



Local Government and Decentralization in Colombia⁽¹⁾

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1. Editors' note. This is a second paper on the reform of local government in Colombia in *Environment and Urbanization*. In Vol. 3, No. 1, Fabio E. Velasquez C. discussed these reforms with particular reference to two case studies of intermediate sized cities and the social and political context which conditioned the reforms' effectiveness.

2. Adapted from Borja, Jordi (1989), *Estado, descentralización y democracia*, Foro Nacional por Colombia, Bogotá.

3. Colombia is governed by a unitary, republican system. The territorial organization of the state consists of a central level, a provincial level (provinces are classified into one of three types according to size of population and fiscal resources: *departamentos*, *intendencias y comisarías*) and a local level (represented by municipalities).

I. INTRODUCTION

THE DEVOLUTION OF power from central to local government is arguably one of the most important political changes in Colombia during the 1980s. Section one considers the principal causes which led the political establishment to adopt decentralization at the beginning of this decade. Section two describes the principal fiscal, administrative and political measures while section three assesses the results to date. The final section gives some general conclusions about the decentralization.

During most of the twentieth century, Colombia's state administration was based on the National Constitution of 1886, an essentially centralist document which had a strong influence on the country's development. (Colombia achieved independence from Spain in 1819.) Several problems are associated with such a centralized state organization:⁽²⁾

- a high concentration of public investment capacity in central government, leaving the provincial and local governments relatively weak.⁽³⁾ A measure of the high degree of centralization prior to the reforms is shown by the fact that, in the 1970s, the central government controlled approximately 80 per cent of all government revenue.

- inefficiency in carrying out the social functions of the central state (education, health, community services among others) and a poor performance by the large central bodies set up to administer them.

In Colombia, a large bureaucracy gradually developed which operated in a highly centralized manner. This has caused unrest in local communities, as can be seen in the numerous social movements active during the 1960s and the 1970s. During the 1970s, more than 128 "civil strikes" and demonstrations were registered, most of them protesting against deficiencies in public services at the local (municipal) level.⁽⁴⁾

With such popular unrest and the limited ability of the government to respond adequately to the population's demands, the need to improve state administration became all the more pressing. Many measures had been adopted earlier this century, particularly in the 1930s and between 1958 and 1980. However, none of these measures, especially the more recent ones, tackled the main causes of the problem or succeeded in being effective, due largely to an absence of political will.

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4. Pedro Santana, quoted in Castro, Jaime (1982), *Democracia local*, Editorial La Oveja Negra, pages 8-9.

At the end of the 1970s and beginning of the 1980s, experiences from around the world in the area of government administration provided some inspiration and support for attempts to increase the autonomy of sub-national bodies in Colombia. The recent Spanish and French experiences were particularly influential. In the search for a more efficient organization of the state and with growing civil unrest, the decentralization process gradually gained acceptance among the most influential political groups.

II. THE PATH TOWARDS DECENTRALIZATION

THE MAIN AIM of decentralization has been to redefine the political and administrative functions of the entities into which the country's territory is sub-divided. It seeks to ensure a more effective satisfaction of social needs while encouraging, supporting and guaranteeing the increased participation of all citizens and organized communities in decisions affecting the democratic life of the country.

The decentralization process began in 1983 with a series of fiscal measures. Since then, other laws and presidential decrees have been issued in the fiscal, administrative and political fields. Throughout this process, government at the level of the municipality has been given a leading role. As a result, local government now has unprecedented responsibilities in the administration, financing and control of most basic services within its jurisdiction.

a. Fiscal Decentralization

In 1983, the national government drew up Law 14 which sought to reinforce and modernize the sources of revenue for sub-national levels of government. This law granted autonomy to *departamentos* (provincial sub-divisions) and municipalities to set their own taxation rates within certain limits. To improve revenues, municipalities were required to update their cadastral registers.

In 1986, Law 12 was introduced which required a gradual annual increase in municipal governments' share in value added tax (VAT) or sales tax, from 30.5 per cent to 50 per cent by 1992. This sought to give the municipalities sufficient financial means to take on the new functions and responsibilities which had been assigned to them. The impact of this measure may be seen in the fact that, in 1986, the transfer of VAT revenues from the central government already constituted the main source of income for the majority of municipalities with a population of under 100,000; in 1991, it represents over 80 per cent of their total revenue.

b. Administrative Decentralization

In the administrative field, the reforms aimed to strengthen municipal autonomy, modernize the juridical and administrative organization of the regions and ensure citizens' participation in local life through the redefinition of the functions of the state at each of its administrative levels. Responsibility was gradually devolved to municipal governments for the majority of basic services: water supply, sewers, roads, health and education infrastructure and welfare for children and the elderly, transport terminals, basic sanitation, agricultural assistance, planning and housing, and health and education services.

Devolution of these functions from the central government has been gradual. Some central government bodies have been dissolved while others have been set up to provide technical and financial assistance to the municipalities. Some institutions have been adapted to co-finance projects of interest to municipalities.

c. Political Decentralization and Community Participation

Measures have also been taken to strengthen local democracy through encouraging and facilitating community participation in public affairs. The most important measure in this respect has been the introduction of elections for mayors. Prior to the reform, mayors had been appointed and removed at will by provincial governors. Provincial governors had in turn been appointed by the President - usually on political grounds. One result of mayors being political appointees is that their average term of office during the past decade was less than seven months.

The election of mayors by all those registered to vote within each municipality together with a still-to-be-determined public consultation mechanism, is designed to rectify the failings and weaknesses of local administration by providing for citizen participation and creating the foundations for greater efficiency and stability in local administration. Public consultation measures offer a greater say to the members of the public who are likely to be affected by a major development work or plan. However, the potential for adequate public consultation as introduced by the new reforms is of a very limited nature.

Other measures proposed as part of the original legislative package (but yet to be fully translated into practice) also seek to strengthen community participation in local affairs. These include the creation of local administrative committees⁽⁵⁾, the wider use of non-profit, community based organizations for public works and for the administration of services, the participation of users in the management boards of public utility companies, and the establishment of citizen committees in activities related to health.

III. RESULTS

IT IS NOW seven years since the first decentralization measures were adopted, but there has been no comprehensive study to analyze the results. This section briefly examines some implications in the three areas in which the decentralization process has been most visible.

a. Fiscal Decentralization

Despite its intent, Law 14 (1983), one of the tenets of fiscal decentralization, has failed to significantly alter the composition of municipal revenue and substantially increase the quantity of locally raised taxes. According to Jaime Castro, a former interior minister and one of the main advocates of the reform, "the effects of Law 14 have been beneficial for the large cities, less so for the medium sized, and practically non-existent for the small municipalities".⁽⁶⁾ The implementation of this law has faced several obstacles, including the limited capacity of municipal treasurers to implement the changes required by the new law and a lack of institutional capacity to update

5. Committees created to support and monitor municipal management. These must watch over the effective provision of public utilities and services and, where relevant, propose additions and amendments to the municipal budget to ensure development programmes within their jurisdiction receive adequate support.

6. Castro, Jamie (1986), *Eleccion popular de alcaldes*, Editorial La Oveja Negra, page 15.

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7. In 1983, a period of five years was seen as sufficient to update cadastral registers. By the end of this period the task had not been even partially accomplished and it was decided to extend the period for a further seven years. But even in Bogota, the national capital (which in theory has better resources than small municipalities) by the end of 1990, less than one fifth of the cadastral register was up to date.

8. *Cabildo, la revista del nuevo municipio*, No. 27, July 1990, page 10.

9. According to information from the *Fondo Financiero de Desarrollo Urbano* (Fund for Urban Development), on average all municipalities with a population of less than 100,000 had used only 3 per cent of their credit potential in 1990.

10. Some municipal managers show a lack of adequate knowledge about the new procedures. Some have suffered the consequences, as for example 40 of the 114 municipalities of the *departamento* (province) of Cundinamarca, which were penalized in 1990 for not complying with the new rules for VAT transfer.

11. According to Rondinelli, this occurs when the transfers from provincial or central government constitute a high percentage of the municipal budget. Rondinelli, Dennis (1990) "Decentralizing urban programs: a framework for analyzing policy", USAID, Washington.

cadastral registers.⁽⁷⁾ In the particular case of the tax on industry and commerce, its complexity and technical nature has made it difficult to enforce.

The measures to increase the transfer of VAT revenues from the central to the local government have been more effective and this has increased municipalities' revenues. However, the increased resources are insufficient to allow local governments to fulfil the new functions and responsibilities transferred to them especially in municipalities which lack a basic infrastructure. According to a study by the Urban Development Fund (the main central-government source of funds and technical assistance for urban development to small and medium-sized municipalities until its restructuring in 1990) "given the (meagre) resources stipulated by Law 12 of 1986 (which regulated the transfer of VAT revenues to municipalities), a basic urban development plan would take an average of 34 years to complete".⁽⁸⁾ A new proposal to increase the transfer of VAT revenues from 50 to 100 per cent is now under discussion. It is difficult to foresee the potential impact of this measure.

Despite the lack of resources, some municipalities have found alternative ways to meet their new obligations either by increasing their indebtedness or by more actively involving the local community in development projects. These mechanisms could be used by more municipalities⁽⁹⁾ if they were given greater encouragement through such measures as better training for municipal managers, more flexible forms of credit, soft loans and greater involvement by the local community. Despite the new fiscal incentives contemplated in Law 12⁽¹⁰⁾, some municipalities have neglected the use of local taxes as a source of revenue and have thereby reduced the overall volume of their revenues.⁽¹¹⁾

b. Administrative Decentralization

In general terms, the process of administrative decentralization is not working properly, largely because municipalities lack the institutional, technical and financial capacity to assume the responsibilities that have been transferred to them. This is compounded by the inadequate technical assistance that municipalities receive from central and provincial bodies in charge of monitoring and supporting their progress, and the absence of coordination at an institutional level. Municipalities have cautiously begun to assume their new responsibilities, beginning with those that generally have highest priority, such as water supply and sewers, street surfacing and building and school construction.

Central and provincial government institutions have failed to respond with the speed that efficient and effective decentralization demands. Many of these institutions are old and have been given new support functions but lack the administrative capacity to respond to them. Two examples are the National Ministry of Education and the Water and Basic Sanitation Board of the Ministry of Public Works and Transport. Both have had some difficulty in switching from their old role as centralized suppliers of equipment and services to their new role as advisory bodies to the municipalities who have taken over the responsibility for these functions. Similarly, some central government bodies which should be undertaking development programmes, such as low-income housing construction and social services, under co-financing arrangements with the municipalities have not yet started to do so.

c. Political Decentralization and Community Participation

The introduction of elected mayors has been effective in consolidating democratic practices. Being subject to election has made politicians more aware of the importance of local accountability and each incumbent now stays longer in office. In recent years, the number of "civil strikes" has decreased.⁽¹²⁾

In respect of community participation, results have not been entirely satisfactory. One of the mechanisms to facilitate the administration of services and the participation of the community in local affairs is the creation of local administrative committees. Today, of the 1,009 municipalities in the country, only 16 have created and regulated such bodies, principally those in the large cities.⁽¹³⁾ This probably reflects a lack of political will; local interests may feel threatened by these as alternative sources of power. Furthermore, a lack of clarity in the functions and responsibilities of these committees has given rise to uncertainty which further hinders their adoption.

In general terms, the mechanisms for strengthening community participation and participatory democracy are as yet a reality only on paper. Measures adopted so far have not given sufficient authority to community organizations and to users' associations to control and monitor the actions of public service institutions.

It is too early to assess the effects of measures taken in 1989 to introduce some form of public consultation for local development projects. But already some potential failings can be anticipated in the effectiveness of the measures for public consultation. One of the more obvious drawbacks contemplated in the reform is that only a limited number of actions taken by the municipal or district councils - and in no case the actions of other municipal institutions - may be questioned and submitted for public consultation; furthermore, a convocation to a consultative process can only be undertaken by the local councils even if the issue for consultation has been put forward by the municipal mayor or the community. Other drawbacks include the tortuous bureaucratic nature of the procedure to bring about a consultation and the fact that these can only take place on two fixed dates in the year (the first Sundays in April and October). Quite apart from anything else, this excludes the possibility of carrying out urgent public consultations.

IV. GENERAL CONCLUSIONS

THE MEASURES ADOPTED in Colombia as part of the decentralization process seek principally to give the local governments a larger role in national development, largely by making them more accountable to the local community. Even though many of the measures taken to date seem generally appropriate, there are still serious deficiencies in some of the mechanisms designed to put them into operation. Behind most measures there is juridical (legislative) commitment, but this appears insufficient when it comes to implementation.

Since decentralization is a process seeking far-reaching reforms, it demands effective coordination between the community level, the private sector and the different tiers of government. Most of the new decentralization measures have injected new strength and potential at the level of the municipality. However, the other needed compo-

12. See note 4.

13. Santana, Pedro (1990), "Reforma municipal, democracia y participación ciudadana", *Estado Moderno* No. 1, September, page 17.

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Additional reading:

Instituto SER-Federación Nacional de Cafeteros de Colombia (1990), *Manual de inversiones del municipio*, Bogota.

Cabildo, la revista del nuevo municipio, numbers 24 (April 1990), 27 (July 1990) and 29 (September 1990).

Revista Foro, No.1 (September 1990).

Procomún, numbers 5 (December 1989) and 7 (October 1990).

nents to the process remain largely ineffective in providing municipalities with the degree of support they require to adequately implement the reforms.

Yet another failing in the implementation process can be attributed to differences in the degree of development of different municipalities. With few exceptions, such as the prosperous coffee-growing region of Viejo Caldas in the west, the smallest municipalities are lagging behind the larger ones and are in serious need of greater technical and fiscal support. Problems of coordination between and within state bodies, of dissemination of information and a lack of technical capacity also hinder the process.

Despite these shortcomings, the advantages of the measures are more than evident. The process of decentralization and the strengthening of democratic participation which it introduced have helped to prepare the way for the more thorough reforms embodied in Colombia's first new political constitution since 1886, drafted in the first half of 1991 by an elected Constituent Assembly and effective from July of this same year. This new constitution gives considerable support to the decentralisation process: its first article defines Colombia as a unitary, decentralized, democratic, participative and pluralist republic and mentions the autonomy of its territorial entities. In more general terms, it gives the municipality a pivotal role in helping bring about improvements in people's living conditions and in opening up opportunities for democratic participation. The real impact of the change and the more precise measures into which the good intentions in the new charter are to be translated will have to wait a few months or even years for the relevant parliamentary legislation. But it is clear that the process of decentralisation in Colombia is well under way and, for the first time this century, it seems that local government will play the part that it rightly deserves in the political life of the country.