffers from a myriad of structural, managerial, and legal weaknesses, which have created barriers that hamper it from fulfilling its mandate of providing public healthcare. USAID continues to make progress toward

the formal transfer of healthcare responsibility from the central to local government. In the meantime, it also assists Chordeleg on the ground with its immediate efforts to improve community healthcare.

Flavio Barros, Chordeleg's mayor, remarked, "Thanks in part to USAID funds and technical assistance, Chordeleg has a modern, clean health clinic that attends to the public ever day of the week." And since the end of 2005, all children in Chordeleg—over 1,000 of them—have received proper vaccinations, up 60% from the previous year. Vaccinations are especially critical in poorer areas where water-borne diseases are prevalent.

The municipal government has also opened a few smaller clinics in rural areas. There are now four medical teams that rotate among these centers. Citizens no longer have to rely on traditional medicines as they are more confident that their healthcare needs can be met at the central clinic, which now treats a record 1,300 patients a month. Chordeleg's citizens are healthier and happier with their government, as they are seeing real, positive changes that affect their well-being.



## SUCCESS STORY

# Training Local Leaders for Democracy

Local government administrators learn the skills needed to lead and strengthen Ecuador's democracy.



Photo: ARD, Inc.

*Students listen to a professor's lecture on public waste management at Catholic University in Quito.*

***USAID—together with national universities—is training Ecuadorian government leaders for democracy. The educational program's objective is to enhance democracy in Ecuador through leadership training, helping to develop stronger, more ethical local government administrators.***

According to the 2005 Latinobarometer, 70% of Latin Americans believe democracy is the best system of government. Many Latin American citizens, however, are dissatisfied with the way democracy is working; more specifically, they are concerned with corruption, poor economic performance, and general lack of responsiveness on the part of politicians. Such is the case in Ecuador, one of the smallest countries in South America, where only 14% of the country's citizens express satisfaction with the way democracy works.

Ecuadorians' frustration with their politicians stems from the leaders' failure to satisfy citizens' most basic needs such as the provision of sanitary waste facilities, potable water, and decent schools. As a result, Ecuador's political leadership is blamed for the short-comings of democracy. The country's politicians are accused of corruption and lacking the long-term vision and skills needed to lead governments and deliver basic public services.

One USAID program tackles Ecuador's democratic deficit through leadership training. Together with four national universities in Ecuador, USAID has created a countrywide leadership development program aimed at strengthening the country's local governance. The program trains local administrators—including mayors and council members—to become better leaders, providing them with the skills needed to be long-term strategic thinkers guided by ethical considerations.

The nine-month graduate program, launched in December 2005, is currently instructing 173 public leaders in such subjects as the history of local governance, local government planning, organizational development, human resource management, conflict and mediation, and communications and marketing. The classes take place two weekends a month in three strategic locations across the country. About 40% of the students receive scholarships for tuition and study materials, but all participants organize their own transportation. Some travel many hours by car to and from remote municipalities every other weekend—a testament to their dedication.

This program invests in the development of local public servants and will have a long-lasting positive impact on these individuals, the citizens they serve, and Ecuador's local democratic governance. Some positive changes in public administration are already being seen. Local administrators, armed with ideas from the classroom, are implementing new programs directly benefiting their citizens. For example, José Jácome, human resource director for Ambato, a municipality located 86 miles south of the capital city of Quito, worked with his professor and fellow students to create a pilot program addressing the issue of illiteracy among Ambato's government workers. His government promoted a reading program that, in a few months, has reduced illiteracy from 23% to 19% among the more than 600 municipal workers. Mr. Jácome explains that he is already noticing a difference in the competency and behavior of Ambato's workers, which positively affects the quality and efficiency of government services.



## SUCCESS STORY

# Water Works in Ecuadorian Tourist Town

A local government in Ecuador's highlands works with citizens to clean up its water supply.



Photo: ARD, Inc.

*A chemist checks water quality at the municipality's new water laboratory created with USAID funds.*

***USAID helped the local government of Otavalo lead a highly participatory development project to clean up its community's water. Formerly dirty and dangerous, Otavalo's water supply is now one of the cleanest in Ecuador.***

Although 70% of Latin Americans reported in 2005 that democracy is the best form of government, most are unsatisfied with the way democracy works in their countries. Much of their frustration stems from their governments' failure to provide even the most basic public services. Such is the case in Ecuador, a country where access to potable water is a pervasive problem. In general, the water supply has been unreliable, with many citizens either going without service or receiving poor-quality water that is subject to interruption. Otavalo, located 35 miles north of the country's capital of Quito, was no exception. This picturesque city known for its friendly indigenous population and Saturday market had an old, dirty water system that was dangerous to the health of the community and its visitors.

USAID supported the municipal government of Otavalo in a highly participative development project to clean up its water. Otavalo's citizens financed 60% of the water project themselves, with the other 40% coming from the municipal government. Additional USAID funds and expertise were leveraged by the municipal government to provide training, technical assistance, and creative citizen participation methods. Moreover, USAID provided clean water technologies and helped launch an information campaign to teach the community to value its water supply. TV ads and videos were created with the slogan "water is life, take care of it," and alternative communication mediums were produced to reach more remote areas. For example, puppet shows replaced TV ads in poorer, rural villages. Informational campaigns helped persuade citizens to back the water initiative and spend more money for this newly appreciated resource. Higher water fees helped reduce waste and increase funds for other government programs.

Otavalo's water supply is now one of the cleanest in the country, reaching 98% of the city's inhabitants 24 hours a day, 7 days a week. With citizen participation, increased revenues, and USAID assistance, the municipality created a new potable water system boasting new tanks and improved distribution channels. Together with USAID, the local government also established a chemical laboratory with high-tech equipment for

water monitoring and testing. Otavalo now helps with and exchanges information on water quality with other municipalities. The Otavalans' health has improved and their attitudes regarding water have changed. Local citizens now value and protect water and recognize that *they* are responsible for ensuring that the water stays clean to protect their children and the next generation of Otavalans. This has been a highly participatory process that strengthened community involvement in local governance and increased citizens' confidence in the workings of democracy.



## SUCCESS STORY

# Women Leaders Participate in Ecuador's Development

Promoting women's leadership in public administration is strengthening equality in Ecuador.



*Macarana Vegas, technical coordinator for the decentralization component, busy at work at the project's Quito office.*



*Dawn Traut, ARD home office DG specialist, facilitates a discussion to increase the participation of women and youth in the ARD-3D project.*

Any democratic framework should take into account gender perspectives. Democracy, by definition, cannot afford to be gender-blind. It must strive toward equality and representation of women and men in decision-making processes and in the opportunities to achieve both these goals. ARD, Inc. attempts to promote this approach and works to achieve gender balance in its *democracy and governance* work around the world.

In October 2001, ARD began to implement a USAID governance and democracy program throughout Ecuador. The program seeks to promote democracy through the strengthening of local governance, government institutions and citizen participation. The program is referred to locally as "ARD-3D," highlighting its three key aspects: democracy, decentralization, and development. Since ARD-3D's inception, women have played a critical role in the administration of this countrywide project at ARD's home office, its project and regional offices in Ecuador, and at the local, project level. ARD-3D's dedicated, professional women are helping to break down the gender barrier in public administration throughout Ecuador.

Women's leadership and advancement in the field of public administration is particularly noteworthy in a country like Ecuador, where women's roles have tended to be more traditional and family oriented. Yet democracy implies that *all* citizens' voices are heard at all levels of society. It is even mandated by Ecuadorian law (*la ley de cuotas* or "the quota law") that Ecuador's political representatives must reflect the gender balance in the country (about 40% of Ecuador's congressional representatives are women), and Article 34 of the country's 1998 Constitution grants men and women equal rights and opportunities. The representation that women have in Ecuador's congress, however, has not filtered down to all levels of government administration—especially at the local level, where many women still hold more traditional supportive roles rather than leadership positions. By practicing what it preaches, the ARD-3D project is promoting women's leadership in Ecuador's public administra-

Photos: Jamie Hulise (2)

tion, allowing their voices to be heard, and promoting a more balanced, sustainable development approach that reflects the richness and diversity of Ecuador's population.

ARD actively seeks to improve gender awareness and to incorporate gender into its program design, implementation, and evaluation. Since 2004, Dawn Traut, ARD DG specialist, has worked with a gender expert and trainer to organize annual gender workshops for ARD home office staff. The workshops are aimed at building awareness and consensus among ARD's staff regarding gender issues in order to better incorporate the role of women into development proposals, projects, and evaluations.

ARD-3D has successfully promoted women's participation at the local government level in Ecuador while setting an example with the strong women that lead its development program. In Quito, women with impressive educational backgrounds and development field experience help lead the 3D project. Out of 23 employees, 16 are women, or the equivalent of 70% of the workforce; 54% are in supervisory, technical, or managerial positions.

The role of women in the 3D project extends beyond the administrative offices, with the role of program advisors. ARD-3D established an external advisory committee that includes several distinguished women from Ecuador's private and public sectors and reflects the country's ethnic, cultural, and gender diversity. The purpose of this committee is to provide guidance and feedback regarding project initiatives.

Each ARD-3D local initiative in Ecuador has a citizen participation component that helps ensure that project implementation is more democratic, more needs-based, and more accountable to diverse stakeholders. There are many women-led citizen groups that have made successful project implementation possible. One excellent example is the group of women market vendors in Cotacachi who voluntarily worked with their municipal government and ARD-3D to mobilize support for a large initiative to overhaul their community's local marketplace. Most of the women stakeholders in Cotacachi are also indigenous, which is significant as it elevates these traditionally marginalized citizens to a productive, more valued place in their local communities.

ARD works to improve democratic governance around the world and is convinced of the important role that women play in this process. Its 3D project in Ecuador proves that it practices what it preaches, making the company more credible and setting a democratic example for the stakeholders and beneficiaries of its projects.



# APPENDIX D: SIF FUNDS (LEVERAGED BY ENTITY)

## FUNDING CONTRIBUTIONS FOR ARD-3D LOCAL GOVERNMENTS AND COMMUNITIES (IN US \$)

Phases I and II

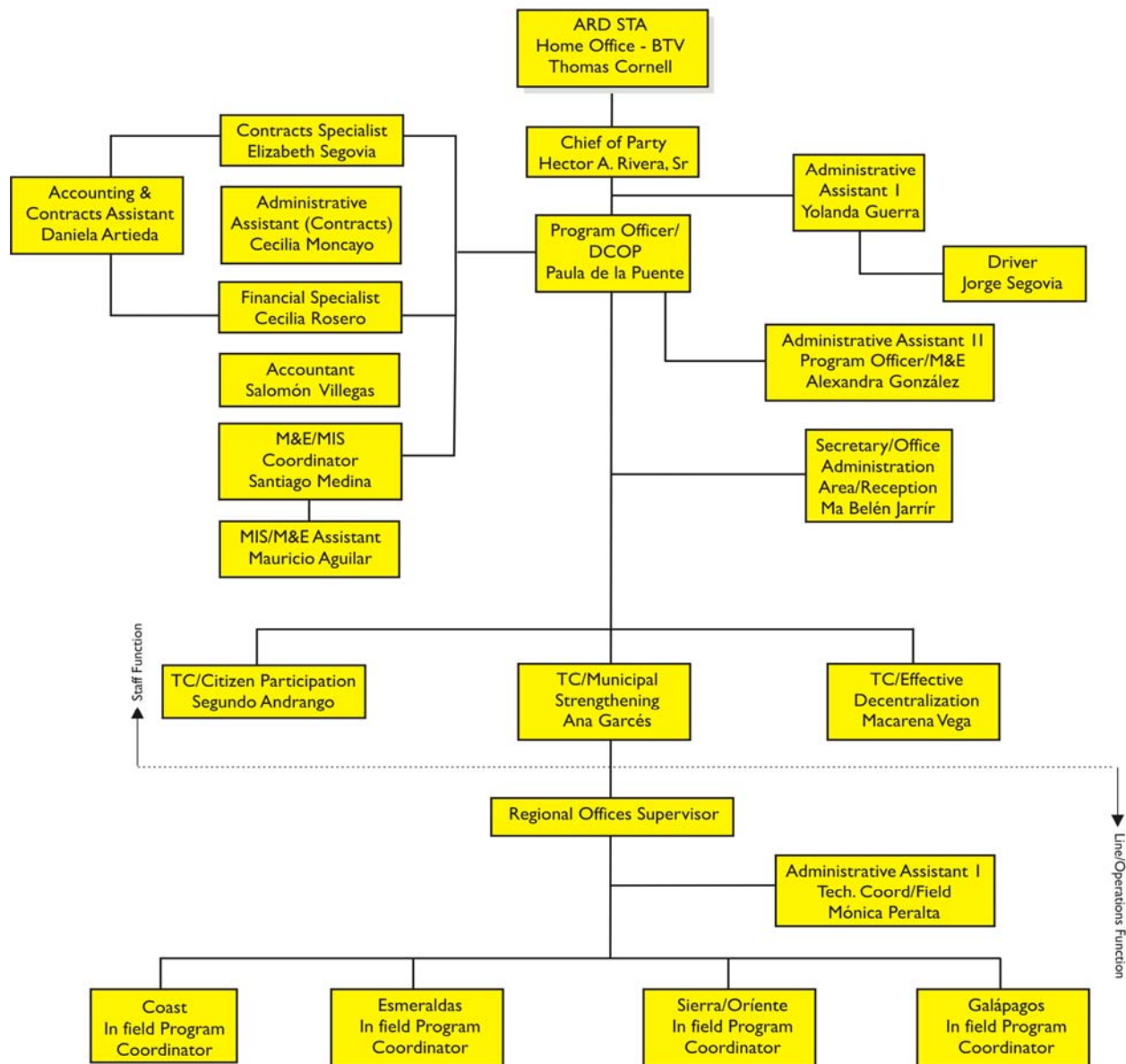
Region	Province	Local Government	ARD	Municipality	Community	Other	TOTAL
Sierra Centro	Tungurahua	Ambato	214,913	346,130	130,000		691,043
Sierra Centro	Cañar	Azogues	233,970	77,520	14,200		325,690
Costa	Los Ríos	Babahoyo	243,461	127,081	8,000		378,543
Costa	Guayas	Bucay	18,275	27,000	0		45,275
Sierra Norte	Pichincha	Cayambe	254,028	391,620	9,872		655,520
Sierra Sur	Azuay	Chordeleg	13,120	24,207	0		37,327
Sierra Centro	Imbabura	Cotacachi	253,130	520,645	130,000	404,100	1,307,874
Sierra Sur	Azuay	Cuenca	5,152	10,000	0	10,000	25,152
Oriente	Napo	El Chaco	21,083	8,600	0	5,000	34,683
Esmeraldas	Esmeraldas	Esmeraldas	267,746	186,800	200,000	0	654,546
Sierra Norte	Carchi	Espejo	230,297	142,029	7,087		379,413
Galápagos	Galápagos	Isabela	18,719	7,000	0		25,719
Costa	Los Ríos	Los Ríos (CP)	2,294	6,000	0		8,294
Costa	Manabí	Manta	221,702	157,698	40,000		419,400
Sierra Norte	Carchi	Mira	269,310	123,200	2,576		395,086
Oriente	Napo	Napo (CP)	26,757	22,600	0		49,357
Sierra Centro	Imbabura	Otavalo	271,667	160,322	9,431		441,420
Sierra Centro	Pichincha	Pedro Moncayo	240,685	182,434	7,158		430,277
Sierra Centro	Tungurahua	Pelileo	15,599	5,000	0		20,599
Costa	Manabí	Portoviejo	15,322	7,000	0		22,322
Galápagos	Galápagos	San Cristóbal	0	0	0		0
Esmeraldas	Esmeraldas	San Lorenzo	371,094	123,320	6,379		500,793
Costa	Guayas	Sanborondon	2,294	6,000	0		8,294
Galápagos	Galápagos	Santa Cruz	0	0	0		0
Costa	Guayas	Santa Elena	23,196	18,000	0		41,196

Region	Province	Local Government	ARD	Municipality	Community	Other	TOTAL
Costa	Guayas	Salitre	4,766	6,000	0		10,766
Sierra Sur	Loja	Saraguro	247,056	96,564	6,500		350,120
Costa	Guayas	Simón Bolívar	17,309	13,428	0		30,737
Costa	Manabí	Sucre	234,104	74,420	3,336		311,860
Oriente	Napo	Tena	259,344	187,018	27,000		473,362
		<b>Total</b>	<b>3,996,392</b>	<b>3,057,635</b>	<b>601,539</b>	<b>871,779</b>	<b>8,527,345</b>

### Phases I and II Contributions from Partner Organizations

Organization	ARD	Institutions	Other	Total
AME	58,418	126,477	0	184,895
Corporacion Ecuatoriana Calidad	71,147		122,100	193,247
CONAM	100,000	122,279	0	222,279
UNIVERSITIES	39,100	37,840	12,500	89,440
CONCOPE	7,927		0	7,927
<b>Total</b>	<b>276,592</b>	<b>286,596</b>	<b>134,600</b>	<b>697,788</b>

# APPENDIX E: 3D PROJECT ORGANIZATIONAL CHART



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