The Emergence of Local Capacity: Lessons From Colombia

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Summary. — The paper analyzes the process of capacity development in a sample of Colombian local governments which resulted from a strategy of state decentralization initiated in the mid-1980s. The central message of the study is that competition for political office opened the door to responsible and innovative leadership that, in turn, became the driving force behind capacity building efforts. More widespread community participation expanded the range of possibilities open to local governments and provided the basis to sustain capacity over time. The experience of these municipios suggests that capacity can be enhanced through skillful innovations even under difficult circumstances. © 1997 Elsevier Science Ltd

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1. INTRODUCTION

State decentralization is rapidly becoming a key feature in Latin America as well as in other developing regions of the world. Among developing countries, a large majority has begun to decentralize power to subnational governments (Dillinger, 1995). In Latin America, this process of decentralization follows a long period in which local governments had no major functions, little financial resources and practically no political autonomy. The trend toward devolution of power to local governments that started in the region during the 1980s has been viewed as a means of ensuring greater political accountability and bridging the gulf between the state and civil society that permeated most of the recent history of Latin America (Nickson, 1995).

Colombia is undergoing a notable experiment of state decentralization which started in the second half of the 1980s. With a population of about 32 million in 1985, Colombia is a unitary country with a three-tier government comprised of the central, departmental and municipal levels. Under the 1886 Constitution, power was concentrated at the central level. The 24 departments into which the country was divided were run by a centrally appointed governor and an elected assembly. The less-developed areas of the country were covered by the so-called national territories which later became departments themselves.

As in most of Latin America, all the national territory is covered by local governments, the municipios, which are the object of this paper. Most municipios cover rural and urban settlements. They vary sharply in character. Seventy percent of them have populations of less than 20,000 and are predominantly rural. On the other hand, more than 50% of the population resides in the top five or six municipios that are definitely urban.

By the early 1980s about 900 municipios existed with appointed mayors and locally elected councils. Most of those had practically no role beyond the administration of street cleaning and slaughterhouses. Decentralized agencies of the central government and parastatals were responsible for the provision of basic public services such as water and electricity, as well as for social services (Collins, 1989). The poor quality and inadequate provision of *This paper is based on a research project conducted jointly by The World Bank and the Colombian National Planning Department. The author is thus indebted to the members of an exceptional research team: Tim Campbell and Eduardo Wallentin in Washington, and Alberto Maldonado, Jorge Acevedo, Juan Camilo Cárdenas, Camilo Villa, Johnny Palencia and Martha Laverde in Bogotá. The list of people, colleagues in the World Bank and in Colombia, that contributed to the project is too long to be included here, but their help is acknowledged. Previous versions of this paper benefited from comments by John Cohen, Pamela Lowden, two anonymous referees and participants in seminars at SPURS-MIT and HIID. The views expressed here are those of the author and are not necessarily shared by The World Bank. Final revision accepted: February 22, 1997.
those services became a critical factor behind a persistent movement of social unrest during the 1970s and early 1980s. The so-called civic strikes, for example, involved the paralysis of social and economic activity in urban centers and regions (Collins, 1988).

Since the mid-1980s, and through the passage of several laws, presidential decrees and a new constitution, Colombia has dramatically changed the framework within which its local governments operate. Essentially, municipios have now more resources, responsibilities and decision-making authority than under the old centralized regime. Resources have increased through added revenue authority and a sharp increase in intergovernmental transfers. Local governments are now responsible for the provision of services in education, health, water, sanitation, roads, and agricultural extension among others. These reforms took place in the context of a revival of local political life under democratic rule which has the popular election of mayors, since 1988, as one of its main components.

With contradictions and inconsistencies, the Colombian experience of decentralization can be seen as one of devolution to local governments rather than one of deconcentration or delegation. Under the 1991 Constitution, the status of Colombian municipios approximates the fundamental characteristics typically associated with devolution (Rondinelli, 1981). The Colombian experience can also be classified as a case of "democratic decentralization" in which resources, tasks and decision-making power is transferred to independent and democratically elected lower level authorities (Manor, 1995).

Most of the debate surrounding the process of decentralization in Colombia has centered around fiscal issues such as the design of intergovernmental transfers and the appropriate distribution of responsibilities within levels of government (Wiesner Durán, 1992). Those concerned with the implementation of these reforms however, generally point out to issues of limited capacity on the part of subnational governments as a key constraint. It has often been argued in Colombia that limited capacity could become a binding constraint for decentralization, particularly considering that more than a thousand municipios had to develop the capabilities to perform effectively the new duties starting with little or no tradition of public administration and local governance.

The experience of most countries in Latin America suggests there exists a vicious circle of administrative underdevelopment — and low capacity — and fiscal poverty among local governments, in which insufficient financial resources limit investments in capacity, which discourages the allocation of new functions on the part of national governments as well as local capacity to mobilize revenues (Harris, 1983). In that sense, capacity development could be, to a certain extent, endogenous. In other words, a model of democratic decentralization — such as the one undertaken by Colombia — could ignite a process of local capacity development. This is the hypothesis being discussed in this paper.

This paper draws upon the findings of a study undertaken by the World Bank — under the direction of the author — in collaboration with the Colombian National Planning Department and a group of Colombian scholars during the second half of 1994. The purpose of the study was to address some key questions regarding the development of local capacity from an empirical point of view, using evidence collected through case studies of 16 municipios. One critical motivation for undertaking this study was the lack of any systematic empirical evidence describing the changes in local capacity that took place since the beginning of the decentralization process.

The paper tries to answer three basic questions. First, it tries to identify the forces driving local capacity development. Second, it explores whether motivated local governments have the means and ingenuity to achieve such development. Finally, it discusses the constraints they face in doing so.

The picture emerging from the experience of these municipios suggests that local governments have been able to meet the challenge of decentralization in a relatively effective way, by making use of existing, but underutilized, capabilities and through conscious efforts to upgrade them. The perception of generalized collapse in services following devolution to local governments can be rejected, at least for these municipios. On the contrary, the case studies, backed up by opinion surveys, found evidence of increased service coverage, citizen satisfaction, attention to rural areas and the poor, cost consciousness and resource mobilization efforts (World Bank, 1995).

In many cases, competition for political office seems to have opened the doors to responsible and innovative local leadership that, in turn, became the driving force behind capacity building efforts. More widespread community participation — voicing demands, making choices, being involved in projects — has expanded the range of possibilities open to municipios and provided the basis to sustain local government capacity over time. Leadership and participation, thus, consolidated corporate strength in local governments. As suggested in liberal theories of the state, local democracy seems to be making accountability more meaningful by closing the gap between citizens and public administration (Smith, 1985): political participation is more meaningful when it deals with the familiar (Teune, 1995).

As pointed out by Goldsmith (1993) for the case of agricultural technology institutions in Africa, more
enhanced their capabilities by giving attention to pluralistic and open styles of government increase demand-orientation of public institutions, a necessary condition for the enhancement of their capabilities.

A majority of the local governments reviewed enhanced their capabilities by giving attention to areas such as staff skills and professionalization, equipment, materials and buildings, organization, and planning and execution functions. They did so drawing upon resources which already existed inside the public sector or in the community that were not fully utilized under the old system. They also initiated efforts to upgrade the skills of their staff (through new hirings and training), expand the equipment available to them (for example, contracting out to the private sector), and improve the way local administrations work (for example, involving users in decision making).

These municipios illustrate that capacity can be enhanced through skillful innovations even under difficult circumstances, given the right political incentives and if the community and its leadership are determined. Even the most motivated municipios however, face obstacles in the process of developing their capacity. For example, small municipios may experience capacity limits — particularly in terms of hiring a cadre of adequately remunerated professionals — due to insufficient scale. In addition, the lack of institutional efforts to disseminate information on best practices and alternatives to municipal problems, forces most municipios into the awkward position of "reinventing the wheel" when dealing with capacity development. Finally, doubts and uncertainties regarding a rapidly expanding legal and regulatory framework, combined with sometimes strained intergovernmental relations, do not contribute to maintaining an environment propitious to local government effectiveness.

2. CONCEPTS AND METHODS

Capacity, in this paper, is understood as an enabling factor: it is the effective existence, at the local level, of the tools that make possible for the local government to perform successfully. We categorize those tools — referred as the dimensions of local capacity — as labor, capital and technology (see below). We say there is a capacity problem when a municipio is unable to achieve its performance goals even though it has access to the necessary financial resources. Such inability will be associated with weaknesses along one or more dimensions.

In this framework, capacity is assessed in relation to goals of production and allocative efficiency. Capacity for production efficiency is manifested in the presence of a performance-oriented government. It requires that the government have the tools to optimize the use of resources in the production or provision process. Capacity for allocative efficiency is manifested in the presence of a customer-oriented government. It involves the existence and adequate functioning of mechanisms through which the community can voice demands, channels by which authorities can translate those demands into actions and instruments for government accountability. The presumption is that failure in any of these elements would diminish the capacity to achieve the allocation of public resources that maximizes welfare.

The terms "capacity" and "capacity building" have been used in many different ways, sometimes leading to confusions. The conceptual definition used in this paper while different to that used, for example, by Cohen (1995), follows his emphasis on the need to use definitions that can be operationalized by empirical indicators and used to design and implement interventions.

We analyze local capacity in three main dimensions. Each dimension constitutes a set of tools that positions the government to achieve productive and allocative efficiency. We have labeled them as the conventional factors in a production function — labor, capital and technology. This choice of words is meant to reflect the notion that local capacity is, largely, endogenously determined — the outcome of "investment" decisions in these dimensions.

(a) Concepts

(i) Labor

A key dimension of local government capacity is the quality of its staff, which we view as a function of their skills and knowledge as well as of the way such skills are utilized within the local bureaucratic structure, to which we will refer as staff professionalization. It is the combination of skills and professionalization that determine staff quality. While in many cases inadequate or insufficient skills can explain weak capacity, in others the limiting factor is their ineffective use. Thus, civil service issues — personnel policies, reward systems — are important factors to consider in any analysis of local capacity. Conventionally, staff quality tends to be associated with capacity for production efficiency — for example, better "technicians" make the local government more capable to expand service provision. But, this dimension of local capacity could also be important for the achievement of allocative efficiency which might require specific skills and different motivations for public sector employees.

(ii) Capital

Most public sector activities require the use of
capital in addition to labor. High quality labor could become ineffective when, for example, working in run-down buildings or without access to the necessary equipment. Similarly, attempts at reaching out to distant communities — an important element for the achievement of allocative efficiency — could be frustrated by lack of transport equipment. While labor should be seen as the "human dimension" of local capacity, capital can be regarded as the "physical dimension".

(iii) Technology

This third dimension of local capacity consists of the government’s internal organization and management style. This dimension includes aspects related to: structure and distribution of functions and responsibilities within the organization; management, planning, decision-making and control and evaluation functions; and information gathering, processing and distribution.

Along these dimensions, local government capacity for production efficiency is expressed in the existence of an organization in which responsibilities are matched with implementing bodies, tasks and output are clearly defined, management techniques are effective, and information flows as needed. Local government capacity for allocative efficiency requires the development of a diametrically different type of organization to that prevailing under a highly centralized system of governance — one with more horizontal linkages, and fewer or different vertical ones. Capacity, thus, implies the existence of an organization less inward-looking and more open to the outside world, particularly at the local level. In addition, to the extent that individual and group preferences are heterogeneous and conflicting demands exist, an efficient and fair allocation of public resources requires an organization prepared to mediate such conflicts and generate social consensus.

(b) Methodological approach

The evidence reported in this paper was collected through in-depth case studies of 16 municipios, selected based on the criteria that they had interesting experiences on performance and strengthening of the management capacity. By this, it was understood that efforts were made to: improve performance in terms of goods and services provided to the community; and increase institutional capacity to comply with the new responsibilities. It was understood that those experiences would involve both successful and failed efforts.

Additionally, it was considered necessary to observe municipios with different population sizes and from diverse regions of the country, with the assumption that these variables might affect performance and institutional capacity. It was decided to cover a group of 16 municipios distributed as follows: two with population between 100–400,000; two between 50–100,000; six between 20–50,000; and six of less than 20,000. The case studies do not pretend to be statistically representative. In that sense, the results obtained refer only to the municipios studied. The results however provide indicators of general situations.

Since there is no information or statistics that allow a classification of municipios as successful or failures in terms of capacity development, it was decided to use the knowledge of experts in the field of local development to identify interesting cases. After a first round of consultations with the experts, a set of municipalities that were mentioned in several occasions was identified. To increase the number of municipios with a population of less than 50,000, a second round of consultations took place focusing on the departments to which the original municipalities belonged to. After the second round of consultations with the experts and according with the frequency with which they were mentioned, 50 municipalities were identified. Finally, from the latter group and taking into account repeated references by the experts and an adequate regional distribution, the final 16 municipios were selected.

The studies reviewed the municipal provision of three services (water, education and roads), over 1988–94 corresponding to the administrations of popularly elected mayors. Starting from an assessment of local government performance in the three sectors, the case studies offered a diagnosis of the development of municipal capacity, identifying its main patterns of evolution. Field work involved workshops with communities and public servants, and opinion surveys in addition to the collection of quantitative and qualitative information through the revision of documents and interviews. A more detailed presentation of the results is included in World Bank (1995).

3. POLITICAL COMPETITION, LEADERSHIP AND CAPACITY

A key finding of the study is the close link between political reforms and capacity development. The experience of these municipios shows that competition for political office opened the doors to responsible and innovative leadership that became the driving force behind capacity building. It was the combination of the added responsibilities, more resources and political reforms that created the environment conducive to the emergence of effective local governments.
(a) Political reform.

In effect, the political environment within which local governments operate experienced significant changes. Starting in 1988, mayors — previously appointed — have been popularly elected. Changes in the electoral system for local officials and members of Congress have made the process more transparent and fair. One good example was the introduction of the Tarjetón, a system under which voters receive their ballots — which include photographs of candidates — at the election site, thus reducing opportunities for vote manipulation.

Citizen participation was also enhanced, both through legal means (as in the cases of Laws 11 of 1986 and 134 of 1994) and through the practice of several national programs, most notably the Plan Nacional de Rehabilitación (PNR). Clientelistic practices were weakened, among other means by the elimination of the auxilios regionales, a significant quota of the public budget allocated to members of congress and other regional officials for their own discretionary use within broadly defined criteria. Government accountability was enhanced, for example, through the introduction of the so-called voto programático (programmatic vote) that forces all mayoral and gubernatorial candidates to present a government program to be later used to assess their performance.

A reduction in clientelism and more transparent and fair electoral practices, have conferred more legitimacy to the leadership role of mayors in the public's eye and made the position more attractive and competitive. An important result has been a renovation in municipal leadership. A majority of the mayors that were in office in the sixteen municipios at the time of our visits, could be considered "political outsiders", with backgrounds in the private sector or coming to the public sector as professionals or through civic movements independent of traditional parties.6

With decentralization municipal political life has become clearly more local in nature increasing demands on new leaders to respond to their communities. A majority of individuals surveyed in the four largest municipios in the sample indicated that their choices for mayors do not follow party lines and are not necessarily consistent, in party terms, with their choices at the national level. Only a minority (between one-fourth and one-third of those surveyed) believes that one should vote for mayors and president from the same party.

(b) Leadership

The case studies found again and again that local leadership emerged as a key part of the explanation of local capacity. Few if any municipios showed much capacity without strong leadership. For most, leadership was a sine qua non in the launching, and figured importantly in the sustaining, of capacity building. In most cases this leadership came from mayors. In certain cases however it was closely associated with community leaders, private sector individuals acting in the public interest, or political movements.7

In some regions of Colombia, where the presence of guerrilla groups cannot be disregarded, violence limits the capacity of local governments. Decentralization, and the initiative of new local leaders, allowed some communities to work with authorities and rebel groups, minimizing the impact of violence on local capacity and performance. For example in Zaputoca, a municipio of about 10,000 inhabitants in the Department of Santander, the armed conflict reached its highest point with the assassination of the second elected mayor. The third election in 1992 implied a change in leadership. The new mayor organized town meetings in rural areas and invited the communities. On some occasions armed groups participated establishing a dialogue with the municipal government program. Today, people and merchandise circulate freely in rural areas, and municipal programs are implemented without major derailments.

The role played by responsible and innovative leaders in strengthening the capacity of local governments is complex. In the first place, a mayor (or the head of a municipal department) is in a unique position to motivate the local administration to improve its performance and, as a result, generate the demand for capacity-enhancing activities. Second, as a manager he/she becomes a key element of municipal capacity. This is particularly true in smaller municipios where the mayor is often the only full-time professional working for the government.

This leadership function has a double facet. First, reforming the municipal administration into a more effective and customer-oriented institution involves a leadership role internal to the organization. Second, achieving trust, mobilizing community resources and sustaining those reforms efforts involve a leadership role external to the organization. Thus, as the experience of these municipios illustrates, successful leadership involves both managerial and political skills. In many cases, the tension between the two facets was found to be very strong.

(i) Breaking the inertia

In an initial phase of the capacity-building process, the main challenge for the local government is to make effective use of the underutilized capabilities existing within the administration. In many cases, it is possible to increase government
performance without major new investments, simply by making more effective use of latent capacity. This phase, in all cases, was associated with strong leadership by the mayor.

The case studies show examples of how mayors with an entrepreneurial spirit were able to unlock latent capacity in the local administration. For example, municipal staff in Valledupar reported the motivational boost generated by a mayor that starts work at 6:30 a.m. every day of the week (Cárdenas, 1994c). Similarly, the first elected mayor in Ipiales discovered, to his amusement, that while his office was practically nonexistent, the municipio was renting out — at a notional price — a perfectly adequate building as a hotel. Simply by ending the lease and moving the municipal administration he was able to improve working conditions and staff performance. On the other hand, in those cases where the mayor himself is not sufficiently motivated, those latent resources remain underutilized, as in Versalles (Villa, 1995d).

(ii) Expanding horizons

The most obvious way in which a new mayor can expand the capacity of the local government is by providing essential skills not previously available. In small municipios the mayor is very often the only full-time professional working in the administration. It is estimated that municipios with population of less than 10,000 have, on average, two professionals in the municipal administration (World Bank, 1995). As some of the cases in the study clearly illustrate, the effectiveness and capacity of local governments in this group is closely associated with that of the mayor.8

There is latent capacity, however, outside the public sector too. Expanding government capacity by drawing upon resources outside the public sector is possible only when the administration achieves trust and support within the community. In almost every case, this was associated with new leadership making use of its recently acquired legitimacy. It implies bringing in well-qualified people to work in the local administration.9 It also implies drawing upon the community, as well as the private sector, to perform some activities.10

(iii) Managing complex organizations

In larger and/or more advanced municipios, a key challenge is to adapt the municipal organization to more complex and diverse tasks. This requires a clear definition of responsibilities and the delegation of authority, among other steps. The mayor becomes a manager and the leadership function is distributed among several individuals. This proved to be a difficult step for some municipios that required changes in leadership style. In that sense, leadership plays a key but different role at various stages of the capacity development process: launching it requires drive and clarity of objectives; while consolidation and institutionalization require managerial skills.

(iv) Managing conflict

In several municipios capacity building efforts have lost effectiveness as they are rejected or, worse, battled by other powers in the local political scene. The best example is the poor relationship between mayors and municipal councils found in most cases. Few mayors have been able to develop a working relationship with the council, but in many other cases conflicts and obstructionism have weakened local government capacity. In the typical municipio council members have very few operational responsibilities, which are concentrated on the executive branch. As a result, council members tend to exercise power in a negative way by imposing clientelistic practices in hiring (the so-called "causa burocrática") on the administration.

The ability to manage this type of conflict becomes a key role for the mayor. The case studies show a variety of experiences. In some cases, the conflict between the mayor and the council practically impeded any progress in the process of capacity development as in the case of the 1990–92 municipal administration in San Juan Nepomuceno, a municipio of about 30,000 inhabitants in the Department of Bolivar, which interrupted a very dynamic process of modernization started during the previous administration (Cárdenas, 1994b). In most places, however, a certain modus vivendi develops under which change continues but, probably, conditioned and limited.11

4. COMMUNITY PARTICIPATION

Participation by the community — individually or collectively, through formal and informal channels — voicing demands, making choices, and being involved in projects proved to be as important in sustaining capacity as leadership was in launching it. The presence of an active community increased demands for effective local governments, generating the incentives for capacity building. In other words, community participation forced government accountability. At the same time it broadened the resources on which the municipal administration could draw upon to improve its capacity. But the extent to which community participation became part of the process of capacity enhancement depends critically on the inclination, and to a certain extent boldness, of local administrations. Recent legal and political reforms have multiplied options through which the participatory tendencies of Colombian society can be expressed. The challenge for govern-
ments has been to open their administration and encourage community participation.

To different degrees, and through alternative means, the municipios in the sample have followed this path. In some cases, this approach to public policy has been followed across the board as in Valledupar. Indeed, community participation has become a centerpiece of Valledupar's development. In the municipal offices, staff wear identification badges which say: "We govern with your participation". The mayor established a Press and Information Office that disseminates government programs through, for example, a 30-minute daily radio program. Starting in 1992, the Mayor of Valledupar named inspectores de policia (police inspectors) in the 14 corregimientos based on the results of popular elections. This has been an unique event in Colombia since the law grants mayors the rights to designate them without any consultations. As a result, the profile of the inspectores has changed from a political appointee responsive only to the mayor, to one of a community representative acting as a liaison with the administration.12

In other municipios, community participation has been mostly in one sector rather than across the board, for example, in the case of education in La Mesa and Zipaquirá. In other cases, it has occurred independently of the municipal administration as in Versalles.

Although no simple correlation can be established between the strength of community participation and government performance, the experience of those municipios that have followed a more open and inclusive approach to public policy indicates they have benefited in terms of enhancing their capacity, positioning themselves to achieve better outcomes.

The correlate of community participation is citizen satisfaction. Evidence collected through opinion surveys and through workshops with the community clearly indicate that citizens recognize progress has occurred. For example, approximately three out of four individuals in Manizales and Valledupar think services improved since mayors started being elected by the people. In five of the municipios the surveys and workshops identified high satisfaction levels consistently across sectors. Only in three cases did the same sources identify a consistent pattern of dissatisfaction (World Bank, 1995).

Opinion surveys show that a majority of individuals see municipal governments playing a central role in the provision of education, water and road services. An overwhelming majority of those surveyed report they trust more the local than the national government: more than 90% in Valledupar and Manizales, almost 75% in Ipiales, and almost 60% in Zipaquirá (World Bank, 1995). A larger number of individuals prefer the municipio, not a higher level of government, to be in charge of service provision. The only sector in which there seems to be support for the involvement of departments and the national government is in education. In roads and water, citizens see the private sector playing a more important role than departments and the center.

(a) Voice

The consistent expression of community demands and preferences — voice13 — is an important factor explaining the development of local government capacity. Voice has made local authorities more accountable to citizens increasing the political costs of inefficient and inadequate public decisions. As a result, it made local governments more interested in changing their administrations and personnel to make them more effective. In several cases, protests and civic mobilizations led to local government action, as in La Mesa, Zipaquirá and Puerto Tejada (Vargas, 1995) and (Villa, 1995c). Moreover, voice increased government capacity by facilitating the task of ranking priorities and identifying problems of implementation.

In many cases local governments have established channels through which the community is able to express in a systematic way its needs and problems. These have become key tools for the local administrations that are using them: Pensilvania, a municipio of about 25,000 inhabitants in the Department of Caldas, presents an excellent example. At the beginning of the first elected mayor's term a survey was conducted to see whether the government's program addressed the community's priorities and needs. The survey identified serious differences between the program and the community's expectations leading the mayor to change his program. Due to the success of the survey, the Movimiento Civico (the civic movement in office) adopted it as a useful tool to help it define its political program for the upcoming election. Since then, the Movimiento has systematically applied the survey and used it to reshape its political program. The survey is carried out on a biannual basis and is divided in two big sections. The first section the community evaluates the current administration's performance with special emphasis on works done during the current period. The second section addresses future projects. It asks the community to list and rank works and program that the next administration should undertake.

(b) Involvement

Direct community involvement — in construction
and maintenance projects as well as operating services — was a strong factor behind the success stories in these municipios. More generally, the practice of working with the community was itself a learning process through which municipal staff acquired new skills and motivation.

The practice of communities contributing labor and materials for public projects increased not only the available resources but also cost-effectiveness and user satisfaction. In smaller municipios and in rural areas, the practice of communities sharing the cost of projects through labor or materials is the rule. This type of involvement is observed more frequently in the road and water sectors, although there are examples of community involvement in school construction.

Betterment levies and other types of cash contributions had a similar impact in larger municipios. Some of the larger municipios, however, have maintained the practice of community work. Ipiales is an excellent example. The mingas constitute an important part of social and community life in Ipiales (Villa, 1995a). They originated in the precolonial period and are most present in the southern part of Colombia, where the Indian heritage has endured. Citizens join with local authorities in carrying out a specific task that will be of general benefit to a neighborhood or the community. These tasks often comprise the construction and maintenance of schools, roads, water and electrification systems. Usually the government provides the technical support and construction materials, and the community contributes labor force and materials. It also provides food and beverage to minga participants. Participation is so strongly embedded in the community that it is not unusual to have several senior officials in a minga shoveling debris and pouring cement.14

The experience with local involvement is ample and, as in the case of voice, varies according to size. Some of the examples we reviewed were based on practices that predated decentralization. For example, the current use of mingas in Ipiales is based on ancient indigenous traditions. Even in those cases, however, strong commitment by the new administrations gave them new life and mainstreamed them by making them part of the local government’s programs.

5. BUILDING CAPACITY THROUGH LOCAL INITIATIVES

Perhaps the principal lesson derived from the experience of these municipios is that capacity can be enhanced through skillful innovations even under difficult circumstances, given the right political incentives and if the community and its leadership are determined. This section reviews some of the most significant initiatives undertaken by municipios in order to enhance their capacity.

(a) The human factor

The case studies show that most local governments upgraded the quality of their workforce, increasing the number of professionals in their staff considerably (see Table 1). A municipio such as Ipiales, for example, increased the number of

<table>
<thead>
<tr>
<th>Municipio</th>
<th>Number of Professionals</th>
<th>Employees/Professionals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manizales</td>
<td>86</td>
<td>148</td>
</tr>
<tr>
<td>Valledupar</td>
<td>29</td>
<td>118</td>
</tr>
<tr>
<td>Ipiales</td>
<td>3</td>
<td>30</td>
</tr>
<tr>
<td>Zipaquirí</td>
<td>13</td>
<td>37</td>
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<tr>
<td>Piedecuesta</td>
<td>3</td>
<td>15</td>
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<tr>
<td>Jamundí</td>
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<td>8</td>
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<tr>
<td>Libano</td>
<td>2</td>
<td>9</td>
</tr>
<tr>
<td>Puerto Tejada</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Pensilvania</td>
<td>1</td>
<td>8</td>
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<tr>
<td>San Juan Nepomuceno</td>
<td>1</td>
<td>15</td>
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<tr>
<td>La Mesa</td>
<td>1</td>
<td>11</td>
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<tr>
<td>Belalcazar</td>
<td>0</td>
<td>10</td>
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<tr>
<td>Versalles</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Zapatoca</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Cucunubá</td>
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The source of this information are the decrees establishing positions (acuerdos civiles) in each municipio for 1988 and 1994. Detailed information for each municipio is presented in Ballesteros (1995).
professionals from only three in 1988 to 30 in 1994. La Mesa, which had one professional in the administration before 1988, has now eight.

Even more remarkable is the change in the skill composition of the municipal labor force which has professionalized very sharply. As shown in Table 1, the ratio of employees to professionals fell in every case and quite substantially. In Ipiales, for example, this ratio was reduced by a factor of eight. In municipios like Valledupar or Pensilvania the ratio of employees to professionals is similar to the one found in a country such as Chile, generally cited as an example of municipal strengthening in the region (Campbell et al., 1991).

This was done through new hirings and training and, particularly among the larger municipios, by adapting personnel policies and reward systems. Depending on the case, these changes took place in the municipal administration, the water or public service company, and/or the municipal departments of education and public works.

Small and remote municipios experience particular difficulties in upgrading the quality of their workforce. In the first place, scale imposes a natural or structural limit on the number of professionals working for the municipal administration. A majority of Colombian municipios simply cannot afford the expenses of a cadre of adequately remunerated professionals in the different areas of government responsibility. Second, the cost of hiring even a few well qualified professionals might be too high for many small municipios that would have to attract them from other — sometimes distant — places.

To a certain degree, a majority of the municipios in the study fall in this category: nine out of the 16 have populations of less than 35,000. In many cases they have developed alternative strategies that allow them to deal with the scale problem, although not without certain drawbacks. In the very small municipios (for example, those with populations of less than 10,000) the mayor becomes an hombre orquesta (a one-man-band), being in charge of most activities that require a certain degree of qualification. In this case, leadership becomes the central variable imposing certain fragility for the sustainability of the capacity development process.

Sharing professionals with other municipios is another strategy followed by some. All those cases involved some formal ties between neighboring municipios, such as those existing among members of a municipal association (more on this below). For example Cucunubá, a municipio with approximately 7,000 inhabitants in the Department of Cundinamarca, shares with the other members of its municipal association the salary of a lawyer that functions as a multipurpose advisor (Vargas, 1995). Similarly ASOBANDO (the association centered around Ipiales) provides the support of its professionals for project preparation and other technical tasks to the smaller municipios members (Villa, 1995a).

The temporary use of professionals is an alternative used by Zapatoca, that had to eliminate professional requirements for department heads due to its inability to attract full-time candidates (Cárdenas, 1994d). In response, Zapatoca introduced the figure of project managers (gerentes de proyecto) in charge of specific construction projects — a road, the extension of a water system — reporting to the mayor.

Some of the intermediate size municipios have been able to attract out-of-town professionals to work for the local administration on a long term basis (one to two years). La Mesa, a municipio of about 20,000 inhabitants in the Department of Cundinamarca, has taken advantage of its proximity to Bogotá and hired well-qualified professionals to work as advisors to the mayor in areas such as housing, internal control, fiscal affairs, contracts and water. Similarly, Pensilvania has benefited from a strong and committed community residing in other areas of the country. Many young Pensilvanians return to work for the local administration after a few years of on-the-job training in companies owned by former residents. Although many of them eventually leave town, the arrangement has provided a steady flow of human resources since the beginning of decentralization (Palencia, 1995b).

Developing adequate personnel policies — recruitment, promotion rules, staff motivation, pay scales — and formal training programs constitute the main challenge for larger municipios attempting to improve the quality of their staff. This challenge can be rather complex as it involves politically charged decisions such as the level and composition of public employment. This is particularly clear in the education sector. Several municipios face a capacity problem because the Teacher’s Statute limits their flexibility to change employment practices given its rules on selection and management of teachers.

Personnel policies were found to be an important issue among the larger municipios in the sample, all of which have started to implement their civil service regimes. To different degrees, municipios such as Manizales, Valledupar or Ipiales have developed a sophisticated administration with well-qualified and motivated professional staff.

Manizales has a long tradition of professionalization, which has been reinforced over several years by conscious efforts to increase the ratio of professionals to unskilled workers through personnel attrition. Those efforts are complemented by its staff development and training policies. Valledupar has, since the popular election of mayors, professionalized its administration. The cabinet is composed of mostly young professionals (many with graduate studies) with experience in the public and private
sectors.\(^\text{16}\) Ipiales established, since 1988, a rotation system among municipal employees that has worked as a \textit{de-facto} training program. Today, most of the department heads and managers in the service companies and decentralized offices have been formed in what they proudly call "the municipal school".\(^\text{17}\)

(b) The physical factor

\textit{Municipios} do not find serious difficulties in establishing a reasonable level of capacity in terms of equipment and buildings. Compared to the other two dimensions, capital does not involve particular difficulties. This could be related to two factors. First, once a \textit{municipio} has the financial resources, access to equipment and materials is relatively easy as there exist well developed markets. Second, strengthening this dimension of capacity is less controversial as it does not involve sensitive issues of personnel and organizational practices.

A somewhat controversial aspect relates to policies followed regarding the equipment for construction and maintenance projects. Several \textit{municipios} have established \textit{fondos rotatorios de maquinarias}: they own the equipment in partnership with a municipal association (as in the case of Cucunubá, La Mesa and Ipiales) or by themselves (as in Zapatoca). In most cases, the \textit{municipio} facilitates the equipment for community use, through different arrangements.\(^\text{18}\) This practice — which does not exist in large municipalities that contract out to the private sector — is typically justified on the grounds that it is less expensive than hiring private contractors.

(c) Technologies: improving the management process

The case studies show efforts to improve the functioning of municipal organizations, the use of planning and the execution of municipal projects. Those efforts are found throughout the size range, and seem to be commensurate with the \textit{municipio}'s size. New responsibilities make it imperative for many \textit{municipios} to undertake some type of administrative reforms: changing the structure of the municipal organization, creating new departments, establishing the corresponding division of responsibilities and channels of communication. To be fully effective, reforms must be done in a way that contributes to staff morale. Several \textit{municipios} have shown initiative and drive in implementing these reforms. Others, however, appear to be facing performance problems as a result of their failure in this area. Organizational reform did not appear to be a matter of concern for the smaller \textit{municipios}, which require very simple organizations based, to a large extent, on the mayor. The case studies suggest the issue gains importance in \textit{municipios} of approximately 40,000 inhabitants and above.

The larger \textit{municipios} in the sample were able to develop sophisticated and effective organizations. They have reorganized the structure of their administration in a way that allows for decisions to be made in a fast and effective manner. Valledupar, for example, introduced a small technical unit in the mayor’s office to give due process to problems and needs identified by lower levels as well as by citizens. Together with a planning unit, it has allowed top management to deal effectively with a larger number of problems and issues (Cárdenas, 1994c).

They have developed some modern and sophisticated organizations such as the Empresas Públicas de Manízales (created in 1962 before the beginning of the decentralization process), characterized by the stability of its management and independence from political influence. Highly qualified personnel, good managers, excellent equipment together with an administrative organization that has adapted through time explain its excellent performance record.

Finally, they have been able to implement administrative and motivational reforms in the municipal administration with great success. For example, in Ipiales a new corporate culture has developed in the local government, that follows a very flexible and decentralized work style in an environment of high staff motivation.\(^\text{19}\)

A second group of \textit{municipios}\(^\text{20}\) — large enough to face problems of organizational complexity but smaller than the ones discussed above — experienced difficulties in implementing reforms to adapt their municipal organization. Most of them made progress in establishing their water companies or creating their secretariats of education. They have not however, been able to integrate the different parts of the municipal administration in an harmonic fashion. As a result, government effectiveness depends on the specific arrangements in the sector and large differences emerge within the local government.\(^\text{21}\)

The sharp increase in resources being managed by local governments and the variety of sectors in which they now have responsibilities, imply the need to upgrade their capacity to plan — that is, to establish goals and the means to achieve them. In addition to satisfying technical criteria, planning under the system of decentralized governance must also reflect the needs, preferences and priorities of recently enfranchised citizens. Thus, local governments must combine their efforts to develop conventional planning skills with new methods to elucidate community demands.
Few municipios have fully developed these capabilities. But, when the evidence collected in the case studies is reviewed critically and with due consideration to differences in size, a more encouraging picture emerges. While small municipios do not have full-fledged development plans, most have a listing of investment priorities, the source of funds for each of them and an execution plan — probably the right tool given their scale. Among the larger municipalities, most have both municipal development and sectoral plans which, in effect, have become operating tools in the day-to-day operations.

An interesting aspect of many of these plans is their impact on generating organizational and community spirit. Several municipios have systematically involved the community in the preparation of plans. In some cases, plans — documents — have the benefit of acting as "certificates of continuity", particularly through changes in administration, as well as a technocratic device.

In many cases, municipios rely on support — from consultants, universities and technical groups, or in a few cases from private firms — to develop these plans. Although the cases reviewed show their share of plans that fall within the category of "thick and useless volumes", it appears that in most cases local governments are receiving adequate support, when effective demand exists.

It is at the level of implementing investment projects that many municipios face capacity limitations. The evidence shows a mixed record. While interviews with local residents and key informants indicate the existence of problems such as slow execution, the case studies encountered many examples of effective implementation. Capacity in this area seems to be closely associated with various other dimensions such as strong leadership, community involvement in projects, clear priorities, and an effective municipal organization.

A pattern appears among those cases of successful execution, linked to the criteria of selectivity and specialization. Selectivity implies that municipios improve project execution by concentrating on relatively few priorities. Typically, the mayors in the reviewed cases tend to concentrate their resources and political capital on a limited number of projects — a particular road, bringing water to town or cleaning the river. Specialization implies that the local government does not attempt to do everything by itself. Successful implementation was always associated with the involvement of someone outside the local administration: the community, an NGO, the private sector or a neighboring municipio.

6. CONSTRAINTS TO CAPACITY

The process of building a modern and effective local government is, however, immensely complex. Municipios not only must face the political and technical challenges involved in the process of reforming their administrations, upgrading the quality of their staff and adopting new systems and methods. They must also learn to operate in an institutional and legal environment that changes at a fast pace.

(a) A stifling environment

A successful effort to build local capacity requires municipios to have the autonomy and security needed to make long-term commitments. In that sense, clear and stable rules of the game are a key contributing factor. In spite of repeated efforts by the different levels of government, most municipios still find the legal and regulatory framework which governs them complex and confusing. Frequent changes and additions imply further complications.

In many cases well intentioned local authorities have unknowingly broken rules due to lack of information. This has not contributed to generate a sense of trust between the different actors involved in the process of decentralization. Most of the local authorities interviewed for this study complain about what they perceive to be undue persecution by the center. On the other hand, national level agencies — particularly those with control responsibilities — are naturally concerned about the lack of compliance with legal norms. Insufficient channels of communication between levels of government make it difficult to reverse this environment, which is not conducive to development of effective municipios.

To a certain extent these tensions reflect the difficulties on the part of national leaders in adapting to a new environment in which the center has lost its monopoly power. In some cases, it is possible to observe genuine disagreements between central and local authorities on priorities for the allocation of public expenditures. But more generally, tensions are exacerbated by the lack of information on what is really happening at the local level.

A factor further hampering the ability of some local governments to consolidate their capacity-building efforts is the barrage of national programs for institutional development that operate in an uncoordinated manner. The paradoxical result is that these programs — meant to support local governments — end up forcing on them an inefficient use of their time and human resources, overwhelming rather than strengthening — their capacity.

(b) Coordination issues

The process of local capacity development could be suffering in many circumstances due to insuffi
cient intermunicipal coordination. One example is the difficulty of learning about the lessons and experience of others. Self starter municipios must necessarily be innovators and, to a certain extent, risk takers. But, dissemination of their experience with capacity enhancing activities, should make it easier for others to follow. Information about successful interventions should also make other governments less anxious about the social and political costs of reforms. Spontaneous dissemination, which might be taking place, is taking too long and does not reach everywhere. There is currently no institution in Colombia (public or civic) that is assuming this dissemination role. Thus, when dealing with capacity development, most of the municipios were in the awkward position of "reinventing the wheel".

Scattered evidence indicates that one of the institutional development schemes most frequently used at the local level is the association of two or more municipalities with a view to take advantage of economies of scale in management and administration and/or to facilitate horizontal transfer of management technologies (Rojas, 1994). Often these associations stimulate expansion and innovation in local services. Five of the municipios in our sample are members of a municipal association. The legal framework is permissive and does not constitute a significant obstacle to either the creation of new associations or their involvement in local capacity development efforts. There is not, however, sufficient awareness among municipios of the advantages of this type of associational arrangements. Furthermore, without financial and technical assistance, the process of constituting a new association may be too costly for most small municipios.

(c) Sustainability

The success stories in these municipios are associated with the emergence of a virtuous cycle that could be critical for the sustainability of the process of local capacity development. Responsible leadership and community participation lead to an increase in demands for better governments and, consequently, for capacity enhancement. More capable governments tend to attract more qualified and better motivated leaders and staff. Similarly, stronger and more open administrations are likely to promote and advance interaction with citizens. As Brinkerhoff and Goldsmith (1992) suggested, sustainability of institutions (such as the Colombian municipio) requires the adherence of a sufficient body of people to, at least, maintain a stable volume of activity. Furthermore, the evidence suggests that leadership and participation tend to reinforce each other. The sustainability of reforms at the local level is sometimes affected by the dynamics of the political process. Mayors are elected for three-year periods and cannot be reelected for two consecutive terms. In some cases, local government capacity has suffered as a result of changes in municipal administrations. Important initiatives may get discarded as they are associated with opposite political groups.

7. CONCLUSIONS

The study shows that capacity can be home grown without outside help, in both small and large places. Though the country has more than a 1,000 municipalities, the small sample reviewed in this study suggests that size is not necessarily a predictor of capacity. We see skillful innovations in the very small and serious shortcomings in the very large. The important factor is determination at the local level, and recent reforms appear to be effective in building political will. Nevertheless, economies of thresholds, if not of scale, need to be taken into account when considering the specifics of a capacity development program.

As our review indicates, capacity building involves efforts in several dimensions, with the total being larger than the sum of parts. Putting it all together — the ultimate challenge for a reformist local government — is not easy. The experience of these municipios strongly indicates that leadership and community participation are the fundamental factors that bring these efforts together into a consistent whole. It also indicates there are no simple recipes that all municipios can follow. The right model for institutional development must follow local perceptions of needs and preferences regarding the means to satisfy them. There is no feasible substitute to an approach in which local governments, with the active participation of their communities, take the initiative and responsibility for the actions conducive to their institutional development.

The quality of local leaders, as well as the speed of reform, will naturally vary over time. People and styles change. The key to sustainability, as illustrated in several municipios, resides in the degree to which local authorities involve citizens and open their administrations to the community. In the words of the Mayor of Valledupar: "community ownership of programs and ideas is one of the few, and most important, conditions for continuity of the process of local capacity development".
1. Since 1986 transfers to local governments increased by a factor of three. Local revenues (tax and non-tax) increased from approximately 2 percent of GDP in 1980 to 3.5 percent in 1984.

2. Cohen (1995) uses the terms "capacity building" for individuals, not institutions, and thus focuses the concept of "capacity" on individual abilities, talents and qualifications. His definition of capacity matches the "labor dimension" in the definition used in this paper.

3. The term "technology" is sometimes interpreted to mean hardware (i.e. computer and communications equipment). This is not the meaning given in the economics literature dealing with production functions that is being used as a conceptual reference for this paper.

4. The municipios are: Puerto Nariño in Amazonas; Cucunubá, La Mesa and Zipaquirá in Cundinamarca; Piedecuesta and Zapatoca in Santander; Belalcazar, Manizales and Pensilvania in Caldas; Jamundi and Versalles in Valle; San Juan Nepomuceno in Bolivar; Libano in Tolima; Puerto Tejada in Cauca; Ipiales in Nariño; and Valledupar in Cesar.

5. The 1991 Constitution introduced the election of Governors.

6. In the 1988 and 1990 municipal elections the two major political parties obtained approximately 80 and 90% of the vote respectively, and controlled almost 90% of all municipios (Gaitán Pavia and Ospina, 1992). In the 1992 elections, traditional parties obtained only 65% of the vote with candidates from nontraditional parties gaining control of approximately 300 of the 1,000 municipalities.

7. Versalles, a municipio of 12,000 inhabitants in the Department of Valle, provides a good example of community leadership. A 1989 decree by the national government mandated that all municipios create a Community Participation Committee (CPC) for health facilities, which include representatives of community organizations, the local government and the municipal council. Under the leadership of the local hospital director, the CPC of Versalles became the main source of local innovation and change, replacing an ineffective municipal administration. The CPC mobilized the community and launched several effective and low-cost programs to address issues of malnutrition and family welfare. See Villa (1995d).

8. For example, Cárdenas (1994d) and Villa (1995d) present sharply contrasting views of the capacity of the municipal administration in Zapatoca and Versalles (municipios of similar size) which they both associate with that of the mayor.

9. The Mayor of Jamundí, for example, involved several new professionals in the administration, through his personal contacts in the private sector (Villa, 1995b).

10. In Jamundí and Piedecuesta, for example, mayors were able to involve developers in local issues such as road construction and recreation through complex negotiations (Villa, 1995b and Cárdenas, 1994a). In Manizales, for example, a new municipal administration was able to acquire a high level of legitimacy through the completion of a long delayed infrastructure project benefiting all of the different aspects of its government program (Palencia, 1995a).

11. Valledupar presents an interesting experience of integration between the two branches of municipal government. The council was part of the effort to modernize the municipio as council members were involved in the process of strategic situational planning that transformed municipal institutions.

12. Another example, is the "Pavement by Self-Management" program which has the objective of improving access roads in the barrios. Interested communities contribute with materials and labor. The municipio provides technical assistance and the necessary equipment, and is responsible for the street lighting and trees. Participants get a rebate on their property taxes.


14. An innovative form of minga has developed, in which neighboring municipios coordinate their efforts for relatively big projects. This practice, which has contributed to strengthen ties among members of the municipal association, was initiated by the first popularly elected Mayor of Ipiales.

15. The Municipal Training Institute of Manizales (ICAM), conceived as part of a broad strategy to solve technical and behavioral constrains of staff, started operating in 1994 with support from the French Cooperation Agency. ICAM, which organizes training courses, workshops and seminars covering topics such as public administration, strategic planning, data systems, computer programming, legal issues and organizational management, has practically no permanent personnel.

16. The public works department that experienced redundant unskilled labor, was profoundly reformed. Workers received official support to form a cooperative enterprise (with financial support from UNDP), now maintaining rural roads in a very effective way (Cárdenas, 1994c). As a result the department has a small cadre of professionals, and a better performance record.

17. The mayor himself is an example of this model: he participated in the administrative reorganization during the 1988–90, headed the team that liquidated the departmental water company, and was in charge of the new company that was formed.

18. In Zapatoca the equipment is rented while in La Mesa it is loaned based on an agreement that the borrowers will contribute specific inputs to the construction projects. In Ipiales, a yearly schedule for use is agreed to among the
members of the municipal association that owns the equipment.

19. Interaction between staff is direct and work is carried out under a team structure. Senior officials participate at all levels. In the Department of Public Works professionals answer their own phones and handle their mail. People work hard and long hours without over-time payments.

20. This group includes Zipaquirá, Piedecuesta, Jamundí, El Líbano and Puerto Tejada.

21. Piedecuesta, for example, has a well organized and functioning secretariat of education that helps explain its remarkable record in the sector (Cárdenas, 1994a). On the other hand, the department in charge of the road sector is notoriously weak and responsibility for the water system had to be transferred to the city of Rucaramanga. This pattern is in part the result of a highly centralized organization in which most decisions must still go through the mayor although the complexity of problems is such that no single person is capable of processing the solutions.

22. For example, La Mesa for its education sector plan, and Pensilvania by regularly consulting citizens on sectoral priorities.

23. It is not unusual for different national agencies to have conflicting interpretations of the rules to which local governments must conform. Considering the large number of rules affecting municipios, the national government issued a Decree on November of 1994 which compiles the constitutional and legal rules affecting the organization and functioning of municipalities. The decree has 686 articles and 61 pages. It was later ruled unconstitutional.

24. For example, Law 136 (which regulates municipal operations) was approved on June 1994 and modified by Law 177 on December of the same year.

25. The lack of information was a critical motivation for undertaking this study.

26. In preparation for this study, a workshop was organized and the mayors of the 16 municipios were invited. The discussions and reactions to the exchange of information indicated both the inadequate flow of information on best practices and its potential beneficial impact on local capacity.

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