



Decentralization Can Work: Experience from Colombia

During the 1980s, Colombia embarked on an ambitious program to decentralize responsibilities for planning, financing and delivering public goods and services. Despite concerns that municipal governments did not have the capacity to undertake these functions, initial findings suggest that municipal governments had substantial latent capacity. In many cases, they were able to improve significantly the volume and quality of services delivered.

Colombia's wide-ranging local government reforms in the 1980s included the institution of elected mayors to handle decentralized responsibility for local projects in municipalities[†]—the lowest level of subnational government in Colombia, more than two-thirds of which have a population below 20,000 and are essentially rural in character. The municipalities were given new fiscal powers and greater revenue transfers from the central government. They were made responsible for local roads, water supply, sanitation, agricultural extension, primary education, health clinics and hospitals, and natural resource management.

Skeptics feared that decentralization would lead to a collapse of services, since the municipalities lacked technical expertise. However, decentralization disclosed a substantial, hitherto hidden capacity of municipalities to plan and execute programs, often far better than the earlier centralized administration. But performance was uneven and not all municipalities worked well.

To review the experience so far and draw lessons, the World Bank and Co-

lombian National Planning Department conducted case studies in 16 municipalities. These included two large, urbanized municipalities—Manizales and Valledupar, and six small, rural ones with populations below 20,000. The case studies were chosen on the basis of efforts to develop capacity, so were not necessarily representative of all municipalities. Evidence is too limited to constitute an authoritative review of the outcome of decentralization. But it highlights the possibilities revealed so far, and suggests how to build on these strengths.

Principal Results

Public Approval Rating of Municipalities Was High

Opinion polls and surveys were conducted to measure the public assessment of municipalities. The approval rate was around three-quarters for the two largest municipalities, but slipped to less than one-third in the worst case. An overwhelming majority of people—ranging from 60 to 90 percent across municipalities—said they trusted local governments more than the national government. Workshops and surveys revealed few complaints of gross inefficiency or corruption. However, those surveyed complained of poor performance in some sec-

[†] Municipalities in Colombia typically include one or more urban centers as well as outlying rural areas. This definition differs from some other countries where a municipality usually includes only specified urban areas.

tors—20 percent of people in one municipality, Zipaquirá, thought the roads were better before decentralization.

Service Coverage Was Expanded

This was most evident in water supply and road projects. Twelve of the 16 municipalities improved water supply. In one municipality, San Juan Nepomuceno, only 5.5 km of a 32 km aqueduct was completed between 1984 and 1988. An elected mayor then took charge, with water arriving in the municipality in 1990, and by 1993 90 percent of rural and all urban dwellings had water connections.

Hundreds of kilometers of new roads were built in the rural municipalities, and road maintenance improved too. The proportion of good roads doubled in the largest municipality, and in another case maintenance coverage expanded from 40 km to 170 km.

However, problems with the quality and continuity of service in one sector or another persisted in most municipalities.

Community Participation Made Projects Cost-Effective

The public participated in choosing projects, and also contributed free labor and materials, mainly for roads but also for water and education projects. This helped cut road construction costs by half in Versalles and Cucunuba. There were no “white-elephant” projects, unlike previously.

Municipalities Reversed “Urban Bias”

It was feared earlier that local elites might capture municipal governments and focus spending on town centers, but in fact the greatest improvement in services took place in underdeveloped rural areas, and the gap between them and rich municipalities shrank. Water supply improved dramatically, new roads were built and education expanded. In Valledupar, social programs were targeted at the poor so successfully that it stemmed migration from the countryside to urban areas.

Local Resource Mobilization Increased

Nine of the 16 municipalities enjoyed a significant increase in per capita local government revenues in 1989-93—by as much as 231 percent in Piedecuesta. However, some small, rural municipalities suffered a decline, up to 62 percent in Cucunuba. Where municipalities functioned well, local communities were more willing to pay additional taxes for improved services.

For the country as a whole, local revenues rose from 2.0 percent of GDP in 1980 to 3.5 percent in 1995. Transfers from the national government also rose, so total local resources increased from 2.6 to 5.5 percent of GDP in the same period. Increased funding was vital for the success of municipalities in improving capacity.

How Was Capacity Created?

Elections Were Vital

Earlier, technical and professional skills were believed to be the key components of capacity. But decentralization showed that motivation and innovation mattered much more. Newly elected mayors brought a sense of mission and creativeness that previous municipal administrations lacked. Elections improved accountability and transparency, and helped erode old patronage networks that previously commandeered resources.

Community Participation Improved Capacity

Mayors consulted neighborhoods and community organizations before choosing projects and priorities. This improved project identification and implementation, as well as willingness to pay taxes.

Local Leadership Was Important

The enthusiasm of dynamic mayors spread to municipal staff. The best municipalities tended to attract the best professionals, who further improved the municipalities in a virtuous cycle.

Skills Were Rapidly Upgraded

All municipalities hired additional professionals—up from 29 to 118 in 1988-94 in Valledupar. The ratio of professional to non-professional employees rose everywhere, most sharply where it was initially low. Training institutes and courses were started to upgrade skills, and the Municipal Training Institute of Manizales opened in 1994.

Innovative Programs Improved Skills

The smallest municipalities had difficulty in attracting and paying good professionals. Some banded together in associations to share the services of professionals. Others hired professionals for limited periods for specific jobs. La Mesa, which is close to Bogotá, was able to get professionals from the capital to help. Most municipalities made greater use of the private sector and NGOs, maximizing the use of local skills and improving employment too. In one case, employees of the public works department were encouraged to form a cooperative that was given a contract for road maintenance. They did the job more efficiently than when they were government employees. Municipalities experimented, often successfully, with new modes of organization and planning to cope with the challenge of their increased responsibilities.

Capital Utilization Was Improved

The expansion of responsibilities meant municipalities needed more buildings and equipment. Some reduced capital costs by leasing out underutilized equipment. Associations of municipalities sometimes shared equipment with each other, and with the private sector.

Focusing Resources

The successful municipalities tended to focus their limited financial and human resources on one or two sectors, developing excellence in these areas. Spreading limited resources thinly over all sectors would have been unwise.

While there were failures as well as successes, the fact that decentralization uncovered hidden local capacity, which often expanded rapidly, holds important lessons.

Main Lessons for Enhancing Capacity

- **Local capacity will be sustained only if there is a continuous demand for it from the local community and administrators.** A top-down approach to skill creation will often fail, since local people may not place a high priority on the new skills. Centralized bureaucracies can degenerate into patronage networks that have no interest in absorbing new skills, explaining why many technical training programs failed in the past. Elections are an effective way of increasing political and civic competition, giving rise to greater demand and new ideas for improving services and skills.
- **Technical assistance should be demand-driven, not supply-driven as in the past.** Local communities and authorities should first decide what their priorities are and then assess the complementary skills needed. Technical assistance should in each case be tailored to local conditions. This will help create capacity that is relevant and will be utilized fully.
- **Systematic dissemination of best-practice in various sectors and of stories of successes and failures is needed to speed up the diffusion of skills through the country.** This will greatly improve local knowledge, and enable municipalities to learn from the mistakes and innovations of others instead of “reinventing the wheel.” Standardized tender documents can help streamline procurement. Newsletters, television and prizes for the best municipalities can be used to promote awareness of what works and what does not.
- **National governments should play a supportive role in strengthening municipalities.** In strategic terms, governments need to enhance local possibilities, not

create centralized blueprints. Some gray areas still remain in Colombia regarding the exact powers and responsibilities of local governments, as the decentralization process is not yet complete. National governments should clarify the legal framework, remove obstacles and ensure decentralization processes are fully implemented. They can launch public campaigns to improve public participation by making people aware of their rights and civic responsibilities. Finally, they can give special grants to the smallest, weakest municipalities to upgrade capacity to certain minimum standards.

Suggested Reading

World Bank. 1995. *Colombia – Local Government Capacity: Beyond Technical Assistance* Report No. 14085-CO (Washington DC: World Bank)

This Dissemination Note is based on the findings of a World Bank report on local government capacity in Colombia prepared by Ariel Fiszbein and others. It has been written by Swaminathan Aiyar, Andrew Parker and Johan van Zyl under the supervision of Hans Binswanger, Senior Agricultural Policy Adviser, Office of the Director.