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# Decentralisation and NGO–municipal government collaboration in Ecuador

*James R. Keese and Marco Freire Argudo*

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*Decentralisation, or the transfer of decision-making power and funds from central to local governments, is one of the most important reform movements in Latin America. Recent constitutional changes in Ecuador have contributed to the democratisation and empowerment of municipal governments. Case studies of three municipalities in highland Ecuador examine new opportunities for NGO–municipal government collaboration. NGOs have considerable experience of working locally and can help municipalities with planning and capacity building. Municipalities offer NGOs the legitimacy and local accountability they may lack, as well as the means both to extend project activities beyond isolated communities and to maintain the results once NGO assistance ends.*

## Introduction

This paper is grounded in two themes that are central to development in Latin America: state reform and the role of NGOs in development. The state in Latin America has been characterised by authoritarian, centralised, and corrupt forms of rule dating to the colonial period. Since the late 1970s, trends towards democratisation and decentralisation are revolutionising the politics of the region (Campbell 2003:3). The debt crisis of the 1980s and the failure of government to respond to the needs of the majority contributed to a near universal transition to democratic civilian rule. The second important trend is that of decentralisation, which involves the transfer of decision-making power, administrative functions, and financial resources from central governments to provincial and municipal governments. James Manor (1999:1) states, ‘Decentralization has quietly become the fashion of our time’. Proponents argue that decentralisation can make the delivery of public services more efficient, increase equity by allocating resources to long neglected populations and regions, and promote democracy through increased citizen participation and accountability.

In Latin America, the last half of the twentieth century saw a region-wide demographic shift characterised by rapid rural-urban migration. In 2003, 75 per cent of the 540 million Latin Americans lived in towns and cities. As urban systems grow and mature, a new set of complex social and urban problems have arisen (Campbell 2003:17). Reilly (1995:ix) argues that the principal area for redefining social policy in Latin America is the cities, and municipal governments are at the front line of change. There is a common expression that all politics is local. ‘Ultimately, democratization and development, like effective poverty reduction and social problem solving, are local as well’ (p. x). Given these important demographic and political trends, there is an increasing need for effective municipal government.

Andersson (2004:233) warns that decentralisation is not a public panacea, and that the acclaimed benefits may not materialise automatically. Higher-ups may resist giving up power or fail to transfer adequate resources to decentralised authorities, and just because the power is closer to the people does not mean that local elites and clientelism<sup>1</sup> won't continue to pose problems. Andersson (2004:234) uses the term 'municipal governance actors' to describe the array of stakeholders that interact at the local level. They include representatives of the central government, municipal government, NGOs, bilateral and multilateral aid agencies, and local user-groups, as well as individuals. 'Because few local governments are likely to be effective on their own, one of their key tasks is to facilitate the cooperation between the different local governance actors' (p. 234). A strong civil society<sup>2</sup>, which includes NGOs and other non-state entities, can complement the larger municipal governance system and is necessary for the democratisation of local governments.

Over the past two decades, NGOs have emerged as leading actors in development. Their number and types have expanded greatly, and they have played an ever-increasing role in grass-roots organising, service delivery, and policy making. NGOs have captured considerable institutional space as governments restructure, scale down services, or simply fail to meet the needs of marginalised groups within society. The re-emergence of democracy has made it necessary for NGOs and states to redefine their roles and look for new forms of collaboration (Meyer 1999:18). NGOs wish to scale up their operations in order to build linkages with government, extend the results, and promote the structural conditions and policy changes that are required for development. NGOs also act as intermediaries, providing links between governments, donors, other NGOs, and local communities.

High levels of external technical and financial support have been decisive in the development of municipal governments in Ecuador (Cameron 2003:182). With decentralisation, municipalities often find themselves ill-equipped technically and fiscally to address the problems of their residents (Andersson 2004:234; Reilly 1995:ix). NGOs have considerable experience in capacity building and can support municipalities with funds, training, and technical assistance; and since most NGO projects are carried out locally, they are by nature decentralised. However, as NGOs increasingly work with government, questions of legitimacy arise. NGO directors are not elected and are ultimately accountable to donors, not project beneficiaries (Bebbington 1998:60–61). Therefore, working through municipalities, if they are democratic and accountable, can give NGOs the legitimacy they need. NGOs have also struggled to extend project work beyond local communities and to sustain the work once project assistance ends. NGO–municipal government collaboration may provide opportunities to address these development problems.

In this paper we address decentralisation and NGO–municipal government collaboration in Ecuador.<sup>3</sup> We examine how NGOs can support and complement the work of municipalities, and why working with local government might increase the effectiveness of NGOs. Case studies from three highland municipalities are used to examine these questions. The authors each have ten or more years' experience researching and/or working for NGOs in the study region.<sup>4</sup> This research combines the perspectives of a North American academic and an Ecuadorian NGO professional with the goal of providing policy-oriented data on NGO and government work. This study also contributes to an understanding of the larger issue of development in Latin America, as well as the complex local, national, and global processes that shape places within the region.

## **Decentralisation in Ecuador**

Ecuador is an Andean country with great geographic and cultural diversity (Figure 1). Its territory ranges from snow-capped volcanoes, to the Amazon basin, to coastal lowlands and



Figure 1: Ecuador

the Galapagos Islands. The population is 12.6 million people (2003), of which two million are indigenous. Sixty-one percent of Ecuadorians live in urban areas, with nearly half of the urban population residing in Quito and Guayaquil. However, even in locations that are largely rural, the provincial capitals and county seats have long served important administrative, economic, and social functions. Despite an abundance of natural resources, notably oil, Ecuador is poor. Per capita income is US\$3130 a year, which ranks 137<sup>th</sup> among all countries (World Bank 2002). Debt service consumes 50 per cent of the budget, severely hindering the central government from meeting its obligations to Ecuador's provincial and local governments.

Absolutist and centrist political traditions have been evident since the formation of the republic in 1830. The discovery of oil in the Amazon region and the military regimes of the 1960s and 1970s further contributed to a paradigm of a strong centralised state to promote national development. Ecuador's power structure is bi-polar and is centralised in Quito and Guayaquil, which reflect the traditional power centres of the highland and coastal regions. A core/periphery relationship exists between the two big urban areas and the long neglected outlying provinces. Democracy was restored in 1979, and with it came the belief that there should be greater citizen participation in government. The indigenous political movement gained momentum in the 1980s and became a significant voice in national politics, as well as pushing for more local autonomy (Selverston-Sher 2001:2).<sup>5</sup> A drop in oil prices in the 1980s led to a period of neo-liberal structural adjustment and austerity that continues to the present. Under-funded

government ministries have welcomed assistance by NGOs. Instability during the late 1990s and early 2000s was particularly severe, a period which saw a border war with Peru, five presidents, and the adoption of the US dollar as Ecuador's national currency. A political scandal in 1997 and the resignation of President Abdalá Bucaram highlighted the problems of centralism, elite rule, corruption, and inefficiency. It was this crisis that prompted the constitutional reforms to modernise the state, including the decentralisation law.

Ecuador is divided into 22 provinces (states), 219 cantons (counties), and 876 *parroquias* (parishes). The dominant unit of local government is the canton. Settlement in the rural cantons consists of a *cabecera* (town centre), which is surrounded by many smaller rural *comunidades* (communities or villages). The municipality is the administrative level of government that corresponds to the geographic area of the canton and is governed by an elected mayor and municipal council.<sup>6</sup> Before the decentralisation reforms, the functions of the municipalities were limited to local services such as road maintenance, trash collection, parks, and the issuing of building permits. The central ministries directly administered all other government functions. Indeed, the functions of local government were funded almost entirely by central government transfers. Traditionally, a mayor's relationship with supporters was clientelistic, based on the ability to hand out political favours. Much local power has also resided with the *jefe político* (political boss) who is appointed by the provincial governor and is the watchdog for the higher-up powers. The main function of local governments has been that of administering programmes and policies that were set somewhere else.

Beginning in the mid-1990s, a series of reforms dramatically changed the country's political structure. Electoral reforms established a residency requirement for local officeholders and eliminated literacy requirements, thus opening up voting and candidacy to the poor and indigenous. In 1997, the Ecuadorian Congress passed *The Law of Social Participation and Decentralisation of the State*, allowing all government functions, except those related to national defence, foreign policy, fiscal policy, and the foreign debt, to be transferred to the provinces and the cantons. The transfer includes health, education, social welfare, infrastructure, transport, housing, and environment. In 2001, *The Law of Municipal Governments* clarified the structure and responsibilities of municipalities, including the *Law of 15 Per Cent*, which requires the central government to transfer 15 per cent of its total income to the provinces and cantons.<sup>7</sup> As new functions are transferred, additional funds should support them. The primary goals of decentralisation are to increase democracy and social participation, strengthen local administration, and provide public services in a more just and efficient manner.

Although we are discussing political reforms in Ecuador, the process has global, national, and local dimensions. Political reforms of the 1980s and 1990s in Spain, Eastern Europe, and the USA affected policy in Ecuador, and throughout Latin America. World Bank and IMF loans were conditioned on reform of the public sector, which sometimes prompted decentralisation. Pressure has also come from the bottom up. Local officials and indigenous groups in Ecuador have repeatedly called for more local control, arguing that local government is closer to the people, more knowledgeable of local conditions, and more responsive than distant ministries in Quito.

The transfer of functions by the central government to municipalities is obligatory, but initiated by a request from the municipality. A key condition of a transfer is that the local government must have the institutional capacity to administer the new functions, and collaboration with organisations that possess relevant experience is encouraged. This has created an opening for NGOs to contribute to capacity building. They have considerable experience of working locally and with many of the functions that are to be transferred. In addition, the law requires municipal governments to form commissions to advise in specific programme areas. NGO representatives commonly sit on these commissions, providing an opportunity for collaboration and influence.

An integral part of the development of local governments in Ecuador is the participatory canton development plan (equivalent to general plans used by cities and counties in the USA). A plan is a comprehensive strategic development document with a ten-year focus and includes input from all social groups within a canton. The primary components are a physical description of the canton, a brief history, demographic characteristics, problems, and proposed actions. Participatory budgeting, where spending priorities are established in public meetings, is a common extension of the planning process. Participatory development planning and methodologies have been developed largely by NGOs and have been used in rural communities in the study area since the mid-1990s. This process is now being extended to the canton level. Having a completed canton development plan is a prerequisite for the transfer of functions under decentralisation. It indicates that the municipality is organised and prepared to take over new functions. By July 2003, 70 of the 219 cantons in Ecuador had completed their plans.

### NGO–municipal collaboration: three case studies

Three cantons in Ecuador were chosen as case studies of decentralisation and NGO–municipal government collaboration. The cantons are located in the highland provinces of Azuay and Cañar, each within two hours' driving time from the regional city of Cuenca. The study cantons are Suscal in Cañar Province and Chordeleg and Nabón in Azuay Province (Figure 2). These cantons were chosen according to the following criteria. First, they are all located in the region where the authors have experience. Second, interviews indicated that each was a good example of decentralisation. Third, cantons were chosen that had relatively small populations (7000 to 14,000) and face difficulties of resource shortages and geographic isolation. Furthermore, small cantons offer greater access to public officials and have a political dynamic that is less complicated and entrenched. We established that they are typical of the conditions that most of the cantons in Ecuador face, unlike the largest urban centres of Quito, Guayaquil, and Cuenca. Finally, all of the cantons have NGOs working in them.

The study cantons have a number of characteristics in common. The town centres (*cabeceiras*) are located at about 2750 meters above sea level. All are rural, averaging 20 per cent urban population. Smallholder agriculture dominates the rural areas and labour force, with typical holdings under one hectare. Rates of poverty are 67 per cent or higher, and transfers from the central government account for 96 per cent or more of the municipal budgets. Each place has high rates of international migration, thus affecting the availability of educated and skilled labour and community stability.<sup>8</sup> On average, women make up 55 per cent of the population. The cantons and municipal governments were formed recently, since 1987, and all have completed a development plan and use participatory budgeting. However, despite these common features, the case studies reveal that there is considerable diversity in local conditions, decentralisation efforts, and work with NGOs.

Field data were gathered through semi-structured and informal interviews and site visits conducted from June to September 2003. Interviews were conducted in Quito, Cuenca, and the three case-study cantons with NGO professionals, government employees, and elected officials, including separate interviews by both authors on multiple site visits. The mayors of all three cantons were interviewed.

#### *Study site 1: Canton Suscal*

The canton of Suscal is located in Cañar Province about two hours north of Cuenca (see Figure 2). The characteristic that distinguishes Suscal from the other sites is that the population is 80 per cent indigenous, and the region has long been on the geographic and social margins of



Figure 2: Study Area

Ecuadorian society. The poverty rate is 85 per cent, and illiteracy (average of men and women) is 47.8 per cent, the highest of any canton in the country (Suscal 2002). The small *mestizo*<sup>9</sup> population is mostly urban and historically has dominated the politics of Suscal. In 2000, an indigenous mayor (Manuel Castro) was elected, the first ever to lead the canton (or the *parroquia* before Suscal became a canton). Cultural identity plays a central role in the politics of Suscal. All five of the elementary schools and one of the two high schools are bilingual (Spanish-Quichua). Suscal is a member of the Coordination of Alternative Local Governments, a national movement that represents 27 municipalities (of the 219 total) having indigenous mayors and populations. Yashar (1998:23) suggests that recent democratisation in Latin America has coincided with political organising by indigenous communities. Ecuador's indigenous groups arguably are the most organised.

The feature of decentralisation and NGO–municipal cooperation that we will highlight for Suscal is the creation of the canton development plan. In 2000, the newly elected mayor initiated the effort to create the plan. The planning process involved public meetings and workshops, a citizen assembly, and thematically oriented roundtable committees. (Themes included health, education, urban development, women in development, and others.) NGO staff, elected officials, and other local professionals chaired the roundtable committees. The citizen assembly, which approved the plan, has 150 directly elected delegates representing all sectors of society. Suscal's plan stands out for its high level of participation by NGOs and donor government organisations. NGOs have considerable experience of local-level planning. They know how to organise meetings, encourage citizen participation, and prepare documents. The needs of the municipality and the experience of NGOs were complementary. NGOs facilitated and funded the entire process. A minimum of ten organisations participated in the creation of Suscal's plan.<sup>10</sup> The canton development plan was published in 2002 and passed into law by municipal ordinance in 2003.

Suscal has not petitioned for the decentralisation of any central government function. While there is a desire to integrate more functions through the municipality, local authorities believe that they lack adequate facilities, resources, and trained staff to administer them. Because Suscal is one of the poorest cantons in the region, it has been the focus of NGO and other organisational assistance for many years. NGOs channel approximately US\$50,000 of project funding through the municipality of Suscal, supplementing the municipality's budget by nearly 20 per cent. The decentralisation law provides NGOs with a new role. They can train local staff and help to build and equip facilities to prepare the municipality to take on new functions, which would eventually allow the local government to administer its own services. This NGO role is especially important for poorer cantons that are less able to take advantage of the new opportunities under the law

Manuel Castro, the mayor of Suscal, believes that a process of deconcentration, not decentralisation, is occurring. Under deconcentration, the state allows municipalities to administer more programmes, but the political power and money are still centralised. True decentralisation involves the devolution of resources and power to largely independent lower authorities.<sup>11</sup> However, through the canton development plan, participatory budgeting, and the citizen assembly (all supported by NGOs), local governments have some discretion over how programmes are administered and funds allocated. This suggests that decentralisation is occurring, even though the formal and legal process may be less evident. In addition, the central government recently created new health programmes that are administered at the local level, but adequate funding has yet to be provided. Nevertheless, an important institutional space has been created and by working with NGOs, municipalities can increase local control of national programmes.

### *Study site 2: Canton Chordeleg*

The Canton of Chordeleg is located in Azuay Province about 40 minutes east of Cuenca (see Figure 2). In contrast to Suscal, the population of Chordeleg is 98 per cent *mestizo*. Chordeleg is also economically better off than the other two study sites. The poverty rate is 67 per cent, but there is less extreme poverty. Illiteracy is only 20 per cent (Chordeleg 2003). Local artisans make jewellery, clay pottery, textiles, and Panama hats, much of which is sold in shops on the well-kept central square. The urban centre also has many large houses owned by people who commute to Cuenca. Nevertheless, 78 per cent of the population remains rural, and the canton suffers from many of the poverty-related problems shared by the other two study sites. Chordeleg completed its canton development plan in 2003 with the help of OFIS (*Oficina de Investigación Social y de Desarrollo*), an Ecuadorian NGO based in Cuenca.

In terms of decentralisation, Chordeleg stands out for its work in health. A health centre was built in Chordeleg in the 1970s. In 1998, the building was doubled in size to approximately 1000m<sup>2</sup>. CARE, the largest NGO working in Ecuador, provided most of the funding and new equipment for the expansion. The health centre supports examinations, hospitalisation, x-ray, obstetrics, dentistry, minor surgery, a laboratory, and a pharmacy. Its focus is primary care, while specialist care can be obtained in Cuenca. The 2002–2003 annual budget for the health centre was approximately US\$65,000 which was received from the following sources: US\$30,000 from the ministry of health, US\$20,000 from fees charged for services, US\$10,000 from the municipal government budget, and US\$5000 from NGOs.

The director of the health centre, Dr Sussana Aguilar, indicated that the process of deconcentration is very advanced. Until 1998, the centre was the sole responsibility of the Ministry of Public Health. Then, the municipality signed a cooperation agreement and took over its operation. The doctor, nurse, and dentist became municipal employees. A local health commission,

which is staffed by public officials, health professionals, and NGO professionals, was formed to oversee the centre's administration.

Under local administration, the efforts of the health centre have improved a number of health indicators in the canton. The centre is now responsible for managing the national vaccination programme. Immunisation rates have risen from 70 per cent to nearly 100 per cent. The prenatal programme initiated in 1999 has reduced low birth-weight babies from 25 per cent to 15 per cent. In 2001, the centre implemented a cervical cancer-screening programme. The school health programme has been expanded. The centre coordinates with teachers, Plan International (an international child-sponsorship NGO), and a government foundation to provide medical and dental exams, parasite treatment, and vaccinations. In 2002, the municipality began administering the national free maternal care programme. The centre provides prenatal, birthing, and post-natal care at no charge. However, the central government has not provided funds to support the programme, thus putting a severe financial strain on the municipality. While most of these programmes existed in some form before their administration was taken over by the municipality, they were less effective under the control of the ministry. Now that the municipality and health centre staff are administratively responsible, they are more accountable and committed to the outcome and better able to tap into local experience and knowledge.

The experience of Plan International in Chordeleg provides an example of NGO–municipal government collaboration. Until 1998, Plan worked with individual communities and had no relationship with the municipal government. Plan administered and financed its own programmes resulting in work that was fragmented and largely dependent on subsidies from the NGO. Now, all of Plan's health-related work is coordinated with the director of the health centre. Plan trains midwives, supports the school health programme, and sponsors events such as International Women's Day. A Plan representative also sits on the health commission. With a focus on education and human resources, Plan only spends US\$2000 a year in Chordeleg. By working through the municipality, Plan can reach the entire canton, not just a few rural communities. Also, the work is better coordinated with less duplication of efforts and waste of resources.

In 2001, the municipality petitioned for decentralisation of the functions of police, fire protection, health, social welfare, housing, urban development, transport, environment, culture, and tourism. The government turned down the application on the grounds that it was generic and did not indicate the operational capacity to assume the specific functions. The municipality re-submitted a more targeted and detailed application solely for the decentralisation of primary health care. As of July 2003, there had been no response from the ministry.

Since 1998, the health centre of Chordeleg has been preparing for decentralisation. The centre is well built, properly equipped, and has a trained staff. The extent and success of the centre's current work demonstrates considerable local initiative and organisational capacity. The central government has been willing to hand over a number of administrative responsibilities. However, it has not supported a complete decentralisation, primarily by withholding funds. Despite the financial limitations, the municipality has nevertheless taken advantage of the institutional space created under the law to administer the programmes. NGOs have played an important role in helping with facilities, equipment, training, and programme development.

### *Study site 3: Canton Nabón*

The canton of Nabón is located in Azuay Province approximately one hour and 45 minutes south of Cuenca (see Figure 2). The canton seat is situated 35 minutes off the Pan-American Highway, which has contributed to its geographic and social marginalisation. The poverty

rate in Nabón is 87 per cent and ranks the highest of the three cantons. Nabón's population is 34 per cent indigenous, which is the largest concentration of indigenous people in Azuay Province (Nabón and OFIS 2000). The municipal council of Nabón stands out for its gender and ethnic diversity. The mayor, vice-mayor, and one of the five council members are women. The vice-mayor and another council member are indigenous. The *mestiza* mayor, Amelia Erráez, belongs to the indigenous-based political party *Pachacutik* and was elected with the support of the indigenous population. She was instrumental in the creation of the canton development plan, which was completed in 2000 with the assistance of OFIS.

In this case study, we highlight the Nabón Project (*Proyecto Nabón*) as an innovative and unique form of collaboration between the municipal government and aid organisations. The Nabón Project was founded in 1997 as an NGO devoted to working with the municipality. The founding participants were SENDAS, OFIS, CESA, and COSUDE. SENDAS is a Cuenca-based NGO that supports work in economic development, capacity building, and local governance. OFIS is a Cuenca-based NGO that has funded projects in production and community organisation. CESA is an Ecuadorian NGO that supports work in agriculture. COSUDE is the Swiss bilateral development agency and funds work in agriculture, environment, infrastructure, and small business formation. The Nabón Project has an office, with a five-member staff, located in the municipal government building on the town square. The project has been physically and administratively integrated into the municipality's Department of Development. The Nabón Project funds the development work and provides planning and technical assistance, while the municipality largely executes the work. According to the mayor, this is the first example in Ecuador where an NGO project was taken over by a municipality. Nabón has created a new local government structure within the larger context of the law.

The annual budget of the municipality of Nabón is US\$1,371, 738 (2003). The Nabón Project's annual budget (funded mostly by COSUDE) provides an additional US\$300,000. Another US\$132,000 came from Plan International and other NGOs, the World Bank, and UNDP. These organisations either directly support municipal government development efforts or coordinate their work based on the canton development plan. This minimises competition, duplication, or fragmentation of efforts. The municipal government is the focal point of development and seeks to coordinate the work by all development organisations within the canton. NGOs feel confident working with the municipality because it is democratic, transparent, and accountable.

In 2001, the municipality petitioned for the decentralisation of the functions in social welfare, health, and civil registry. The central government denied the request stating that the municipality was not capable of administering these programmes. In 2002, another petition requesting the transfer of the functions in environment was ignored. The experience of Nabón (and Chordeleg) shows a pattern of failure on the part of the central government ministries to implement the law by claiming that the municipalities are unprepared to take over the functions, or by simply ignoring the requests. On their own, the leaders of Nabón decided incrementally to increase spending in all areas of government, not just on the traditional responsibilities of local government. The Nabón Project, with the support of NGOs and other aid organisations, provides the funds and technical support that allow the municipality to do this. The constitutional changes under the law of decentralisation provide the legal basis for local governments to administer functions that historically were centralised. This has created an opportunity for innovative local governments to expand local control. The government of Nabón is a leader in this process.

## Conclusions and recommendations

Decentralisation is one of the most important reform movements in Latin America. It addresses the authoritarian and centralised forms of rule that have plagued the region since the colonial

period. With 75 per cent of Latin Americans currently living in urban places, effective and accountable municipal government is essential to democratisation and development. The reforms in Ecuador are part of a region-wide trend to modernise the state. The strengthening of local governments has provided new opportunities for NGOs to collaborate with municipalities. The decentralisation efforts in Ecuador and the work of NGOs in the three case-study cantons provide a number of insights and conclusions.

Decentralisation is not just a local phenomenon, but involves a complex set of global, national, and local forces. Political trends in Spain, Eastern Europe, and the USA, along with the policies of international lending institutions, provide an important global dimension shaping Ecuadorian policies. Debt, structural adjustment, and political scandals have dominated the national scene in Ecuador since the 1980s and provided the catalyst for constitutional reforms. Meanwhile, regional and local interests, including an active indigenous rights movement, have pressured for more local control from the bottom up. Knowledge of these processes at multiple scales is necessary in order to understand how policy changes play out in specific places in Ecuador. The municipalities are situated within a larger interconnected and changing world, and NGOs provide valuable linkages outside the local area.

Decentralisation in Ecuador represents the geographic transfer, or devolution, of administrative functions and resources from the central government, which is located in the core region of Quito, to the outlying provinces and municipalities. Although there has always been a local dimension to government, local control was limited, as power resided in the hands of local elites, governmental ministries, and appointees who were accountable to someone and to somewhere else. Ecuador is creating local governments that are more democratic and accountable.

The cases studies reveal considerable diversity among the three cantons, showing differences in ethnicity, poverty rates, geographic isolation, social marginalisation, and participation by women. Because local conditions vary, a strong argument can be made for decentralisation. Municipal leaders know the local people and problems better than do officials in Quito and are probably more committed to the outcome. Local knowledge permits better planning, and governments that are locally accountable and include the people in the planning process are likely to allocate resources and administer services more effectively. The work by NGOs reflects the conditions and priorities of each study region. In Suscal, the focus was on the canton development plan and capacity building. The focus in Chordeleg was on supporting the health centre. The Nabón Project reflects a unique experiment in public-private partnership (PPP) that seeks to redefine the roles of aid organisations and the methods of work they use.

We are not suggesting, however, that local government can do it all. There is still a need for a national government to establish policies that provide a uniform legal environment among the provinces and cantons. The ministries still have the capacity to regulate and set standards, and given that most of the funds come from the central government, they will maintain a significant oversight role. In practice, decentralisation allows national policies to be executed with a greater degree of local administration and citizen participation. Greater local control opens up a space for initiative and innovation, as well as opportunities for municipalities to play a role in functions that are not traditionally part of their domain. Decentralisation in Ecuador seeks to find a balance between local, regional, and national powers, where there was little before.

If local governments are going to take over new functions, they will need the skills and capacity to administer them. NGOs, drawing on their knowledge of participatory development, played a leading role in helping the governments of all three cantons write their development plans. This is especially important given that a completed plan is a prerequisite for the transfer of functions. NGOs have also played a role in training municipal leaders and staff, as well as

equipping their facilities. They can help create the infrastructure and social capital that is required to manage local government. Capacity building has long been a focus and strength of NGOs. Municipal governments will be more effective if they cooperate with and have the support of a strong civil society, which includes NGOs.

For reasons that are economic and political, Ecuador's central government has been unable to meet its obligations to its citizens. Municipalities are taking on more responsibilities, but frequently without adequate transfers of funds. For decades, NGOs have been funding the gaps left by ineffective government, and this role continues. The central government has encouraged NGOs to step in, partly because they bring badly needed resources, but also because it permits the central government to abdicate its responsibilities. However, NGOs should not assume the role of government, as they will never have the resources to replace the state. The NGO role is one of strengthening local public institutions so that they are more representative, better able to administer local services, and more capable of interacting with all municipal governance actors.

NGOs are assuming a more political role, if not overtly so. In the past, NGO work in the study region was mostly oriented towards service delivery and was basically apolitical. Now, NGOs are training and organising in ways that build local governments and shape policy. Furthermore, if municipalities want to take advantage of the legal space that has been created, they need to learn how to push the issues and demand more from the state. This is especially important when the ministries cite a lack of local capacity, or transfer functions but not the funds to administer them, as ploys to retain political power. Manor (1999:60–61) argues that jealousy by higher-ups and the resulting lack of political will are the greatest threats to decentralisation. Local governments need to keep pushing the process. While NGOs have long sought to train local people to participate more fully in society, the municipality provides a structure within which to do it.

NGO–municipal government collaboration raises issues of institutional learning for both sides. The dynamics of rural communities, where the NGOs in the study region have the most experience, are different than municipalities. Interests, partisanship, divisions, and opposition characterise local politics. NGOs will have to learn how to work within this new context and be careful not to identify too closely with any one interest. Hulme and Edwards (1997:3) warn that if NGOs get too close to states, their independence and effectiveness as non-governmental entities might be compromised. Work with local government implies a shared responsibility for the development of a region. Collaborative efforts in the cantons need to be based on the local development plans, which are created with participation of all groups. NGOs will have to give up some control and become more transparent while finding a balance between accountability to their donors, taking direction from local governments, and working with groups that might oppose those governments.

After centuries of clientelism, the major challenge for local government is to gain the confidence of the people. The use of canton development plans, citizen assemblies, and participatory budgeting represents an increase in citizen participation, transparency, and democracy in local public administration. However, some local politicians have resisted the changes because they have the ability to expose corruption and incompetence. This partly explains why not all of the municipalities in Ecuador have completed their plans. If democratisation does not accompany decentralisation, then there is the risk that it will just strengthen local elites and clientelism (Ojeda 2002:132). While electoral politics influence the actions of all politicians, we believe that the new leaders in the three case-study cantons are committed to democratic reforms and good government. They all possess the desire to serve, innovate, and do better. With greater democracy and accountability, NGOs will feel more confident working with municipal governments and channelling project work through them.

NGO–municipal government collaboration suggests a possible division of labour for local development work. Historically, locally elected officials have preferred to fund work that is tangible and/or profitable. Municipal projects that are highly visible, such as buildings or infrastructure, or programmes that provide income or jobs, give elected officials influence and help them get elected. Social service-type programmes that are essential over the long term for improving quality of life often do not have an immediate and visible impact. Since the late 1990s, NGOs have placed a higher priority on human-development work, moving away from capital-intensive projects toward a greater emphasis on training and technical assistance. Even though each actor is responding to different political realities, they can complement each other's work. Furthermore, by working with municipalities and sitting on local commissions, NGOs can use their influence to promote the less politically popular work that in the end is equally or more important.

In terms of sustainability, past experience in the study region demonstrated that the local people rarely took ownership of NGO projects. The ideas, and frequently the funds, originated from the NGOs. The beneficiaries generally accepted the projects because they did not want to lose the financing. However, once the assistance stopped, project work usually stopped as well. If the municipality is democratic, transparent, and accountable, then the people are more likely to be invested in what their local government does. Working through the municipality provides the legitimacy that the NGOs often lack and offers greater prospects that the people will take ownership in the process. Eventually, when the NGOs are gone, a functioning municipality will remain that can continue the work.

NGOs have extensive experience at the local level. However, a focus that is mostly local can be a weakness. Work in rural communities is often fragmented, uncoordinated, and limited to the number of communities an organisation can reach. NGOs have struggled to scale up their work and have a larger impact beyond a few groups and individuals. When NGOs collaborate with municipal governments, their vast local experience becomes an asset. Ecuador has thousands of rural communities, but just 219 cantons. Working with cantons provides a mechanism for NGOs to scale up their work and extend the benefits to a regional level. NGOs are natural allies with the local-government movement.

An important methodological shift in NGO work is occurring in Ecuador. The focus is changing from communities to cantons. Local government has the potential to become the nexus of development. Political reforms and the law of decentralisation have created an institutional space at a geographic scale where development occurs. Despite the reluctance of some officials in the central government to hand over functions and resources, ambitious and innovative local leaders are taking the initiative and creating new structures of government and methods to provide services. NGOs cannot sit on the sidelines. They must take on new roles and integrate their work into this new strategic and coordinated planning process. The municipality can articulate the needs and desires of the cantonal region. It provides the means of extending work outside individual communities to a larger scale. The municipality also provides the structure for sustaining the work once NGO assistance ends.

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## Notes

1. James Manor (1999:65) defines clientelism as ‘the tendency of leaders to get themselves elected by using networks of clients to whom they then show inordinate favouritism once in office’.
2. The term *civil society*, sometimes called the *third sector*, refers to the sphere of associations and social movements distinct from government and business. A strong civil society broadens public participation in civic life and contributes to democracy.
3. In this paper, the terms *local government* and *municipal government* will be used interchangeably, though in Ecuador the focus is on municipal governments. A municipal government or municipality is the governing unit of a canton (county), which generally encompasses an urban centre and a surrounding rural region.
4. The geographer James Keese has studied the work of international NGOs (especially CARE and Plan Internacional) in Cañar province since 1994, focusing on sustainable agriculture and participatory development in indigenous communities. Marco Freire is a medical doctor and anthropologist and is from the study region (Cuenca). He has worked since 1993 as a health programmes coordinator in the regional and national offices of Plan Internacional, an international child-sponsorship NGO and the second largest NGO in Ecuador.
5. The indigenous political movement is unified under CONAIE (Confederation of Indigenous Nationalities of Ecuador). From 2002 to late 2003, the indigenous *Pachakutik* party, whose roots are decentralised, was a partner in a national coalition government.
6. The number of council members ranges from five to 15, depending on the population of the canton. Council members are elected to four-year terms.
7. Seventy per cent of the transfers are designated for the municipalities. Funds are distributed based on a formula that takes into account population differences and poverty.
8. Research by Brad Jokisch of Ohio University (personal communication) indicates that as many as 500,000 Ecuadorians, many from the case-study locations in this paper, send approximately US\$1.5 billion in remittances annually, representing the second highest source of foreign earnings for Ecuador after petroleum.
9. The term *mestizo* refers to people of mixed indigenous and European ancestry, who in Ecuador, tend to live a more urban and ‘Western’ lifestyle.
10. Principal organisations were Plan Internacional (international NGO), *Habitierra* and *Instituto de Estudios Ecuatorianos* (Ecuadorian NGOs), donor government agencies (Canadian and Norwegian), and UNICEF.
11. Manor (1999:5–6) discusses three types of decentralisation—deconcentration, fiscal decentralisation, and devolution or democratic decentralisation.

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