2018 CLA CASE COMPETITION

COLLABORATE • LEARN • ADAPT

Case Title:

Delegating Essential Functions to Municipalities as a Collaborative Learning Process

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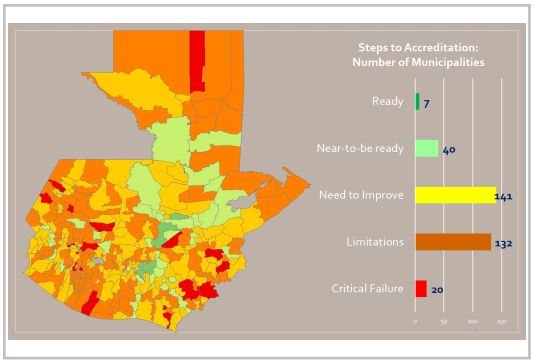

Steps to Accreditation, Number of Municipalities

Summary:

HEP+ started in April 2016, with a new component for health sector reform. Three months later, HEP+ successfully connected all major players, produced consensus about vision, strategic lines, and reform stages. The president and vice president launched the reform process. Only one month later, Ministry of Health (MOH) authorities had resigned, pushed out by the Congress and the Ombudsmen office. The team appointed to lead the MOH stopped the health reform process and devoted most of their 11 months in office trying to expand their own non-governmental organizations' work to six health directorates. Ongoing solutions were frozen, and improvement processes were reversed. The same coalition dismantled coverage extension program, a 17-years initiative to reach the poor, indigenous and rural population.

In such volatile environment, HEP+ decided to pause and reflect. We realized the ultimate determining factor in the health sector decisions was centralization of functions, decisions and resources, as it made institutions and communities vulnerable to political instability. During the last five years there were three presidents, eight health ministries, and tents of deputy minister; however, mayors and municipal officers were stable, accountable and could get reelected.
Our team redefined our theory of change, understanding decentralization as a fundamental reform, a pre-requisite not only for health, but for all ministries and secretaries of state. We saw this not as a gift from central level to municipalities, and not a suitable response for all municipalities, because many were not ready to manage delegated functions. We applied a form of CLA based on measuring capabilities, introducing improvement plans and developing tools to guide delegation of functions, having as allies the Ministry of Finance and the Planning and Executive Coordination Secretariats.

1. Which subcomponents of the Collaborating, Learning and Adapting Framework are reflected *most* in your case (select up to 5 subcomponents)?

- ☐ Internal Collaboration
- ☑ External Collaboration
- ☑ Technical Evidence Base
- ☐ Theories of Change
- ☐ Scenario Planning
- ☐ M&E for Learning
- ☐ Pause & Reflect
- ☐ Adaptive Management
- ☐ Openness
- ☑ Relationships & Networks
- ☑ Continuous Learning & Improvement
- ☐ Knowledge Management
- ☐ Institutional Memory
- ☑ Decision-Making
- ☐ Mission Resources
- ☐ CLA in Implementing Mechanisms

2. What is the general context in which the case takes place? What organizational or development challenge(s) prompted you to collaborate, learn, and/or adapt?

In the past five years, Guatemala has faced a great deal of political instability, administrative turnover, and negative influence of private interests into public offices. The impact on the MOH has crippled health care facilities and shut down the coverage extension program -an award-winning initiative to provide essential health services to rural, disperse and difficult to reach communities. Discretionality and lack of accountability of central level authorities sharply contrast with the stringent follow-up on municipal officers, not only from centralized and decentralized institutions, but their constituency as well, which are always ready to make claims whenever a municipal service does not meet citizen's expectations.

Decentralizing health services to municipalities is an opportunity to strengthen health, education, water and sanitation, changing the role of central administration towards stewardship, regulation and oversight, and empowering local governments to enforce regulation, manage financing, entitlements and providers, and implementing performance-based service provision arrangements.

There are 340 municipalities in the country. Many distrust their own capacity to manage health, education, and other centrally administered services. Many mayors and municipal corporations are afraid of receiving delegated functions, such as primary health care. Some mayors want to take those functions in exchange for resources, even if they do not feel capable of delivering. Some municipalities are plagued with administrative and financial problems.

We needed a customized approach to decentralization able to cope with those problems. We began with an approach to measurement based on the evidence base, developed delegation readiness metrics, made champions of mayors meeting standards, provided compliance-oriented collaborative learning for those close to being accredited, and provided incentives to the lower ranks to catch up with others in their Mancomunidad, or association of municipalities.

3. Why did you decide to use a CLA approach? Why was CLA considered helpful for addressing your organizational or development challenge(s)?

When HEP+ started, the team defined a theory of change and learning agenda, an evidence-based approach to understanding what works and why, and how the context can enhance or dim the project accomplishments. Following a learning agenda seemed more comprehensive than monitoring and evaluation, and more systematic than continuous improvement.

We decided to try it as a way of adapting to an ever-changing policy environment, to create scenarios that would help us to anticipate and decide on which pathway to follow. We also decided that it would be a tremendous tool for implementing a participatory, evidence based, results-oriented and transparent decentralization process, and a way to take advantage of the team's experience on developing composite indices and quality-oriented process redesign.

The CLA process seemed right because of the dense implementation ecosystem, the large number of people engaged in health sector reform. The Ministry of Finance (MOF) assists municipalities, and should be the one certifying their prowess at financial management. The Planning Secretariat measures management functions and service provision by municipalities, and should assist them to attain certification in those areas. The Executive Coordination Secretariat, managing Development Councils and Decentralization, should certify how integrated were the participatory process in the budget and decision making of the municipality. The municipal strengthening board is a coordinating mechanism attended for many institutions. Mayors, congresspersons, civil society representatives, among others, should engage and contribute at some point. Under a CLA approach, we would be able to organize and implement a municipal improvement process aimed at making possible delegation of health and education functions while reflecting and adapting based on implementation experience.

4. Tell us the story of how you used a collaborating, learning and/or adapting approach to address the organizational or development challenge described in Question 2.

1. CHARTING THE ECOSYSTEM: Identifying key players, their positions and arguments. Starting with a desk review, we then conducted an interview-based political economy analysis. Both analyses showed respondents' confusion about the legal framework, gave insight on feasibility of implementing decentralization and current municipal capacities to carry out delegated functions.
2. GROOMING LEADERS AND CHAMPIONS: Making the case for a small group of leaders from six entities / domains: Villa Nueva's Major and Chairman of the Association of Municipalities (who had running a municipal health care network); the Presidencial Commissioner for Dialogue (a decentralization scholar that has contributed to create the legal framework); the Director of Assistance to Municipalities for Financial Management (who implemented an integrated accounting and budgeting system with central level functions to be delegated); a Deputy Secretary of Planning for Land Use and Municipal Development (who has promoted urban and rural development plans, harmonized with municipal level). Director of Decentralization of the Executive Coordination Secretariat (by law, the entity responsible for planning, conducting and monitoring the decentralization process). They were enthusiastic about revamping the road for decentralization, and provided support along the road. This collaboration was essential to success.
3. DEBUNKING MYTHS: We discussed with the champions and their legal advisors the actual laws and regulations governing the process. Misconceptions were corrected, and the process to be followed was clarified. A policy brief was written to document such analysis.
4. DEVELOPING A VISION: An operational plan for SCEP was written and presented during the National Development Council meeting in January 2017. Representatives from civil society, businesses, governors and mayors saluted the initiative and asked the President for a National Decentralization Agenda. After months of participatory preparation and validation, the Agenda was presented during in September Council Meeting; the President received an adjusted version in December.
5. OPERATIONAL MODULES: The road to implementation was formulated and costed, with products and resources included in SCEP's FY18 Budget proposal. The Congress did not approve general government proposal, and FY2017 budget remained in force. HEP+ helped the SCEP to prepare a USD 500k project profile to request non-reimbursable cooperation from Interamerican Development Bank (currently under revision).
6. PROCESS (RE)DESIGN: The regulation on decentralization lack a clear set of steps. We designed it as a collaborative learning process, directed to municipalities associations (called "mancomunidades"). The process includes the following steps: i. a partnership agreement with SCEP; ii. an assessment of capacity based on a composite index (PRECODE, Spanish); iii. a customized program for accreditation (PROMESA, Spanish); iv. prioritization of areas and competencies for delegation, and v. preparing proposals; v. ministries should evaluate the proposals ,and vi. helping municipalities to set up local service delivery.
7. ASSESSING CAPACITY: The delegation readiness index (PRECODE) is composed by 12 indicators selected from the Municipal Ranking prepared by SEGEPLAN, to monitor social participation, transparency and accountability, provision of water and sanitation services, management tools applied to municipal offices and resource generation by inhabitant and from land property. The standardized composite index we created was divided in five compliance levels; the 80%-100% bracket is considered ready to receive delegated competencies. Only 7 out of 340 municipalities qualified and received accreditation by SCEP in CONADUR meeting of May 2018.
8. MUNICIPAL STRENGTHENING: We analyzed performance of mancomunities with the PRECODE. Gaps found in each indicator were converted into improvement opportunities. SCEP will conduct meetings with municipal planning officers and the municipal strengthening board to produce improvement plans by Mancomunidad.
9. GOVERNANCE MECHANISMS. A specific cabinet of ministries ruling priority areas for decentralization was installed by president Morales. He instructed ministers to appoint mid-managers for the technical board on decentralization, a planning, learning and accountability space for a coordinated implementation. We developed technical guidelines to prepare decentralization plans (PLADES) for each ministry.
10. SUSTAINABLE FUNDING. We met the Budget director of MOF to explain the decentralization process and plans. We had an enthusiastic reception and the requirement of increasing the pace to prevent the process not surviving to elections (in September 2019). Central administration funds, IDB assistance and Development Council funds will provide an initial platform for the process to continue during a new administration.

5. Organizational Effectiveness: How has collaborating, learning and adapting affected your team and/or organization? If it's too early to tell, what effects do you expect to see in the future?

Effects we see today:

a) RESILIENCY. During 2016 we charted the ecosystem and mobilized players; during 2017, we help buiding a vision, a strategy and some additional funding; during 2018, we developed operative plans, tools, processes that provided momentum for implementation at local level. During this period, there have been three health ministers and 11 viceministers. The initiative is highly resilient to institutional instability.
b) RELEVANCY This initiative is regarded by local administration and central level authorities as a legacy of the current administration which will change the power balance and will increase the volume, quality and distribution of essential services for the citizens. That puts our initiative in the top of the political agenda.
c) EFFICIENCY. Most of the investments in this process have been made by the government and other donors. We focus our contribution in technical assistance.
d) OWNERSHIP. All public appearances, visibility and branding is from government; people at all government levels understand what is needed and work on it.

Expected effects after implementation:
a) Governance of sectors increased as result of coordinated functions division among regulators and implementers;
b) Coverage of services increased as improvement programs attend a smaller grid and a specific list of beneficiaries;
c) Funding increased as local governments, budget officers and external agencies are eager to collaborate;
d) Transparency and accountability in health and education increased, as mayors respond directly to their constituencies, via development councils, municipal councils and neighbors' assembly.

6. Development Results: How has using a CLA approach contributed to your development outcomes? What evidence can you provide? If it's too early to tell, what effects do you expect to see in the future?

Results we see as of now:
a) MOF, Planning Secretariat and SCEP defined priorities for resource transfers to development councils during 2018 and 2019. The priorities they selected were projects in education, health, water and sanitation;
b) Public budget for SCEP increased GTQ15 million (31%) in 2017;
c) The national development council (CONADUR) has known and validated PRECODE tool and PROMESA process for continued improvement of municipal administration;
d) The national mayors' association (ANAM) has expressed total support to the process, and their public communications ratify such support;
e) Coordination between MOF, Planning Secretariat, SCEP and CONADUR is no longer limited to civil works investments; instead, it is about sustainable human, social and economic development, and the role of municipalities in implementing programs to achieve progress in those issues.

Development results to be seen:
a) Increased coverage and quality of water and sanitation services;
b) Improved social participation in planning, execution and evaluation of public functions affecting human development
c) Better spending quality for resources transferred to local level

7. What factors affected the success or shortcomings of your collaborating, learning and adapting approach? What were the main enablers or obstacles?

Each obstacle gave us opportunity to learn and adapt:
a) Changes in MOH's leadership made us contrast instability in central government with continuity at municipalities;
b) Cancellation of reform processes that would improve MOH's management and transparency made us to start working with MOF, understanding those changes would not occur by MOH's initiative, but in compliance of specific directions from MOF;
c) Conflict between new authorities and labor unions, health directors at subnational level and hospital directors, and the obsession with designing models, instead of meeting coverage targets, made us think of dividing labor between a MOH as a regulatory agency that provides oversight, and municipalities as implementing agencies that follow regulations and receive supervision from the MOH.
d) The opposition from MOH authorities to decentralize health care services, made us think of the reason why decentralization got stalled for 15 years, and made us follow the path towards promoting delegation of functions for all the executive branch;
e) A set of conceptions from lawyers about a deadlock in legal base of decentralization that made impossible to progress towards implementation made us work into debunking myths;
f) The reduction of funding for our project and the threat of an early closure made us look out for additional funding, mobilizing public and external funding for SCEP;
g) The general belief that municipalities are not able to comply their own responsibilities much less receive new ones from central government, incentivized us to develop delegation readiness metrics, and putting in the SCEP the responsibility of crediting municipalities capacities based in such a metrics.
h) Having only seven municipalities able to implement decentralized functions was a shock. However, we developed guidelines for programs to improve sustainability and gaining accreditation (PROMESA), so we arrived at a collaborative learning approach as a result of all the obstacles in our pathway.
The support of USAID Guatemala help us to keep on focused while working beyond health sector players.

8. Based on your experience and lessons learned, what advice would you share with colleagues about using a collaborating, learning and adapting approach?

Imagine that a colleague is facing a similar organizational or development challenge and asks you for advice on using a CLA approach to address it. What should they know before they get started? What resources should they draw on? What should they do? What should they not do?
LISTEN. The first lesson was about putting our efforts not on being heard, but on listening to what players had to say. That changed our perspective and committed even more to achieve our targets and deliverables, only following a different strategy.
LEARN. The context where you implement, the interests and incentives there are the result of past events. You need to understand which is unfreeze for change and what is not reachable now. It is great if you can take that journey with your counterparts, deciding on what merits effort because is ripe for chan.
GIVE. The most exciting part was creating a large dialogue network. We did it by attending first our counterpart needs, and then asking for time to talk about our interests.
DARE. The solution we found was ambitious and we put a lot on the line to follow it, because we did see the opportunity for it, and because most counterparts told us how important it was.
INVEST. The plan is the people who believes in the vision and has clear understanding of the way. By grooming champions and training counterparts, we mobilized political wil and resources much larger than our project.
DOCUMENT. We promoted that each step of the way to be recorded, that every achievement should be published, and assisted our counterparts with technical scripts to produce explanatory video clips on decentralization.