

**THE DECENTRALIZATION OF THE GOVERNMENT OF BOGOTÁ: BENEFITS, PROBLEMS,
AND POSSIBLE SOLUTIONS**

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ABSTRACT

In 1991 the new Constitution of Colombia started the decentralization of the City Government of Bogota by dividing the city into localities and creating a two-tier government. The government of each locality has an appointed mayor, an elected council, and some staff. I evaluate this process according to a framework that requires local governments to meet four conditions for successful decentralization: clearly defined functions, adequate capacity, funding, and accountability. I measure the performance of the local governments using three criteria: allocative efficiency, cost of delivering services, and efficient execution of the budget.

I found that because of the lack of definition of responsibilities, the localities are scattering their resources into a multitude of tasks, which, added to the small size of the transfers limits the effectiveness of the local governments at solving problems. Moreover, the local governments have an administrative structure that is not appropriate for the tasks they have to perform. Despite these problems, the local governments deliver local services at approximately the same cost as the City Agencies. The localities also execute a larger share of the budget than City Agencies, which operate under better conditions. Therefore, the localities perform as efficiently as, or more efficiently than, the City Government. On this basis, I argue that there is a case for continuing with the decentralization process. For this purpose, I recommend a comprehensive approach that simultaneously, but strategically, assigns functions, builds capacity, and provides funding.

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CHAPTER 1 INTRODUCTION

In 1991, a popularly elected constitutional assembly enacted a new constitution for Colombia.¹ The new Constitution established that the government of Bogotá, the Capital and largest city in the country, was to be decentralized. The city now has a two-tier government. The upper tier is the City Government, and the lower is constituted by twenty local governments within Bogotá.

The main objective, most likely, was to increase the responsiveness of the City Government and to counteract the inefficiency of the centralized delivery of services (Castro, 1996). Indeed, the government of Bogotá has not been able to deliver services effectively to all the city. For example, while some areas of the city receive piped water continuously, others get it only for a few hours a day, and in some areas, water trucks serve this purpose. Others argue that decentralizing the City Governments was a way of preserving the political stability and overall governance of the City of Bogotá (Medellin et al., 1996; Castro, 1996). Still others argue that decentralization was a way of involving the people in the solution of their problems, something that did not happen because Bogotá is a city of immigrants (Castro, 1996), and few people have a strong sense of belonging to the city (Mockus, 1995).

Whatever the real reason to undertake the decentralization of the City Government the process has transformed the political relations in the city in many ways. People in the

¹ Three parties got most of the seats in the assembly: the two traditional political parties—Liberal and Conservative—as well as the Alianza Nacional-M-19, a political party based on the M-19 Marxist guerrilla movement. (M-19 means Movement 19th of April.) This guerrilla group signed peace agreements with the government in 1990.

localities are beginning to look at the local governments, rather than the City Administration, for solutions to their problems. To some extent, the government is now closer to the people. Moreover, the process has allowed participatory processes to take place, and is making people, gradually, more involved in making the local government accountable.

A decentralization process also offers several opportunities for improving the quality of service delivery (Dillinger, 1994; Oates, 1977; Campbell, 1991). For example, services delivered locally might match to a greater extent people's preferences than if delivered on a city-wide basis (Oates, 1977). Decentralization of the City Government also offers the opportunity to enhance the responsiveness and quality of the government (Farr et al., 1972). Finally, decentralized service delivery, under certain circumstances, might be less expensive (Campbell, 1991).

But decentralization is by no means an easy process, nor does it always lead to more responsive and better government (Prud'homme, 1995). To be successful, all levels of government in a decentralization process must meet several conditions: (1) the functions that each level has to perform have to be clearly specified; (2) local governments require capacity to deliver services appropriately; (3) they also require adequate funding to perform the functions assigned to them; and (4) there have to be in place mechanisms that make the governments accountable, either to the citizenry or to other levels of government.

In this study, I analyze the decentralization process of Bogotá. I begin by looking at how the local governments meet the aforementioned conditions. I also study the performance of the local governments, and compare it to that of the City Government.

Although the localities face many problems, they deliver local services as well as, and often better than, the City. On this basis, I argue that the City should continue with the process of decentralization. However, to improve the effectiveness of decentralized service delivery, I recommend a more comprehensive approach than the present one—one that simultaneously, but strategically assigns functions, develops capacity, and provides appropriate funding.

In Chapter Two, I lay out a theoretical framework against which I compare Bogotá's decentralization process in Chapter Three. In Chapter Two I also describe Bogotá's government and its process of decentralization. I devote Chapter Four to analyze how the localities and the City Government coordinate their actions in the absence of clearly defined responsibilities for each. In Chapter Five, on the basis of information from the Office of the Accountant of Bogotá, I compare the performance of the local governments and the City Government. Finally, in Chapter Six, I outline the strategy that the government of Bogotá should undertake to correct the problems of the current decentralization process.

CHAPTER 2

CITY GOVERNMENT DECENTRALIZATION: FRAMEWORK OF ANALYSIS AND BACKGROUND

In this Chapter, I develop the theoretical framework regarding city decentralization against which I compare Bogotá's process of decentralization in Chapter Three. I begin with a discussion of models of urban government that are relevant to this study. I continue with a review of some of the advantages of decentralized city governance, followed by a brief summary of the conditions required for these advantages to materialize. To end this Chapter, I provide an overview of Bogotá's government and of its process of decentralization.

A disclaimer is necessary before beginning. The focus of this study is on decentralization of service delivery. That is, I look at decentralization in the context of which level of government within a large city is better for delivering particular services, and what conditions are necessary for such a model to work. I do not deal with issues such as whether local governments should be allowed to *regulate and establish policy* over education or health, to name a few.

2.1 Models of Urban Governance

I have identified four types of urban governance. First, a City Government can be "centralized," meaning that there is a single government with responsibility for the full range of urban functions, and its jurisdiction covers the entire urban area. The advantages of this system lie in the relative ease for coordinating and implementing area-wide projects that have scale economies and/or spillovers (Bahl and Linn, 1992). This option, however,

faces problems when services demand varies within the city. This is so because, on the one hand, it is difficult to gather in a centralized way the information required to detect these variations (Farr et al., 1972; Dillinger, 1994). On the other hand, the City Government becomes so large, and so powerful, that citizens lose any bargaining power and opportunity to manifest their particular concerns to the decision makers (Farr et al., 1972).

In a second model of urban government, called “functional fragmentation,” the provision of services is, as in the previous case, area wide, but is split between autonomous agencies and the City Government (Bahl and Linn, 1992). Local public enterprises are put in charge of certain functions, such as water, sewerage, garbage collection, telephone and power. These companies can be somewhat sheltered from political influence, and if allowed to pay higher salaries, they can hire more professional staff than the city administration, thus leading to a better management. Furthermore, they can probably collect user charges to fund their activity. However, cities with this type of government find it difficult to coordinate the actions of so many independent agencies, and to finance one service with the surplus of another (Bahl and Linn, 1992).

The “metro model” constitutes a third type of urban governance. In this model, many cities that constitute a continuously built up urban agglomeration create a metropolitan government to coordinate and deal with aspects that affect the entire community. There are two layers of government, the metro authority, and the local government of each city. Metro governments are usually assigned functions that entail scale economies, and sometimes they are also given the role of redistributing income within the metro area. The advantages of this model are similar to those of a decentralized City Government, which are discussed below. The disadvantage lies in the political rivalry

that might emerge between the metro government and the cities within the area, and a potential conflict with the national government if the metro government becomes too large and important (Sharpe, 1995).

Finally, a fourth model of urban governance, called “decentralized model,” is when the City Government decentralizes within its jurisdiction in an attempt to overcome the problems outlined for a centralized urban government. Two types of City Government decentralization can be undertaken individually or at the same time: functional or area. In functional decentralization, each service or program has a jurisdiction within the city, and its own bureaucracy, funding, and citizen’s board (Farr et al., 1972). The school districts used in the United States of America are a good example of functional decentralization (Hawkings, 1976).

The second type of City Government decentralization is by area. It entails the creation within the city of local governments with some functions and with their own political institutions (local councils and mayor’s office, for example). The new (lower) level of government will have the responsibility to deliver local services, such as: construction and maintenance of local streets, parks, and secondary distribution systems (water supply and sewerage). The City or upper level of government will remain as a coordinator of the localities and will deliver the services with spillovers and scale economies. Examples are mass transit, water supply, and trunk sewers (Farr et al., 1972; Sharpe, 1995, Dillinger, 1994). By decentralizing the City Government in this way, one can, in theory, expect to get a more responsive government, and probably to increase the extent to which the government services match people’s preferences. This type of urban

governance is the focus of this study; its advantages and disadvantages are discussed in the next Section.

2.2 The Alleged Benefits of Decentralizing City Government

The decentralization of a City Government into local units of government—localities—each with its own political institutions and functions to carry out, can, under certain circumstances lead to: increased allocative efficiency (Oates, 1977; Smoke, 1994; Bahl and Linn, 1992), reductions in the cost of delivering services (Campbell, 1991), a better and more efficient urban government (Farr et al., 1972). Below I develop a brief explanation to support each of these benefits. It is very important to note that these benefits will not take place unless certain conditions are met. For this reason, I devote a separate section to discuss some of the required conditions.

2.2.1 Increased Allocative Efficiency

Allocative efficiency measures how well services delivered by the government match people's preferences (Campbell et al., 1991). Under centralized provision, the government will tend to supply services at a relatively constant level, because it might find it difficult to consider the variations in preferences and demand that occur within its jurisdiction. This may lead to a mismatch between supply and demand, if in some areas it provides more of the service than the people demand, and in others less² (Oates, 1977).

² This Section is developed under the assumption that functions have been clearly specified for each level of government. In the case of a local government, the functions assigned should not entail externalities or scale economies (Oates, 1977).

Decentralized provision jurisdictions are smaller, and there is a higher chance that the local government is able to be responsive to variations in demand. In other words, in a smaller jurisdiction residents will have a better chance of communicating to the government their needs and preferences; thus, the government will have better information to decide how much service it delivers (Bahl and Linn, 1992). Hence, decentralization of service delivery might lead to increased allocative efficiency (Oates, 1997).

There are three main conditions for decentralization to lead to increased allocative efficiency. First, there has to exist an efficient way for citizens to manifest their preferences, i.e., some kind of voting mechanism. Second, the government has to be accountable to its constituents. Third, people have to confront the cost of their decisions.

The literature for the developed countries tends to trust elections as a good public choice mechanism³ through which people can show their demands (Smoke, 1994; Bahl and Linn, 1992). In the third world context, however, elections do not necessarily reflect the voters preferences (Bahl and Linn, 1992). For example, local elections in Colombia are influenced in an important way by national political parties and clientelistic relations⁴ (Davila, 1996). Nonetheless, one cannot deny that local politicians in their campaigns try to detect local preferences. Hence, to some extent politicians do represent the preferences of their constituents.

³ Under Special circumstances public choice theory has demonstrated that the majority outcome of a direct voting process reflects the preferences of the median voter, thus resulting in a stable collective decision (Smoke, 1994).

⁴ However, this is changing. Decentralization is slowly making people realize the value of local politics. A good example is the case of the current mayor of Bogotá, who was elected with a 3,000 dollar campaign, and does not belong to any political party.

Another voting mechanism through which citizens can show their preferences is participatory planning. In such a process, the community may be able to express its needs (Campbell et al., 1991), and there may be more debate in the decision-making process (Abers, 1996). The objective of such a process could be to write a development plan that guides the actions of the government for a period of time. A participatory-planning process must meet two conditions, so that it can lead to a better match between services delivered and people's demand. First, people who participate should represent the community as a whole, and not certain segments of it (Abers, 1996). A counter-example serves to illustrate this point. If only elites participate, the process will reflect only their preferences, and surely, the outcomes will also benefit mostly the elites⁵ (Abers, 1996; Tandler, 1982). In this case, a participatory planning process fails to meet its objective, and it cannot be considered a good mechanism for finding people's preferences. Second, the participatory process has to deal with the technicalities of planning, such as sources of funding, and costs and benefits of projects (Abers, 1996). If a participatory planning process does not do this, then the outcome resembles more a wish-list than a development plan (CSB, 1996a).

It is worthwhile commenting that participation is good only to a certain point. If the government must consult people directly concerning every decision, probably a stalemate will be reached soon. Participatory development planning should take place when writing the development plan, and maybe when the budget is written. At other times, elected politicians, for example, should be trusted.

⁵ Note that this can happen almost with any participatory mechanism, including elections. In this case, the elites can fund the campaign of the candidates and in this way gain privileged access to the government.

The second condition for decentralization to lead to better allocative efficiency is that the local government is accountable to its constituents. That is to say, the local government has not only to detect the local preferences, but it has to follow them (Campbell et al., 1991). Because of the importance of accountability in a decentralization process, I devote a section to its discussion below.

Finally, local people should recognize issues concerning the cost of their decisions (Campbell et al., 1991), a condition that usually implies that an important portion of the budget is funded through locally raised taxes. If this condition is not met, for example because most of the funding comes from transfers, local citizens might demand unrealistic things that are impossible to meet.

In sum, a decentralized delivery of services offers the possibility for better allocative efficiency, provided there are valid mechanisms for the people to communicate their preferences, that the government is willing to follow them and deliver the services accordingly, and that people bear, to some extent, the costs of their decisions. If these conditions are not met, decentralization can lead to undesirable outcomes, such as an elite ruling according only to its preferences, or to people expecting more than what the government can afford.

2.2.2 Reduced Cost of Delivering Services

There are several theoretical arguments that constitute the base for expecting decentralized units of government to deliver services at a lower cost than central authorities. First, local authorities have the incentive to use resources more efficiently because they benefit from any saving. Second, local government can save on red tape and

transaction costs, because higher levels of government do not need to approve and supervise directly the local projects. Finally, local authorities can take advantage of local prices, which can be lower than for the central government (Campbell et al., 1991).

However, there are counter arguments to the previous assertions. First, if governments receive most of the funding from transfers, they might not have a clear incentive for keeping the costs down. Second, local governments might lack the capacity required to design and build projects, which could translate into higher costs and poorly built projects. Hence, reductions in cost of service delivery are more an empirical matter, than a direct outcome of decentralization (Campbell et al., 1991).

Measuring reductions in the cost of service delivery in a decentralized government is a difficult task that has rarely been attempted. Campbell et al. report studies where “locally selected, administered, and financed projects cost less than centrally selected and provided services, though the findings are by no means uniform,” (Pg. 64). The World Bank (1995a) reports for the Colombian decentralization process reductions in the cost of maintaining roads in some municipalities when compared to centralized provision.

Directly comparing the cost of service delivery by local and central governments is a difficult task. An alternative approach is to compare how the two levels of government meet certain conditions, and based on this, roughly estimate the relative cost of service delivery.⁶ These conditions are required for procuring projects efficiently and at a minimum cost. The next step would be, to test this with some empirical data (Campbell et al. 1991). The conditions are: accountability, competition, and capacity. For example, if

⁶ The comparison would be valid for local services. That is, those that do not have scale economies. Those with scale economies are procured more efficiently by the upper level of government.

local governments are more accountable than the central government, in theory, there is an incentive for the local governments to perform more efficiently, both during construction and operation of the project (Dillinger, 1994; Bahl and Linn, 1992). Also, if projects are procured through competitive bids, again in theory, one can expect the projects to be built at a lower cost (holding quality constant) (Campbell et al., 1991).

Given the incentives outlined earlier, we can expect local governments to be more efficient at delivering at least some services. However, it is probable that the lack of capacity at the local level, and of competitive bids for procuring the projects, lead to the opposite result. In short, while, in theory, there are elements for arguing that decentralization reduces the cost of delivering certain services, in practice, these elements are difficult to find.

2.2.3 Better government

The two benefits discussed before—enhanced allocative efficiency, and reduced cost of service delivery—and the means to obtain them, build the case for saying that decentralization might lead to better government than centralization. For example, the local governments within a city can be closer to the people. This could translate into more accountable and responsive government, and into people seeing more clearly the link between their actions and the quality of government (Farr et al., 1972). Furthermore, decentralization might lead to each tier of government carrying out the functions it is best suited for, thus enhancing the overall efficiency of service delivery. These benefits, however, only come about if the process meets certain conditions. This is the topic of the next Section.

2.3 Conditions for the Success of Decentralization

Decentralization analysts impose several conditions for the success of a decentralization process, meaning local governments capable of effectively and efficiently carrying out the tasks assigned to them. These conditions are related to the existence of capacity, adequate sources of funding, of clearly defined responsibilities, and of mechanisms for making the local government accountable. Each of these is briefly discussed below.

2.3.1 Capacity

Capacity can be defined as the existence at the local level of the tools—labor, capital, and technology—that allow a local government to perform successfully (World Bank, 1994). Based on this definition, it is not difficult to see why the existence of capacity at the local level is a condition for the success of a decentralization process. Without it, a local government will be unable to carry out the functions it has assigned in an effective and efficient way, even if it has the required financial resources.

The three tools, labor, capital, and technology can be understood in the following way. A local government should possess a staff with a certain quality—skills and knowledge—because staff quality tends to be associated with higher capacity to produce efficiently. Capital refers to the appropriate buildings and equipment required for the local government to carry out its tasks. Finally, technology can be understood as the way in which the government is organized (its structure), its capacity for planning, managing, and for collecting information (World Bank, 1994).

2.3.2 Funding

For a decentralization process to be successful, the different levels of government should have adequate sources of funding so that they can perform the tasks assigned to them (Fernandez, 1996). If local governments are assigned a certain function but they are not given access to resources for this purpose, it should be obvious that they cannot perform the function. On the other hand, if sources of funding—local taxes and transfers to name two—are transferred to the local level of government without specifying the functions it has to perform, the upper level of government might run into deficit problems (Campbell et al., 1991). This is basically because the central government has to continue delivering all the services, given that it does not know what functions the local governments are going to undertake.

A possibly sound fiscal arrangement will be one where “finance follows function,” (Dillinger, 1994) and where user charges are used whenever possible (Bahl and Linn, 1992). That is, funds and sources of revenue are assigned according to the responsibilities of the local governments, and local governments are allowed to charge user fees where appropriate⁷ (Dillinger, 1994). Finally, whatever the sources of funding given to the local governments these should have a minimum stability so that government programs can have continuity, and so that governments can plan ahead.

⁷ In general, when it is possible to identify the person or household that benefits from a service, it is recommended to charge user fees (Dillinger, 1994).

2.3.3 Distribution of Functions

Each of the levels of government in a city whose administration is decentralizing should have a defined set of functions to carry out or services to deliver. To determine which functions should be undertaken by each level, several issues have to be considered, including: variation of demand across space (Smoke, 1994), relevance and political importance of the functions assigned (Farr et al., 1972, Sharpe, 1995, Ochoa and Restrepo, 1994); scale economies and externalities (Smoke, 1994; Farr et al., 1972, Ostrom et al., 1961), and the existence of capacity at the local level (Rojas, 1996; Farr et al., 1972; Rondinelli et al., 1989, Campbell, 1991, Tanzi, 1995). For example, the lower-tier of government, the localities, should be assigned those services whose demand varies across the city (but not as much within their jurisdiction); that have political significance at the local level; that do not exhibit economies of scale or spillovers; and, only if the local governments have the administrative capacity required to perform them. The City level, in turn, should undertake the remaining functions.

Two of the previous criteria—the existence of capacity at the local level, and of services that do not have scale economies—require some clarification in the context of the decentralization of a City Government. First, the need for the existence of capacity makes sense only for the case of a city, where, at most, 30 new units⁸ of local government are created. This number is sufficiently small to allow planners to think that a capacity-building program is feasible before functions are assigned. In contrast, when a national

⁸ Farr et al. argue that more than 30 local governments within a city is the maximum number that should exist. More than this figure, they say, makes coordination very difficult. Furthermore, because each locality has its own bureaucracy, finding trained people for a large number of governments might be difficult.

government decentralizes it does so to hundreds, or even thousands, of local governments. In this case, a capacity-building program is more difficult and expensive, thus presumably making it infeasible (Rojas, 1996). However, assigning functions only when the local governments have the capacity⁹ does not mean that during the first years that local governments perform a function, they are not going to face problems. This is because local governments have to learn to perform their tasks, and so with time and capacity they should be able to perform better.

Second, there is, at least, one qualification to the idea of assigning to the local level only those functions that do not entail scale economies. If urban services that entail scale economies are seen, in general, as those that are capital intensive (Hawkings, 1976), then services, such as water and sanitation, construction and maintenance of roads, and health should be assigned to the upper level of government. However, if these services are separated into their different components then the planner would find different degrees of capital intensity within one function. Those parts with the higher capital intensity should be assigned to the upper level of government. Those with low capital intensity could, in certain cases, be assigned to the lower level of government.

Two examples—hospital health services, and aqueducts—serve to illustrate this point. On the one hand, hospitals that have highly specialized and expensive equipment can be assigned to the city level of government (Farr et al., 1972). On the other hand, community hospitals and ambulatory health facilities could be assigned to the local level of government because their start-up and operating costs are less. The building and

⁹ This is the way in which Cali is going to decentralize functions to its localities (see Acuerdo (local law) No. 1 of 1995).

operation of water reservoirs and of main trunk lines also imply high capital costs (Rainer, 1990), and should be assigned to the upper level of government. The connections to the lines, however, cost less (Rainer, 1990), in absolute and per-connection terms, and could be assigned to the localities (Sharpe, 1995). If these services are delivered by city-owned companies that charge user fees, however, this may not be true. These companies should continue delivering the service. If an official still wants to transfer the local part of this function to the local governments, then they should be allowed to charge a user fee.

Table 2.1 shows, based on the previous discussion, a possible distribution of functions between the City Government and the Localities in a city. The table is based mainly on Farr et al. (1972), Sharpe (1995), and Ostrom (1963).

Table 2.1: Distribution of Functions between Levels of Government in a City.

Sector or Area	City Government	Local Governments
Transportation	Construction and maintenance of arterial streets and highways, traffic management, public transit. Master Transportation Planning.	Construction and maintenance of roads other than arterial streets and highways.
Health	Area Hospitals (Specialized medicine)	Community hospitals, and ambulatory health facilities.
Culture and Recreation	Museums, metropolitan parks	Neighborhood and local parks.
Infrastructure	Reservoirs, treatment plants, power plants, trunk lines.	Connections from trunk lines to households.
Planning	Master Plans (with input from localities)	Local Development Plans
Police	Criminal Labs, radio communication, criminal investigation.	Street policing, criminal investigation.
Education	Area policies, standards, universities.	School construction and maintenance.

Source: Farr et al. (1972), Sharpe (1995), and Ostrom (1963).

Finally, there is some consent in the literature that prior to starting a decentralization process the functions that each level of government has to carry out have to be specified by a law (Dillinger, 1991; Wiesner, 1995; Campbell, 1991; Fuhr, 1996.). This is important for many reasons: to make possible the accountability of local authorities, to avoid duplication of tasks between several levels of government, to facilitate coordination across the localities and with the central government, and to determine the size of the resources that have to be transferred. If functions are not specified, the process of decentralization might not work properly.

2.3.4 Accountability

For the success of a decentralization process all the levels of government have to be accountable to their constituents, to other levels of government, and/or to supervision agencies and courts. Accountability can be defined as “the requirement that officials answer to stakeholders on the disposal of their powers and duties, act on criticisms or requirements made of them, and accept (some) responsibility for failure, incompetence or deceit (UNDP, 1997).” In other words, governments should be held responsible, to a certain extent, for their actions.

If there are mechanisms that make governments accountable, then the governments will have the incentive to perform more efficiently, to follow what the people want them to do, and to obey the laws. If these mechanisms, for some reason, do not exist or do not work properly, governments might perform irresponsibly, might be more willing to tolerate corruption, or might act without obeying people’s wishes and the law.

All the different levels of government that exist in a country—National (or Federal), State, municipal, and sub-municipal—should be accountable to the citizens. Mechanisms that allow this to happen are, for example, elections, where people choose the executive and the members of the legislative branch of each level of government. In an election politicians and their political movements face the electorate, and risk losing power if they have not performed appropriately while in office.¹⁰ Another mechanism can be writing letters to the politicians in office to remind them of their campaign promises.

The different levels of government, moreover, should be accountable to one another. In a decentralized state, the central government usually funds through transfers in an important way the sub-national governments. As a result, these levels are accountable to the national government, because they use its funds. At the same time, the transfers make the national level of government accountable to the sub-national levels, because these levels need the funds to carry out the tasks assigned. The main mechanisms that allows all this to happen are the laws and regulations, which are enforced by the courts and the government supervision agencies.

Supervision agencies and courts are also a way of making governments accountable, because, on behalf of the people, they might evaluate the performance of the government, recommend changes, investigate malfeasance and corruption, and impose sanctions. People in office may fear the consequences of these actions, since they can

¹⁰ This is happening to some extent in Colombia since the decentralization process began in 1986. For example, in 1992, the city of Barranquilla, on the north coast, elected an independent politician as mayor. The citizenry responded in this way to the poor performance of the previous mayor, who belonged to the Liberal Party, a party used to machine like politics and clientelism (Davila, 1996). In 1995 something similar happened in Bogotá, when Antanas Mockus, again an independent candidate, defeated the Liberal and Conservative party candidates. Other cities where this has happened are: Monteria, Pasto, and Cucuta.

affect their careers. However, for courts and supervision agencies to be good at performing their functions they need to be politically independent, and to have trained personnel, equipment, and access to information.

Some authors (Bahl and Linn, 1992) suggest that if local governments rely heavily on transfers, they might become less accountable to the citizenry. I argue that even under these conditions there are possibilities for keeping local authorities accountable to their constituents. People will always have a stake in the performance of the local government because it delivers some services; this interest should be an incentive to make the authorities accountable. For this to happen, however, three conditions must be met. First, the functions each level of government has to carry out have to be clearly specified. Second, people have to be informed of this, so that they know what level of government delivers which service. Finally, the people should know the quantity of the money transferred, so that they can, on the one hand, demand reasonable levels of service, and on the other, act as watchdogs for these funds.

2.4 Bogotá's Government and Decentralization Process: Overview

This Section contains a description of the government of Bogotá, and an overview of the process of decentralization. The objective is to give the context required to understand the discussion and analysis of the process of decentralization done in Chapters 3, 4 and 5.

2.4.1 Bogotá's Government

The government of Bogotá has a structure that is a mixture of the functional fragmentation and decentralization by area models, discussed earlier. The functional fragmentation began in 1968 when the national government enacted some legislation in this sense (Silva, 1992). The new Constitution of Colombia in 1991 started the process of decentralization of the City Government into localities. According to the Constitution, the official name of the city is Santafé de Bogotá DC.¹¹ The DC stands for “capital district” in Spanish. Being a district means that Bogotá has a special regime—Bogotá's City Enabling Statute¹² (heretofore Bogotá's Statute). This means that Bogotá has a different legislation to the rest of cities (municipios) in Colombia. The structure of the City Government, and the process of decentralization are regulated mainly by Bogotá's Statute, which can only be modified by Congress.

Bogotá's government has three main parts (Bogotá's Statute, 1993). The first is the central or City Government, which has executive, legislative and supervision branches.¹³ The executive is the City Mayor and his sector secretaries (transportation, health education, finance, etc.). The legislative branch is the City council, currently made out of 35 councilors¹⁴. The City Mayor and the councilors are elected on a citywide basis. Finally, there are several supervision and control offices, such as the general comptroller

¹¹ In this study I will refer to the city as Bogotá.

¹² The Statue can be understood as the enabling legislation for the city. To some extent it is similar to an incorporation legislation.

¹³ The judicial branch at the municipal level is a part of the National judiciary system, and has no relation with the City Government.

¹⁴ There is one councilor for every 150,000 inhabitants in Bogotá. Bogotá is the only city in Colombia where this rule applies. For the rest of the cities, the maximum number of councilors is of 20. (Constitucion Politica de Colombia, 1991).

of Bogotá, the Veeduría (in charge of supervising the work of the City employees), and the Personería (citizen and human rights).

The second part of the government of Bogotá has several city-owned utility enterprises which account for most of the city's budget (Cardenas, 1995), hence the jurisdictional fragmentation of the government. The main enterprises are water and sewerage (EEAB), telephone (ETB), and power (EEEEB)¹⁵. Each enterprise has a board appointed by the City Mayor, where the users also have a representative (Bogotá's Statute, 1993). These enterprises collect user charges to finance their operation and investment.

Finally, the third part of the government of Bogotá are the 20 local governments to which the City Government is transferring some decision-making power. Each of the 20 local governments has an appointed local mayor and an elected local council.¹⁶ The local councilors are elected on a locality-wide basis. The localities are funded through transfers from the central or City Government (CG) that amount in the aggregate to 10 percent of the city's tax revenue.

In 1996 the three parts of Bogotá's government had an expenditure budget of \$ 2.7 trillion pesos¹⁷ (Cardenas, 1995). The utility enterprises account for 48 percent of this expenditure; the City Government for 50 percent, and the localities for 2 percent. Even though the transfers from the City administration to the localities constitute 10 percent of the City tax revenue, it only constitutes 2 percent of the overall expenditure. The City

¹⁵ Garbage collection was privatized in the late 80's. The City enterprise went into bankruptcy, and was dissolved in the early 90's (Ronderos, 1995).

¹⁶ Despite the fact that the localities have a local government, they cannot be considered as another Colombian "municipio," (Castro, 1996).

¹⁷ This is roughly equivalent to US \$ 2.7 billion at a exchange rate of \$ 1,000 col. per US dollar.

government has sources of revenue other than the City taxes, such as transfers from the national government, user charges, and credit, to which the localities do not have access. The overall pattern depicted here for FY 1996 is expected to continue at least until 1998 (Cardenas, 1995).

2.4.2 Division of the City

The division of Bogotá into localities was done based on an old division of the City into police precincts. This was an unfortunate decision for several reasons. First, the localities are extremely different from one another, which might lead to political and economic imbalances (Farr et al., 1972). Sumapaz, a rural and extremely large locality, has the smallest population, only 25,665 (Table 2.2). On the other side of the spectrum lie the localities of Kennedy,¹⁸ with 703,349 people, and Engativa, with 816,378.¹⁹ Furthermore, the localities also differ by income, given that the percentage of poor population varies greatly across the localities (Table 2.2). In localities such as Ciudad Bolivar and San Cristobal more than 25 percent of the population is poor, whereas, in Chapinero and Teusaquillo it is less than 3 percent. The division of the city should have been done with the objective of obtaining localities with roughly the same population and wealth, so that they all have the same power and influence with the City Government (Farr et al., 1972).

¹⁸ This locality was named after the late John F. Kennedy who in 1961 visited Colombia as President of the United States. Kennedy, as part of the Alliance for Progress Program gave funding for building housing in parts of the locality that today has his name.

¹⁹ If Engativa and Kennedy were cities on their own, they would be the fifth and sixth largest in Colombia, respectively.

Table 2.2
Population, Percentage of Poor Population
and Number of Strata
of the Localities in Bogotá

Locality	Population	Poor Population²⁰ (%)
Sumapaz	25,665	N.A.
La Candelaria	32,834	16.2
Martires	148,386	11.4
Santafe	168,592	18.9
Antonio Nariño	170,486	6.8
Chapinero	185,641	2.3
Teusaquillo	186,272	1.0
Usme	215,949	19.7
Tunjuelito	250,046	12.9
Barrios Unidos	262,044	6.2
Bosa	283,572	17.6
Fontibon	294,582	11.5
Rafael Uribe	370,739	16.3
Ciudad Bolívar	375,972	36.5
Puente Aranda	417,792	5.5
Usaquen	436,494	11.0
San Cristobal	444,863	27.1
Suba	524,559	10.8
Kennedy	703,439	8.2
Engativa	816,378	9.8
Total	6,314,305	13.2

Source: 1993 National Census of Population.
N.A.: Not Available.

²⁰ The concept of Unsatisfied Basic Needs (UBN) legally defines poverty in Colombia. According to this definition poor are all those people who live in a house that satisfies one or more of the following conditions: (1) the house has inadequate building materials, (2) the house has more than three people per room, (3) the house has no sewerage and fresh water connections, (4) each person who works has three dependents, and the worker only has up to 2 years of elementary school, and/or (5) houses with kids between ages 6 and 12 that do not go to school. The National Statistics Institute of Colombia has found a high correlation between the concept of UBN and absolute poverty in terms of income. (A family is absolutely poor if its monthly earnings are less than two minimum wages.) (Lora Eduardo. "Técnicas de Medicion Economica." (1991). Fedesarrollo-Tercer Mundo Editores).

Second, as a result of basing the division of the city on police precincts, people and officials in the City Government tend to lower the status of the current local mayors. Each police precinct used to have a “minor mayor,” who headed the police courts in charge of dealing with fights, robberies, and minor offenses, but had no administrative responsibilities. People and even heads of city agencies confuse the term local mayor with the old “minor mayors.” This lowers their status, and diminishes their bargaining power with the utility enterprises. For example, at a meeting with all the local mayors and the sub-secretary of local affairs, some mayors complained that the head of the water company used to call them minor mayors and usually does not pay attention to their requests for help when there is a flood in their locality. Overall, this partially shows that the process of decentralization in Bogotá has not been sufficiently explained to the people, or even to some members of the government.

2.4.3 Type of Decentralization

Bogotá’s process of decentralization is a mixture of two types of administrative decentralization: devolution and deconcentration. Devolution can be defined as the effective transfer of authority “by central governments to local-level governmental units holding corporate status granted under legislation²¹.” (Cohen and Peterson, 1996: p. 10). Bogotá’s process is granted by the constitution of Colombia. Furthermore, the local governments are autonomous for allocating the resources they receive.

²¹ According to these same authors, devolution is part of administrative decentralization, which in general terms is the transfer of powers and functions from the central government to non-central government units (Cohen and Peterson, 1996).

Deconcentration can be defined as the “transfer of power to local administrative offices of the central government;” (Dillinger, 1994: p. 7). In Bogotá, some City agencies, such as the secretaries of education and health, are establishing local offices in the localities. The objective is to provide technical assistance and to be a link with the City Government (Medellin et al., 1996). Until not long ago, several agencies had a “delegate” in each locality, rather than a local office. The deconcentration is happening mainly because Bogotá’s Statute forbids the localities from hiring their own personnel. Instead, the city agencies have to lend them some employees. Unfortunately, the City agencies used to send their least qualified people, so as not to affect their own productivity.

CHAPTER 3
THE DECENTRALIZATION OF BOGOTÁ: CAPACITY, FUNDING, FUNCTIONS AND
ACCOUNTABILITY

In this Chapter, I discuss the extent to which the decentralization process of Bogotá is meeting the conditions, discussed in the previous Chapter, that determine the success of a decentralization process.

3.1 Capacity

According to the definition of capacity used in this study—the existence of labor, capital and technology that allow a local government to perform successfully—the localities, on average, would not appear to be having a major problem. As shown in Chapter Five, the local governments in Bogotá manage to implement projects at a similar cost to the city, and execute even larger shares of the budgets than some City agencies. Despite this, the local governments have problems in carrying out law enforcement functions and have problems also regarding the implementation of projects.

The main problem that affects the capacity of the local governments is the structure of the local governments which is inadequate. The structure is too simple (Figure 3.1), and does not have units, or sufficient people,²² in charge of dealing with the many aspects of the multitude of functions and projects that a locality carries out. As a result, the local mayor receives an extremely large burden of work, because he cannot delegate.

²² A local government in general consists of 12 to 25 employees, to serve a population of over half a million people sometimes.

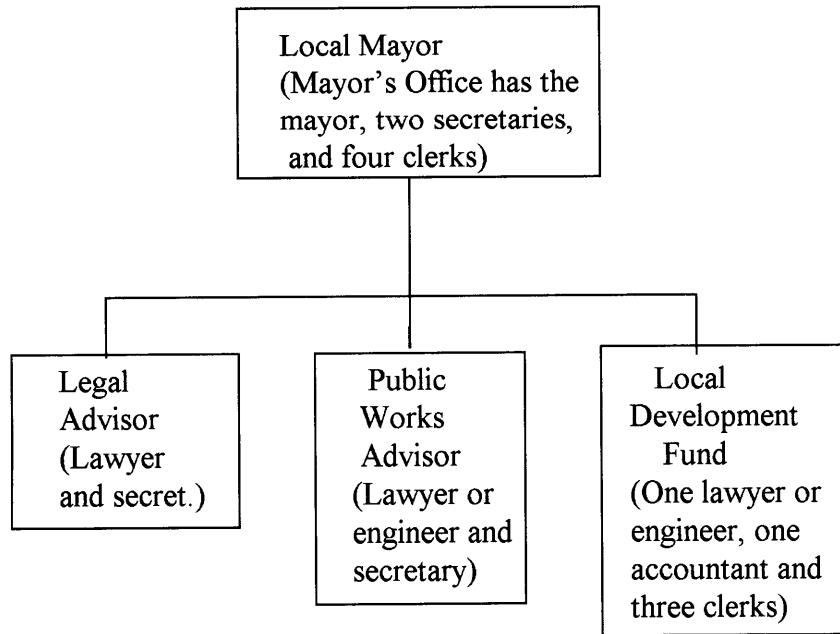


Figure 3.1
Structure of a Local Government in Bogotá

To see why the structure of the local governments is inadequate, the reader must bear in mind that the localities carry out many tasks, some of them dealing with law-enforcement and others with the implementation of projects. The law-enforcement functions are related to zoning, public space, and the building code. According to the law, the local mayor has to oversee them personally (Bogotá's Statute, 1993). The structure of the local government, instead of easing the job for the local mayor, tends to increase his burden of work. For example, enforcing the zoning laws implies visits to the sites, notifications, hearings, and occasionally, demolition of buildings, all of which have to be done in the presence of the mayor. These tasks demand specialized personnel and equipment (to measure buildings for example) which the localities do not have. As a result, the localities have to borrow them from the City Government, something that can

only be done by the mayor himself, because if not, the City Agencies do not lend the equipment.²³

The result of having only the local mayors in charge of enforcing the land-use laws, and the inadequate structure of the local governments, is that the city is being built without any supervision²⁴ (Ronderos, 1995). Unfortunately, to solve this problem, this part of Bogotá's Statute has to be modified by Colombia's Congress, something that can take time. In the meantime, however, the structure of the local government does not allow the local mayor to be more efficient at enforcing the laws.

The structure of the local government also poses some problems regarding the implementation of projects. The Local Development Fund (LDF) is the office in charge of implementing a project, a task that demands pre-designing the project, estimating its costs, and procuring it through a competitive bid.²⁵ An LDF, in general, has five to six employees: the chief of the LDF (a lawyer or an engineer), an accountant, a supervisor, and three clerks. Clearly, these personnel are not enough for pre-designing and estimating the cost of 100 or more projects in different areas per year. Furthermore, they also find it difficult to perform competitive bids, because each bid demands looking at many proposals submitted by contractors. In only two of the five localities in which I did field work are a small proportion of the projects are procured through competitive bids. The lack of capacity in this area can easily mean that the projects are built without the required quality,

²³ Raul Lazala, Local Mayor of the Locality of Kennedy. Interview, January, 1997.

²⁴ Ronderos estimates that 82 percent of the construction in Bogotá are done illegally as a result of Bogotá's Statute determination for having only 20 people (the local mayors) in charge of enforcing these laws. Furthermore, he estimates that local mayors are able to start the corresponding process in only 10 percent of the cases, and in very few, they are able to conclude it (Ronderos, 1995).

²⁵ Note that the local governments in Bogotá do not directly produce services other than the law enforcement ones. That is, a local government will never give maintenance by itself to a street, mainly because it does not have the personnel and equipment to do so.

or with costs higher than expected. Fortunately, the extent to which this is happening is small (see Chapter Five).

The other problem that affects the capacity of the local government is, to a lesser extent than before, the quality of the personnel that works for the local government. According to Bogotá's Statute, the localities are not allowed to hire their own personnel. Instead, the City agencies following orders of the City Mayor "lend" personnel to the localities. Until recently, the City agencies provided their least qualified personnel, because it was a way of getting rid of them, while at the same time complying with the law. The local mayor can ask the City Government to change part of his personnel. Although the City might do this quickly, it often takes more than a year to name a replacement. Consequently, the local mayors have a great incentive for not doing this.

Finally, the current structure of the local governments in Bogotá does not have a unit in charge of gathering information about the needs and problems of the locality. This greatly limits the planning capabilities of the local government and could leave in hands of politicians the allocation of resources without any technical criteria. This was probably one of the reasons why a participatory planning was used to write the local development plan. However, this process lacked technical assistance to the community. This assistance could have been provided by a local planning office.

What one local mayor told me serves to summarize the situation of the local governments in Bogotá: "a local mayor is a like a president," referring to the many tasks

the job has, “but without a cabinet and a bureaucracy ,” referring to the consequences of the structure and lack of capacity in certain areas of the local government.²⁶

3.2 Funding

Although the local governments in Bogotá have access to several sources of funding, they are facing many problems relative to this issue. For example, the funds do not correspond to a function, and varies throughout the year, which does not allow an adequate planning of the activities of the local government.

The local governments in Bogotá, by law, have access to five sources of funding (Bogotá’s Statute, 1993). The main sources of funding are the transfers from the City Government, followed by the “Financial Surpluses,” which are the funds that were not spent in the previous fiscal year by the localities. I explain more fully these two sources below. The third type of revenue are the fines that local mayors can impose to constructors for illegally storing building materials on the sidewalk and street. The fourth source of revenue is related to specific projects that the local councilors present to the national government, which will fund it through its grant programs. Finally, the localities receive a “contribution for efficiency,” made by the City Utility Enterprises in case the

²⁶ This situation should partially change if a reform of the local government structure takes place. According to the consultants in charge of designing the new structure, the local governments will now have a Project Administration Unit and a Local Planning Unit. The Project Unit will be in charge of designing, budgeting, and following up all the projects the localities contract. The Local Planning Unit will maintain updated information about the needs and problems of the localities, and will follow up the actions of the City agencies in the locality. The Local Development Fund will disappear, as currently exists, and it will be transformed into a bank or fiduciary account, that will manage the funds and contracts of the localities.

local governments carry out policies that reduce the fraud and losses the enterprises have in that jurisdiction.²⁷

These sources of funding have two things in common. First, none of them is a local tax. Actually, the localities are forbidden by Bogotá's Statute to levy taxes. Second, except for the transfers, these sources of funding are limited, difficult to forecast, and hence, are not reliable or stable. For example, collecting fines has a high administrative cost, which probably does not compensate the effort required to collect them.²⁸ The "contribution for efficiency" is difficult to estimate because there has to be a clear methodology to measure the impact of the policies carried out by each locality to reduce the losses of the utility enterprises. All of these reasons probably explain why the budget is based only on the transfers from the City Government.

The transfers from the City Government to the 20 localities amount in aggregate to 10 percent of the city's tax revenue, and can be increased to 20 percent if the City Council approves it. The transfers are allocated according to a formula that gives more money to those localities with the highest share of their population living in poor conditions.²⁹ The transfers of each locality are managed through separate accounts in the Office of the Secretary of Finance, so the localities never get the actual money of the transfers (Decree 395, 1996). The localities, instead, inform the Secretary of Finance of the amounts it has

²⁷ A relatively large share of the water and power that the utilities distribute is not charged for, because people tamper with the meters or illegally hook up to the networks. If the localities help reduce these losses, then the utilities in return can give part of the earnings to the localities.

²⁸ Because of the structure of the local government, it is the local mayor who has to do most of the effort to collect a fine.

²⁹ The transfers in Bogotá are assigned to the localities according to a formula based on the poverty level of each locality. The concept of Unsatisfied Basic Needs (UBN) is what legally defines poverty in Colombia. This concept was explained in footnote 20. The formula used to allocate transfers sends more funding to those localities with a higher share of people with UBN. The formula also takes into account the size of the population in the locality.

to pay to their contractors. All of the local mayors I interviewed praised the effectiveness of the City Government at making the payments to the contractors.

Given that the transfers are a share of the City tax revenue they should be relatively easy to estimate and forecast, especially nowadays that Bogotá is having an improved tax collection system (Cardenas, 1995). However, this is not the case. For example, in 1996³⁰ the initial allocation of transfers amounted, in the aggregate, to 64.4 billion³¹ pesos (an average of 3.2 billion pesos per locality). By May, the funds available for the localities had increased by 25 percent (to 4.0 billion pesos per locality), and by September, the total budget was of 108.9 billion pesos (5.5 billion pesos per locality). That is, between the initial budget and September the average funding for a locality rose by 69 percent. Under these conditions, it is difficult for a local government to plan ahead and have projects ready for implementation.³²

The uncertainty that the local governments face regarding the total amount of funds for a year is increased by the Financial Surpluses, which are distributed at the end of the first semester of the fiscal year. Two reasons account for the unreliability of the Financial Surpluses. First, the total amount to redistribute depends on what the localities failed to execute in the previous year. This figure is officially known later in the year. Second, they are distributed with a formula different from that of the transfers. As a result, the local governments do not know in what moment of the year nor the amount of the

³⁰ The fiscal years runs from January 1st to December 31st.

³¹ The exchange rate is: US \$ 1 = 1,000 Colombian pesos.

³² This situation is worsened by the fact that the localities still have not completely organized their project banks. A project bank is a set of projects with some sort of pre-feasibility study and cost estimate. Once there is available funding, one project from the project bank is selected to be implemented.

additional resources, and so they can not easily plan the projects they want to implement with these funds.

A crucial issue in the decentralization of Bogotá is that the localities have no specific responsibilities assigned to them to carry out (see Section 3.3). As a result, there is no match between funds and function. This mismatch is probably increased by the formula which distributes the grants among the localities according to poverty levels, and not to the real need for a service in a locality. However, in the highly unequal society of Bogotá, it is good that the poorest localities get more than the wealthiest.

Other problems might arise, even when functions are assigned, because under the current legislation transfers can only amount to 20 percent of the City tax revenue. Suppose that the cost of delivering the services assigned to the localities is greater than this value. Given that the resources are not enough, then the localities might under-supply the goods. On the other hand, the City might have the *incentive* to continue delivering the same services so as to increase their supply. This will open, in practice, a soft budget constraint for the localities, something that could have negative consequences. For example, if both levels of government supply the same services, both levels are less accountable because the citizenry cannot easily identify who is in charge of delivering the service (Dillinger, 1994). Furthermore, it could also induce the localities to be inefficient, since the City would be there to support them.

One possible solution to this problem would be to allow the localities to raise local taxes, which implies a change in Bogotá's Statute.^{33/34} Given that the City Government

³³ The Congress of Colombia is the only one that can change Bogotá's Statute. In 1995 and 1996 there was an attempt to do this. Finally it was not approved because its promoters realized that the Congress had proposed legislation that, compared to the current Law (Decree 1421), created more problems. For

after a tax reform in 1993 is relatively efficient at collecting taxes (Cardenas, 1995), and that the localities lack the capacity required for this purpose, it probably makes sense to have the City as the collector of local taxes. The localities could impose a local valorization tax or increase the rate of the property tax in their jurisdiction. This, however, requires a change in legislation.

3.3 Definition of Functions between the City and the Localities

Bogotá's Statute, the basic legal structure of the decentralization process, delegated to the Mayor of Bogotá the responsibility to establish the distribution of responsibilities between the City Government and the Localities. No City Mayor, however, has done this to this date.³⁵ As a result of this situation, the localities are informally assuming certain functions, or rather types of projects, in their Local Development Plans (LDPs). Overall, the lack of clearly defined responsibilities is probably the most critical problem of the process of decentralization, because it has many negative effects. The problem is so important that nine out of the twenty local mayors in Bogotá consider this to be the main problem of the process (Suarez, 1996).³⁶ Below, I look at the

example, the version discussed in the Congress undid the tax reform of 1993, which increased greatly the tax revenue of the City without changing the tax rates. Examples like this, unfortunately abounded. (See the issue of *Foro Economico y Regional* No. 4 (1996), by the Accountant of Bogotá which is devoted to this topic.)

³⁴ Another option, if legally plausible, could be to have the City contract the localities to deliver the service. Through the contract, it could be possible to overcome legally the 20 percent barrier for the transfers, without having to go to Congress.

³⁵ According to Rafael Molano, sub-secretary for Local Affairs, of the Secretary of Governance of Bogotá, there was a plan to send in the second semester of this year to the City Council a project with the distribution of responsibilities. However, in late March of 1996 the Mayor of Bogotá, Antanas Mockus, resigned in order to be able to run for president of Colombia. This, unfortunately, delayed this project indefinitely, until a new administration which will take office in January of 1998 decides what to do.

³⁶ Of the remaining eleven local mayors, six consider the lack of political will at the City level the main problem of the decentralization, and five, think that the main problem is that City agencies are still extremely centralized (Suarez, 1996).

functions that the localities are informally undertaking and analyze if they are appropriate for the local level of government. I also explain the consequences of the lack of definition of responsibilities.

3.3.1 The Functions Informally Assumed by the Localities

The localities are informally undertaking certain functions because of the current legal vacuum. The Local Development Plans (LDPs) reflect this situation and contain projects in a wide variety of different fields. Table 3.1 shows the types of functions the localities are informally undertaking. The table is organized according to the six priorities of the City Development plan (Citizen Culture, Environment, etc.), to which the localities were legally required to bind their LDPs (Decree 425, 1995). For each priority, the table shows the types of functions and an estimate of the number of localities that plan to carry it out according to their LDP. The fact that several functions, such as “park maintenance” appear in the table under two or more priorities (Citizen Culture, Environment and Social Progress in this case) should be interpreted as a sign of the difficulty the localities had in understanding the priorities of the City Plan (See Chapter Four).

Many of the functions that the localities are informally undertaking are appropriate (Table 3.1) for the lower-tier of government in a city, according to the criteria established in Chapter Two. Examples are: construction and maintenance of secondary streets and pedestrian bridges; maintenance and furnishing of parks, community centers, schools and health posts; and furnishing of the local government offices. These functions are appropriate because they do not have externalities, or spillovers, and have relatively small capital outlays, when compared to functions undertaken by the City.

Table 3.1
Functions Informally Undertaken by the Localities in Bogotá,
In Each Priority of the City Development Plan

PRIORITY	More than 12 Localities Carryout:	Between 7 and 12 Localities Carryout:	Less than 7 Localities Carryout:
Citizen Culture	- Sport Schools - Recreation	- Programs to promote Citizen Participation - Citizen Education - Programs for the Young	- School Maintenance - Park Maintenance
Environment	- Emergency Prevention - Education on Waste Handling - Maintenance of Parks	- Waste Management - Ecological Campaigns - Water Channels (?)	- Conservation of Swamps - Sewerage
Public Space	- Park construction and Maintenance - Bridges for Pedestrian - Street Maintenance - Side Walk Maintenance	- Legalizing illegal neighborhoods - Food Markets	- Building main and access roads - Street Signaling - Buying equipment for the police - Telephone network
Social Progress	- Construction of Health Posts - Construction - Maintenance, and furnishing of Schools - Programs for Children, Women and the Elderly - Support to Micro-enterprises.	- Libraries - Furnishing and maintenance of sports facilities - Support to mother's clubs - Furnishing Kinder gartens. - Building and furnishing community centers.	- Local Water Connectors - Local Sewerage connectors to main lines - - Improving housing conditions. - Furnishing firehouses. - Maintenance and furnishing of police stations.
Urban Productivity	- Local Water Connectors - Local Sewerage connectors to main lines.	- Street Maintenance	- Power lines - Street Signaling and traffic lights. - Power Lines - Building bridges for cars.
Institutional Legitimacy	- Furnishing local Council and Mayor's Office - Computers for the Local Mayor's Office - Publicity and Publications of local government	- Programs to promote Citizen Participation - Programs to encourage Citizen supervision of the local government. - Furnishing police stations.	- Local information system - Reconciliation centers

Source: Based on the categories given by Corposur (1996), and regrouped by the author.

The table also shows functions the localities are undertaking that, *in the context of Bogotá*, are not appropriate for them to carry out. The main examples are building the local part of the water, sanitation, telephone, and power networks. The main reason for arguing that the localities should not undertake these functions is that Bogotá has a long tradition of levying user charges (Bahl and Linn, 1992), and of financing, in this way, the provision of water, sanitation, telephone, and power (Cardenas, 1995, Pachon, 1992). If the localities are assigned, or even allowed to continue building part of the public service networks, user charges cannot be used, because the localities are not allowed to use them to recover investments³⁷ (Bogotá's Statute, 1993). One of the principles of public finance is that user charges should be levied whenever possible (Bahl and Linn, 1992). The services delivered by utility enterprises are particularly prone to user charges because what they produce is consumed by individuals, and is measurable (Dillinger, 1994; Bahl and Linn, 1992). If Bogotá has a tradition of user charges, why forgo it? However, if for other reasons building the local part of the networks is assigned to the localities, then Bogotá's Statute has to be modified, so as to allow the local government to collect user charges to recover these investments.

There is only one more function that the localities are informally undertaking for which I can argue that they should not be carrying it out. This is "supplying traffic lights." One of the main causes of Bogotá's outrageous congestion is that the traffic light system is not working properly, even though, one agency is responsible for it.³⁸ If the localities

³⁷ Bogotá's Statute probably contains this provision so as not to give much power to the local councils, and to centralize the collection of taxes and revenues.

³⁸ In Bogotá, there are 500,000 cars, less than 1 for every ten people. However, the average speed on the peak hour is below 12 mph. The US, on the other hand, has 1 car for every 2 people and average speeds are much higher. (See the Study on the Master Plan for Urban Transport of Santafe de Bogotá.)

start their own networks, achieving the required coordination of the network will be impossible.

Finally, there is a category of services that the localities are delivering, which the framework developed in Chapter Two does not clearly indicate if they should be carried out by one level or the other. In fact, there could be equally valid arguments in each case. Examples of these functions are: preserving swamps, improving housing conditions, funding programs for children, women, and the elderly, and building libraries, access roads and vehicle bridges. In theory either level of government could undertake these functions. To assign them, a political decision that considers the characteristics of each service is needed. In any case, if a function is assigned to the localities the City has to provide funding.

3.3.2 Consequences of the Lack of Definition of Responsibilities

As said above, the lack of definition of responsibilities is one of the most critical problems that the decentralization process of Bogotá is currently facing. There are, at least, four consequences of this legal vacuum: (1) duplication of projects between localities and city, (2) scattering of the limited resources of the localities into many different activities; (3) lack of a link between transfers and functions; and (4) City agencies *might* stop delivering their services without transferring those funds to the localities.

The first consequence is that both levels of government in Bogotá are implementing the same types of projects, and even the same project. Given that functions are not specified, it is highly probable that both levels of government will perform the same functions. However, for such a scheme to work, good coordinating mechanisms, and

a good information flow between both levels of government have to exist. If they do not exist, then the actions of both governments will not complement each other, but rather, they run the risk of doing the same project twice. Some evidence shows that duplication of projects is taking place in Bogotá, because there is little coordination, and the information flow is poor.

The lack of a good information flow between the City and the localities creates the following type of problem. Prior to the local planning process, the Public Works Office communicated to the localities the local streets to which it was going to give maintenance in the next three years. The localities probably took this information into account when writing the LDP, and maybe they rejected projects proposed by the community on this basis. After the LDPs were ready, the Public Works Office, however, decided to change the list of streets, and did not notify the localities. As a result, in all the localities in which I did field work, the local governments have projects to give maintenance to a street that the City government is also going to maintain. Unfortunately, the local governments are learning that this is happening only after they have hired a contractor to build the project, when he finds that the project is already built. Usually, the localities negotiate with the contractor, so that he gives maintenance to another street in the locality. This solution implies delays, which can increase the cost of the project because of inflation.³⁹ Furthermore, it adds to the already large burden of work of the local mayor, who has to oversee this problem.

There are similar examples in areas such as health and education, where the localities furnish and give maintenance to the same health posts and schools as the City

³⁹ Colombia has had an inflation than ranges between 17 and 27 percent for over 20 years.

agencies do (CSB, 1996a). Again, the localities try to have the contractor give maintenance to another school or health post. However, the localities have to store the equipment and furnishings (CSB, 1996a), hopefully until another school or health post requests them. Unfortunately, some localities have them stored for more than a year (CSB, 1996a), and hospital goods might not last that long.

The second consequence of the lack of definition of responsibilities is that the localities are assuming many different types of functions, and this might reduce their efficacy at delivering services. From the LDPs, I found that the localities are scattering their limited resources into many different functions. For example, according to my interpretation of the data by Corposur (1996), which summarizes the 20 LDPs, the localities are informally assuming between 40 and 140 different functions, and on average they have 65. By function, I mean things like “giving maintenance to streets, furnishing schools, maintaining parks, etc.”

Furthermore, the localities have very small budgets, because in the aggregate, the 20 localities receive transfers totaling only 10 percent of the city’s tax revenue—around 100 billion pesos per year. This means that the local governments have 11,200 pesos per year per inhabitant to spend, while, the government of Bogotá (excluding transfers) spends 101,000 pesos, and the City of Cali (also excluding transfers to its localities), spends 112,000 pesos.^{40/41}

⁴⁰ Figures based on information by Corposur (1997), and from the development plan of Cali (Acuerdo 01, 1996). Calculations by the author.

⁴¹ Comparing these numbers with those of a city in the developed world is somewhat striking. The government of Cambridge (MA) will spend in FY 97-98, 2,634 dollars per capita, that is, equivalent to 2,634,000 Colombian pesos. The total budget of the City of Cambridge is US \$ 252.4 million. Its population is of approximately 95,800 (Annual Budget 1997-1998. Submitted by the City Manager. Cambridge Massachusetts.)

The large number of functions assumed by the local governments and the small budgets they have mean that, on average, the localities will spend 56 million pesos per year per function in the period 1995-1998.⁴² To understand the usefulness of this figure, in Bogotá it costs 10 million pesos to give maintenance to 0.1 kilometers (one block) of local street.⁴³ With the 56 million pesos the localities could give maintenance to only 0.55 Kms. (5.5 blocks). This is very small when compared to the average length of the local streets in a locality, which is of more than 350 Kms.^{44/45} In sum, the multitude of functions that the localities are assuming, together with the small size of their budgets is leading to very low expenditures per function. This probably means that the local investments are only marginally solving the problems in the locality. My analysis, however, is not conclusive regarding the effectiveness of the localities at delivering their services. Further and more careful research is needed.

A third consequence of the lack of definition of responsibilities is that the transfers do not correspond in any way to the functions they are undertaking. The law establishes that the transfers should amount, at least, in the aggregate, to 10 percent of the City tax revenue, and that they should be distributed based on the relative poverty across the localities (Bogotá's Statute, 1993). The amount of money relates to the percentage of poor people in the locality, but not to any kind of service the localities have to deliver. Although this serves the purpose of redistributing income, it does not guarantee that the

⁴² Calculations by the author based on CSB (1996) and Corporsur (1996)

⁴³ Based on estimates by Guhl and Pachon (1992), "Transporte Masivo en Bogotá."

⁴⁴ Ibid.

⁴⁵ Assuming that roads should be maintained every 10 years the local governments should maintain each year, on average, 35 Kms. of local streets. This could cost 3.5 billion pesos each year (calculations by the author based on Guhl and Pachon, 1992).

resources would be enough to deliver the services appropriately, because there is no link between cost of the service, quantity to be delivered (need) and funds.

Finally, the last consequence is that because the localities are informally undertaking functions, the City agencies *might argue* that they no longer have to deliver the same service, but they will not transfer the corresponding funds to the localities. That is, the localities will have to assume a function because the City agencies no longer perform it, but they do not have the funding required for this purpose. In the end, what will happen is that this service will be produced well below its level before the decentralization.

3.4 Accountability

For the decentralization process of Bogotá to render its benefits both the City and the governments of the localities have to be accountable to the citizenry, to each other, and to the supervision agencies. Bogotá has different mechanisms which I briefly explore.

3.4.1 Elections

According to the Constitution of Colombia, enacted in 1991, the Mayor of Bogotá, the City councilors, and the local councilors are elected at the same time for a period of three years. The local mayors are not elected; instead, they are appointed by the City Mayor, who chooses one name from a short-list submitted by the local council of each locality. Electoral courts, and other national agencies tend to be efficient at guaranteeing that elections are clean in the sense of not having fraud when the ballots are counted.

Though this might indicate that elections serve their purpose of making politicians accountable, clientelism and abstentionism reduce the extent to which this is true.

Clientelism has been a common practice in Colombia (Davila, 1996) and there is no reason to believe that City and local politicians are not practicing it (Molano and Ramos, 1996). However, the participatory planning process that took place in 1995 might be affecting clientelistic politicians, because it reduced the extent to which they can exchange state resources (projects) for votes.⁴⁶

Abstentionism in elections in Bogotá has been high, especially at the elections in the localities. In the 1992 local elections abstentionism reached 75 percent (Ochoa and Restrepo, 1994). In 1994, 165,000 people voted in the local elections, while in the City elections 400,000 voted for City councilors and more than 700,000 for the two main candidates for the mayor's office.⁴⁷ High abstentionism results in candidates getting seats in the local councils with less than 1000 votes in localities with a population of 800,000 inhabitants.⁴⁸ A City council seat can be obtained with less than 6,500 votes, and Bogotá is a City with 6.3 million people.⁴⁹

Because of abstentionism and clientelism, elections are probably not as competitive as one would like, and hence the extent to which they are valid mechanisms for making politicians accountable is reduced. Furthermore, the fact that the local mayor cannot be elected probably accentuates this problem in the localities, because this makes elections less interesting.

⁴⁶ In this sense, it would be interesting to analyze closely the next elections in Bogotá.

⁴⁷ Organizacion Electoral. Registraduria Distrital del Estado Civil. Tables with votes by elected local councilor given to the author upon request (July 3, 1996).

⁴⁸ The local council of this locality has 11 seats.

⁴⁹ The City Council of Bogotá has 35 seats.

3.4.2 Accountability to the People

Broadly speaking, the local governments, compared to the City Government, seem to be more accountable to the people. Four issues account for this. First, local councilors are closer to the people, because each represents a smaller population, and this proximity allows the community to reach them easily. At the City level there is one mayor and 35 councilors who represent more than 6.5 million people. On the other hand, at the local level there are 20 mayors and 184 local councilors.⁵⁰

Second, the participatory planning process also makes the local governments more accountable to the people. In this process the community that participated helped write the Local Development Plan (LDP), by presenting projects to be funded with the local funds.⁵¹ This is the key issue because it means that people have a direct stake in seeing the project built or implemented. As a result, they pressure the local government until they see the project built. For example, as the head of the local development fund in San Cristobal told me: “You get to know the people who come. It is always the same people, caring about the project they introduced in the LDP.” At the City level, although the planning process entailed some participation, the community was not as involved. As a result, the community does not care as much if a specific project is implemented or not, and hence it does not press the City government in the same way as it presses the localities.

Third, the local mayors are making themselves accountable to the people in ways that the Mayor of Bogotá will find difficult to follow. For example, in the locality of San Cristobal the mayor has office hours during the week. His office hours are posted in the

⁵⁰ In Colombia there are no electoral districts as in the US.

⁵¹ This process is described in Appendix 3.

building of the mayoralty. During these hours, he sees as many people as possible and discusses with them problems of the locality, and the implementation of the projects in the LDPs. Another example comes from the locality of Kennedy where the mayor has an innovative way of making himself accountable to the residents of his locality. Because this locality is the second largest in Bogotá, with a population of more than 700,000 people, the mayor divided it into 8 circuits. Every Saturday morning he visits one circuit. The visit to a circuit is announced on radio stations and through the local TV network⁵² during the week before the event. In the meeting, the mayor faces the community and answers questions regarding the implementation of projects. In his answers, he explains why the projects have not been implemented yet, and, if possible, commits himself to a date for starting the project.

Fourth, at the local level the community is finding and experimenting with new ways of making the local governments accountable. At the City level, these mechanisms probably would not have the same consequences. For example, in the locality of Teusaquillo the residents used the Decentralized Government Council (DGC) to denounce the lack of efficiency⁵³ of the local mayor. Because the local mayor had the political support of the local councilors, her lack of efficiency was not going to be aired. Furthermore, the community had little chance of voicing their complaints because this was not in the agenda of the DGC. Consequently, they resorted to a mime, that showed ads

⁵² Some localities in Bogotá, such as Kennedy and Ciudad Bolívar, have their own TV network. This happens because the TV from the National Government does not come with high quality. The local network takes the government signal and retransmits it through cable TV. Once they have enough people connected and paying a fee, the local network is able to produce some programs. In the richest localities this does not happen because the government's TV signal come in perfectly.

⁵³ The residents defined this mayor as ineffective because she executed less than 40 percent of the budget of the previous year.

with specific complaints to inform the City Mayor about the situation. The City Mayor⁵⁴ got interested in the case and inquired directly about the problems. After a couple of days, the local mayor was dismissed, and replaced by someone who is now performing much better.

The above evidence suggests that the local governments are probably accountable to the people to a greater extent than the City Government is. Despite this, three things may reduce this. First, the media—newspapers and TV-news—cover more news on the City government than the localities. Indeed, the localities appear in the newspaper only when something outrageous happens, while the City Government has daily coverage. Second, the process of decentralization is not sufficiently known by the inhabitants of Bogotá, many of whom cannot even say in which locality they live (Ochoa and Restrepo, 1994). Hence, only a few people know that the local governments have a budget assigned, and that they can fund projects with it. Third, because the functions have not been defined, the lines of responsibility are not clearly established. Given that both levels of government carry out similar projects, people do not know which level of government is responsible for a certain project.

3.4.3 Accountability of Local Governments to the City Administration

The local governments in Bogotá are also accountable to the City Administration because all of their funding comes from transfers from the City Government. Furthermore, the local mayors are appointed by the City Mayor, and, according to Bogotá's Statute are

⁵⁴ The mayor of Bogotá at the time, Antanas Mockus, is particularly receptive to this kind of actions, because he says that one of the problems of Bogotá is the lack of mechanisms that allow people and government to communicate.

an employee of the City bureaucracy. This means that the City Mayor can dismiss a local mayor at any moment, even if he is liked by the local people. However, usually local mayors are dismissed if they are not able to carry out the tasks of the job, for example because they do not execute the budget, or if there is a suspicion of malfeasance.^{55/56}

The City Administration also uses the reports by the control offices in Bogotá, such as the Accountant of Bogotá, which produces reports on the performance of the localities, the City administration itself, and the utility enterprises. These reports serve to detect problems, such as low execution of the budget.

As seen in this Section and in Section 3.4.2, local mayors are accountable to both, the City administration and the inhabitants of the locality. Obviously, they cannot be fully accountable to both, because there is a trade-off. For example, even if the people in the locality like the work of the local mayor, the City Mayor can dismiss him, for reasons such as malfeasance. Although I do not have evidence that illustrates this trade-off, it is important to point it out. It would be useful to do more research in this regard, and determine how this trade-off is affecting the decentralization process of Bogotá.

3.4.4 Conclusions for Section 3.4

The modest evidence presented in this sub-section suggests that there are mechanisms for making the local governments accountable. However, the extent to which

⁵⁵ Rafael Molano, Sub-secretary for Local Affairs. Interview, January, 1997.

⁵⁶ Dismissing local mayors so easily introduces uncertainty and instability in the local executive office. It is common to find localities that have had 8 and even 9 mayors since 1993. On average, there is a new mayor every 18 months approximately. A new mayor implies a new way of managing the local government. Fortunately, it does not imply a change in the personnel of the mayor's office, because these people are employees of the City Government, and the local mayor has little saying in their hiring. Furthermore, thanks to the LDP probably changing a mayor does not imply a major change in the projects that the local government is going to carry out.

these mechanisms achieve their objectives is something that cannot be inferred from the above discussion. Rather, it can be said that there are areas where these mechanisms have to improve. For example, it would be desirable to inform the people about the process of decentralization, and to let them know the functions that each level has to carry out. Furthermore, it would be important to show the media that their functions as watchdogs extend to the local governments as well. On the other hand, attention should be paid to experiments such as the one by the mayor of Kennedy, because if they are good, they might be applicable in other localities.

3.5 Conclusions for Chapter 3

The analysis done in this Chapter shows that the process of decentralization of the government of Bogotá meets in a limited way the four conditions—capacity, funding, definition of responsibilities, and accountability—discussed in the framework. There are problems in all four areas. For instance, the localities lack the capacity to perform many functions, especially the administrative ones, because of the structure of the local government. Furthermore, the funding, which comes almost entirely from transfers, is not linked to the cost of delivering any service in particular. Finally, the *lack of definition of responsibilities for each level of government seems to be the main problem*, because it affects many parts of the process. For example, the localities are scattering their scarce resources into many tasks, thus diminishing the extent to which they effectively solve the local problems.

CHAPTER 4

COORDINATING THE CITY AND THE LOCALITIES IN THE ABSENCE OF DEFINED FUNCTIONS

In this Chapter I analyze three mechanisms—the planning process, the Complementarity Policy, and the Integrated Project policy—used in Bogotá for coordinating the localities and the City Government in the absence of defined functions for each level of government. I conclude that these mechanisms do not work properly, or that they are difficult to use. I also argue that a better approach for coordinating both levels of government is to clearly define responsibilities. This discussion serves to illustrate the point that one of the main problems of Bogotá’s decentralization is the absence of defined responsibilities for both levels of Government.

4.1 The Development Planning Process

According to Colombia’s Law all the levels of government in the country have to write a development plan during the first months of the term in office. The objective is to produce a plan that guides the actions of the government, and that allows the people to know what the government is going to do. The plan should reflect the campaign platform of the mayor or governor. However, the community should help develop the plan by participating in the process.⁵⁷

In the absence of defined responsibilities the planning process could be a tool for coordinating both levels of government. Appropriate coordination is required so that the actions of both levels complement each other. A planning process can serve this purpose

⁵⁷ Constitution of Colombia and Law 154 of 1994.

if, for example, the two levels of government develop their plans at different moments. In this way, the level that plans second will have the other level's plan, and can formulate its plan accordingly. For this to work, the key thing is a good information flow—specifically, that the level that plans later gets and understands the plan that the first level did.

In Bogotá in 1995, the planning process was done in two stages. The City Government carried its planning process first, followed by the localities several months later. In theory, then, the localities could have written their plans bearing in mind the City Plan, so as to complement the City investment and avoid duplicating projects. However, this did not happen. For example, the localities could not complement the City investment in their jurisdiction, for reasons that I explain below. Moreover, the City and the Localities are carrying out even the same projects in areas such as street and school maintenance or furnishing of health posts (CSB, 1996a).

In other words, the planning process was not an effective mechanism for coordinating both levels of government. There are two reasons that explain this. First, for the localities to be able to plan bearing in mind the City Plan, the condition required is that the people writing the local plan understand the City Plan. Otherwise, they could have not considered it adequately. The survey done by Corposur (1996) among members of the local governments that participated in the local planning process, shows that the comprehension of the City Plan was not good. For example, 70 percent of the respondents think that the members of the local governments did not understand the City Plan. Moreover, only 5 percent of the respondents think that the community understood

adequately the City Plan.⁵⁸ Apparently, the complexity of the City Plan,⁵⁹ together with the little information given by the City about it caused the low understanding.

Second, the projects in the City Plan were not, at the time, sufficiently specified in the sense of having a location or address in the City where they were to be constructed or implemented (Medellin et al., 1996). For example, in the City Plan there are several projects such as “Maintenance to 300 Kms. of local streets.”⁶⁰ However, this project does not specify what streets. Neither does it give an idea of how the funds are going to be distributed throughout the localities. As a result, the people writing the local plans did not know if the City was going to maintain streets in their locality. In general, when the people writing the plan chose to maintain a local street, they had no way of knowing, one, if it was complementing the City investment in the locality; and two, if it was going to be the exact same project that the City was going to implement (see Section 3.3.2).

The first reason—the lack of understanding of the City Plan—can be corrected relatively easily with a simpler City Plan and more information about it to the public. The second reason—the lack of specificity of the projects in the City Plan—is more difficult to correct. If the City Plan is going to be specific enough, the City officials require information about local needs and preferences. Only in this way will the City be able to determine how to allocate funds among the localities and in specific projects that are

⁵⁸ The process in the localities was participatory and involved the community. A description and brief analysis of this process is done in appendix 3.

⁵⁹ The City Plan is structured according to six priorities, whose names do not easily reflect what they mean: Citizen Culture, Environment, Public Space, Social Progress, Urban Productivity, and Institutional Legitimacy (see Appendix 2). The localities seemed not to have understood the objectives of each priority of the City Plan. During the local planning process the localities had to arrange their projects according to the priorities of the City Plan. Some localities placed projects that aim at maintaining streets under the priority “Urban Productivity.” Others, instead, placed similar projects in the priority “Public Space” (please see Table 3.1).

⁶⁰ The City Plan is the City Decree 295 of 1995.

localized (i.e. with an address in a locality). The information about local needs and preferences is not easily available for the City, as the City Plan shows.

Nonetheless, this information is precisely the information that the localities gathered, to some extent, during the participatory planning processes. In this process the people who participated helped assess the needs of the locality, and choose projects to be included in the Local Development Plan (LDP). In other words, the localities had the information that the City needed before writing its plan, only that they had it six months after the City wrote its plan. The conclusion is that in the absence of defined responsibilities, it should be the localities that plan first, and then the City Agencies. In this way, the City will know what the localities need and want, and can plan to deliver local services accordingly.

Although this might appear to be a solution, it is only a second best solution. As the Section that follows shows, the City Agencies find it difficult to consider the local plans of twenty localities, because this demands too much work. Hence duplication will probably continue to occur, thus reducing the extent to which both levels of government complement each other. A better solution, I argue, is to define responsibilities for each level of government in Bogotá.

I end this Section by briefly talking about the effects that the lack of definition of responsibilities has over the participatory planning process in the localities (This process is analyzed more in Appendix 3, however, I find it important to include this piece of information in the main body of the document). Because functions are not assigned to the localities, the community was asked to present projects to determine how to spend the money of the locality. Asking the community for projects is like asking it to write a wish

list; moreover, this does not induce the community to think in terms of what is needed in a territory or locality. If, on the other hand, functions are defined, the planning process can ask the community to determine the *priorities or needs* that the locality needs to satisfy first.^{61/62} Furthermore, this will induce the community to think in terms of a territory or locality, something that the recent process of decentralization in Bogotá needs.

4.2 The Complementarity Policy

The second mechanism used to coordinate the City Government and the local governments was the Complementarity Policy. In this Section, I briefly describe it, and explain the problems that lead to its failure.

4.2.1 Description of the Policy

In Decree 425 (1995), which regulated the local planning process, six articles, one for each priority of the City Plan, had this structure: “The localities that invest more than X% of these funds in investment projects oriented towards the priority Y, would have preference in the distribution of investments implemented by City Agencies in priority Y.” The priorities are: Citizen Culture, Environment, Public Space, Social Progress, Urban Productivity, and Institutional Legitimacy.

I can think of two reasons why a complementary policy was needed in the case of Bogotá. First, the Complementarity Policy is, to a great extent, a mechanism that allows

⁶¹ After setting the priorities, the community can then be asked for projects that help achieve the objectives set in the priorities.

⁶² In Porto Alegre (Abers, 1996), a city that has a successful experience with participatory planning and budgeting, and in the city of Cali (Rojas, 1996; Lloreda, 1996), a city that is just beginning to try participatory plans, people are asked to determine priorities and not choose projects.

coordination of the actions of both levels of government in Bogotá, where the functions each level has to carry out have not been specified yet. This is the case because the policy implies that the City Agencies will read each LDP, learn what the localities are going to do, and then complement in the areas the localities wanted, with local projects. Second, it is a way of incorporating the priorities of the localities into the City Plan, and, to some extent, the local needs. This had not been done because the City Plan was written six months before the local plans.

Not all the programs and projects of a City agency are eligible for complementing the local investment (Corposur, 1997a). Only those projects that have a local effect, because they benefit only one locality, can be used for this purpose. Large-scale projects that affect and benefit the entire city (main trunk lines of sewerage and water for example), or smaller ones that benefit a few localities cannot be considered as complementary investment, because the benefits are not local (Corposur, 1997a). For the year of 1996, Corposur estimates that the City had projects with local effect that amount to 298 billion pesos, or 18.4 percent of the City budget.

4.2.2 The Failure of the Policy

There are three pieces of evidence that show that the policy failed. First, in March of 1996 the City Administration carried out the first round of Decentralized Government Councils (DGC) in each of the 20 localities in Bogotá. A DGC is a public meeting in a locality of the City Mayor, his cabinet, and the heads of the City agencies, with the local mayor and his team, and the community. One of the main objectives of the first round of DGCs was to evaluate the Complementarity Policy, by showing the actions of the City and

Local Government in the locality. For this purpose, listings of the projects each level of government had in the locality were prepared, distributed, and discussed in the council. The main conclusion was that the City agencies were not complementing the local investments as Decree 425 required. As a result, the City decided to change the way the Complementarity Policy was taking place.

The second piece of evidence comes from the study on this matter prepared by the NGO Corposur (1997a) for the Mayor's Office, which found that the City did not follow the Complementarity Policy. Corposur first determined, based on the LDPs and on the guidelines given by decree 425, which localities had asked for complementary investment from the City Government. The NGO then analyzed the City investment in the localities, looking for the investment that benefits only the locality. In general, Corposur found that the City complemented in fewer localities than the number of localities that demanded complementary investment. Furthermore, it also found that the City complemented in localities where it should have not done so, because these localities did not ask for such an investment.

The third piece of evidence that supports the idea that the Complementarity Policy failed comes from my field work. All of the members of the local government that I interviewed in six localities told me that in their opinion the Complementarity Policy had not worked. The exceptions, they said, were a couple of agencies that cooperated with the localities. However, to cooperate does not mean to complement because the latter implies that the City responds to a request made by the localities in their development plans. Any agency can cooperate with a locality independently of the LDP.

4.2.3 Causes of the Failure

There are three main causes of the failure of the Complementarity Policy. First, the Complementarity Policy required the City agencies to modify their own plans, so that they could complement the localities in the corresponding priorities. Modifying the plans was difficult for three main reasons. First, Colombian law is strict about the extent to which plans can be modified, and gives little latitude for this purpose. Second, the policy demanded from the agencies a lot of additional work, because they had to read the 20 local plans and determine which of the projects in their own plans, in a particular priority, could be re-directed towards a locality, all this bearing in mind the legal constraints. Finally, because the policy was designed without incentives for the City agencies to modify their plans (Decree 425, 1995), the easiest thing for them to do was probably to continue with their original plans. Indeed, the decree that regulates the policy does not define how the agencies are going to be made accountable for complying.

The second cause is easier to understand if the reader remembers that the policy was based on the six priorities of the City Plan. That is, the localities had to choose some priorities of the City Plan, and as a result the City agencies will gear their projects in that priority towards that locality. Complementing by priority was difficult for the localities to understand, probably because it is an abstract concept that was not fully explained in the local planning process. In all but one of the six localities in which I did field work, the Complementarity Policy had been understood by project, instead of by priority. The localities understood, as a local councilor told me, that complementarity meant: "For those projects that the locality did not have enough funding because of their size, the City Government will put additional funds until completing the project." As a result, the

localities were expecting and demanding something different from what the agencies were planning to give. Therefore, when the local mayors tried to look for additional funding for a project, probably the agencies did not respond favorably, because they understood complementarity differently.

This situation is aggravated by the third cause of the failure of the Complementarity Policy. The City agencies in Bogotá do not know how to think in terms of territories within Bogota or “localities,” because they are just beginning to understand the decentralization process. The City agencies might have their projects “localized” according to an address, but they do not know in which locality this address falls (Medellin et al. 1996). This makes it difficult for the agencies to target a larger share of their investment to a specific locality. This is changing, however, as the process of decentralization evolves, because agencies are asked to think in terms of localities (Corposur, 1997a).

In conclusion, the Complementarity Policy is a complicated policy that requires large amounts of work and time to work properly. On the other hand, if each level of government has defined functions there is no need for a Complementarity Policy, clearly, a better solution.

4.3 The Integrated Project Policy

The third mechanism used to coordinate the localities and the City in the absence of defined responsibilities is the Integrated Project Policy. This policy was adopted after the City Government learned that the Complementarity Policy had failed. In the Integrated

Project Policy, the City complements the local investments by project, and not by priority as before.

The project that the City is going to complement—or Integrated Project—in each locality is selected based on the local plans. The project chosen is based on an aggregation of some of the many small projects that the Local Development Plan (LDP) contains. The Integrated Project has local effect, but it is too large for the locality to carry out. That is why the City complements the local government. In this way, both levels of government meet in a coordinated way to build a project.

Because it is a “project,” this policy has several advantages. First, a project is something tangible that both agencies and localities can see, lobby, and push for. Second, a project can have a manager to direct and coordinate all the actions required for its completion. This is precisely what the City Government is doing. Hopefully, the pipes will be laid down before the roads are paved. The Integrated Project Policy, however, has a major disadvantage: it is taking place very slowly, because of the amount of information and interagency coordination required to put together a project in each locality. Since November of 1996, when the policy started, to March of 1997, only half of the localities in Bogotá have an ongoing Integrated Project.

As seen, the Integrated Project is a relatively good, but slow, way of coordinating the actions of the City and the Localities. Nonetheless, it is a second best solution. It would be better to define responsibilities for each level of government. If this happens, the localities would have the funding to carry out projects similar to the Integrated Projects, and the City Government will be responsible for services other than those local in nature.

4.4 Conclusions

In the absence of defined responsibilities for each level of government the City of Bogotá used three mechanisms to coordinate the localities. The planning process did not work in this sense because the City did its plan before the localities. The Complementarity and Integrated Project Policies are very difficult and slow to implement. Overall, through a modified version of the planning process—that is, if the localities plan before the City—and through the Integrated Project policy it could be possible to coordinate both levels of government. However, these are second best solutions.

The first-best solution is to define the services that each level of government is in charge. Doing this has the following advantages over the second-best solutions. First, there is less need for coordinating both levels of government because each level knows what it has to do. The second best solutions are complicated, time consuming, and inefficient ways of coordinating the City and the localities. Second, only by defining functions will it be possible for the citizenry to hold each level of government accountable. The second-best solutions offer the opportunity for one level of government to hide its errors in the actions of the other level. Third, the second-best solutions allow the localities to scatter their funds into many functions, something that reduces their effectiveness. With defined functions the localities can direct their funds into solving the problems in specific areas. Finally, the second-best options reduce the autonomy of the local governments, because they depend on the City Government for the delivery of local services.

CHAPTER 5

5. THE OUTCOMES OF THE PROCESS: ALLOCATIVE EFFICIENCY, COST OF PROJECTS, AND EXECUTION OF THE BUDGET

According to the framework developed in Chapter Two, a decentralization process should lead to certain benefits, such as better allocative efficiency, and reductions in the cost of implementing projects. I add one more criteria which is efficient execution of the budget. I look at these criteria to assess the performance and effectiveness of the localities compared to the City's own performance.

A disclaimer is necessary before beginning. The evidence presented in this Chapter illustrates my points, but, specially in the Section on allocative efficiency, it is not conclusive. Indeed, it is necessary to compare more systematically the performance of both levels of government in Bogotá with a careful and comprehensive research.

5.1 Allocative Efficiency

As seen in the theoretical framework for this study, if there are mechanisms that allow the community to communicate its preferences to the government, one could expect a local government to be more responsive to variations in demand than the city-wide government (Campbell, 1991). In other words, there will be a better match between local preferences and services delivered by the government (i.e. increased allocative efficiency).

This seems to have been to some extent what happened in Bogotá, because the people in the localities had two main mechanisms to communicate their preferences: local elections of councilors, and participatory planning. In the participatory planning process the community and the politicians wrote together the Local Development Plan (LDP),

which is the document that determines the projects the government of each locality can implement. Consequently, at least for the local level of government, the decentralization of Bogotá has probably meant an increase in allocative efficiency thanks to these mechanisms. However, measuring the extent to which allocative efficiency increased is a difficult task, that goes beyond the scope of this study.

For the City level of Government, the planning process involved some community participation through the Territorial Planning Committee (TPC).⁶³ The Mayor of Bogotá took into account the advice of the TPC, and introduced some changes to the City Plan that he initially had proposed. This can be interpreted as a way of increasing allocative efficiency, because the community was able to say, to some extent, what it wanted to see in the plan. I do not have, enough evidence to prove or disprove this assertion, because, once again, this implies work beyond the scope of this study.

Nonetheless, I can argue that for the projects in the City Plan with local impact—with effect in one locality only—there is evidence that suggests that these projects do not necessarily match the local preferences. The main reason for this is that, given that the City delivers services with local nature,⁶⁴ it does so without adequately considering the local preferences. This happened because the City Planning process took place before the local process. As a result, the City Plan was written without the input about needs and preferences from the localities, which could have been contained in the LDPs.

⁶³ The TPC carried out 34 consultations with the citizenry, 20 local consultations (one in each locality), 14 sector consultations with the corresponding professional and trade unions, and 14 panels with experts (Santana, 1995). According to Santana (1995), president of the TPC, more than 4,000 City leaders participated in the consultations. Finally, the draft of the plan was published in a main daily newspaper so that people will learn about it. (See Appendix 1.)

⁶⁴ Because functions have not been specified yet for the two levels of government in Bogotá, the City Administration is delivering services that have local nature (see Chapter Three).

In summary, I would expect the localities, thanks to the local elections and the participatory planning process, to be following the people's preferences. In contrast, the City Government *in the projects that have local impact* is not matching people's preferences as much as the local governments, because it had no local input to determine how to allocate the funds. Consequently, to achieve a better match between preferences and people's wishes, the functions local in nature should be transferred, with adequate funding, to the governments of the localities.

5.2 Cost of Delivering Services

There is some limited evidence suggesting that the localities are performing relatively well, because, for example, they are constructing their projects with the same quality as the City does, and without incurring in cost overruns (Table 5.1). This is remarkable, because the localities operate under very difficult conditions that will lead one to think that the result should be the opposite. For example, local governments in Bogotá face interference of local politicians in the contracting process; they lack the capacity to perform bidding processes, estimate costs accurately, and pre-design the projects they contract; and they do not have adequate supervision of the contractors that build the projects (Table 5.1).

All this implies that the quality of the projects will be poor. However, a study by the Office of the Accountant of Bogotá of 358 randomly chosen projects in the 20 localities (CSB, 1996a),^{65/66} shows some evidence in the opposite direction. The study

⁶⁵ The sample constitutes 31 percent of the total number of contracts for 1995, and 35.8 of their total value (CSB, 1996a)

concludes: “There has been a substantial improvement in the quality of the public works [executed by the localities], because [the works] do not present any technical failure, with the few exceptions reported in this study.” (CSB, 1996a: pg. 110). In fact, in only one of the 20 localities do the projects have a poor quality, and in 11, the quality is good (see table 5.1) (CSB, 1996a). Furthermore, the study by the Accountant also compares the cost of the projects to similar ones carried out by the City and determines that in only three of the localities are there important cost overruns. In the remaining localities, the projects cost the same as for the city. The analysis, however, reports no case in which the projects cost less. In sum, it is somewhat puzzling to see that the localities perform relatively good, even under the conditions they face. In what follows, I analyze the problems a local government faces, and try to give an explanation for why they perform relatively well.

Local governments can produce more efficiently than the City Government, if they meet four conditions.⁶⁷ (1) are accountable, (2) supervise the contractors, (3) procure the projects with competition, and (4) have a minimum level of capacity. The localities in Bogotá meet these conditions in the following way. Localities are accountable to the citizens and to the upper level of government. I will not go deeper into this issue here, because I already discussed it earlier. Regarding the supervision of contractors, the report by the Accountant’s Office shows that only 12 of the 20 localities in Bogotá (Table 5.1) have adequate means to supervise the contractors (CSB, 1996a). Usually this is done through private companies hired for this purpose. Some of the localities have problems

⁶⁶ The report by the Accountant’s Office (CSB, 1996a) looked at the projects from the following characteristics: (1) cost and cost overruns, (2) quality of the contract, (3) degree to which the end product meets the specification in the contract of a project (4) construction times, (5) quality of the end product, and (6) delays in the construction of the project.

⁶⁷ These conditions are based on those discussed in Chapter Two.

with the supervision task because they only have one person who works for the Local Development Fund in charge of supervising the many projects that a locality has. In others, supervision is failing because the private companies hired for this purpose do not perform adequately (CSB, 1996a).

Table 5.1
Quality of the Projects Contracted by the Localities

Locality	Quality of the Projects	Supervision	Cost Overruns
Sumapaz	Acceptable	Good	No
La Candelaria	Acceptable	Good	No
Martires	Good	Poor	No
Santafe	Acceptable	Poor	No
Antonio Narino	Good, with a few exceptions	Good	No
Chapinero	Acceptable	Good	No
Teusaquillo	Acceptable	Good	No
Usme	Good	Good	No
Tunjuelito	Good	Poor	Yes
Barrios Unidos	Good, with a few exceptions	Poor	Yes
Bosa	Acceptable	Poor	In a few projects
Fontibon	Good	Good	No
Rafael Uribe	Acceptable	Poor	In a few projects
Ciudad Bolivar	Good	Good	No
Puente Aranda	Poor	Poor	Yes
Usaquen	Acceptable	Good	No
San Cristobal	Good	Poor	No
Suba	Good, with a few exceptions	Good	No
Kennedy	Good	Acceptable	In a few projects
Engativa	Good	Good	No

Source: Based on the results of CSB 1996.

In the localities, the process for selecting a contractor to carry out a project is not as competitive as the condition set above would require. First, the localities, in general, do not have the capacity to carry out bidding processes to choose a contractor. A bidding process requires that the local government analyses all the proposals submitted in a fair and equal way, and selects the best one, based on objective criteria. As some of the mayors I interviewed said, the number of contracts can be 2 or 3 per week (in some

localities even more), and doing this with the scarce personnel that the local governments have is impossible. As a result, local mayors contract directly (without a bid) with the contractors they choose, which, might not be the cheapest one (see below).

Despite this, two of the local governments in which I did field work—Usaquen and Los Martires—have managed to carry out bids to procure some of the projects.⁶⁸ These local mayors designed a simple bidding process that evaluates the proposals based on five or six easy-to-measure criteria. To avoid corruption, between two and four employees of the locality participate in the selection process. Some of the employees used for this purpose are the recently appointed advisors of the local mayors. These people are highly qualified, many with masters degrees, and very well paid (more than the local mayor). This shows that, at least, for part of the projects, the localities could be carrying out bids.

The second reason why bidding is not competitive is by virtue of the local councilors who do not want such a procedure to take place, because it does not fit their interests. As I was told by a local councilor,⁶⁹ each local councilor gets assigned a portion of the projects in the budget, and he chooses the contractor who will construct it. Usually, my source said, the local councilor charges a fee of 10 percent of the cost of the project. This, unfortunately, is not a practice uncommon in Colombia; rather, it is very generalized in all levels of government.

The last requirement that a local government has to meet, so as to produce more efficiently, is related to the capacity of the local government to perform certain tasks, such

⁶⁸ For the other localities in which I did field work, Kennedy and San Cristobal, there are no bidding processes. All the contracts are assigned directly by the local mayor, probably in junction with the local councilors (see below).

⁶⁹ This person told me this on the condition of not mentioning her name.

as estimating costs and having pre-designs of the projects. The local governments in Bogotá are working with very few personnel, and have no way of designing and estimating the cost of a project. Design and budgeting are key variables in the procurement of projects. Without a pre-design (or a very good idea of what the project should look like), it is difficult to estimate the cost and to measure the quality of the final product. Without an accurate budget, the locality does not know if the contractor is charging more or less than it should be doing. All of the mayors whom I interviewed complained about these problems, and, in particular, about the inaccuracy of the cost estimates.

In summary, more than half of the local governments are able to supervise their contractors; very few have competitive bidding processes (rather, they have the projects pre-assigned to a contractor that is friend of a local councilor); and none has the capacity to perform most of the tasks that contracting requires (pre-designing a project and estimating its cost). On the average, this situation is slightly worse than for the City Government. Though the City Government is probably less accountable to the citizenry, because of its size, it has better design, budgeting and contracting capabilities, crucial issues for procuring projects. Nonetheless, City councilors also interfere with the contracting process, thus probably diminishing the extent to which bids are competitive.

Despite this, the City does not necessarily perform better in its construction projects than the localities. For example, a report of the Accountant's Office of Bogotá (CSB, 1996b), says for IDU, the institute in charge of building roads (my translation): "The lack of planning in the design and implementation of the projects...lead to cost overruns...and delays..."; (p. 151). Later on it adds: "It is possible to generalize the

following problems with the roads built: the pavements have construction problems such as lack of drainage...”(p. 157). Finally, for this agency the report says “the delay in the implementation of the projects lead to cost overruns of 20.76 percent...” (P. 157). I used this agency as an example, because its projects entail construction, as do most of the projects of the localities.

Consequently, given the conditions they face, some of the localities manage to perform at least as well as the City, and sometimes even better. I can think of two explanations for this. First, the localities contract all the projects they build with private contractors because they lack the capacity and personnel to build them or implement them directly.⁷⁰ Private contractors should have an interest in building good projects so that they can get more contracts in the future. Unfortunately, the report by the Accountant of Bogotá says that some contractors have received new contracts even though they have performed very poorly in others. Probably, the political interference of local councilors in the bidding process accounts for this. This is to some extent offset by studies by the Accountant’s Office, such as the one quoted, that detects this kind of wrong-doing and starts an investigation. Investigations by a supervision agency like this one might end in some public officials being sanctioned and in the contractor losing her professional license.

Second, and probably more important, the projects the localities contract have local effect, and, in general, they are small and simple to build. The local governments contract, on average, projects that range between 15 and 35 million pesos. They have small projects because, (1), their budgets are small, and with many small projects they can

⁷⁰ In this sense, the localities are providers but not producers of the services they deliver. See Ostrom et al., 1961, and Ostrom, 1983.

probably reach more people, and (2), by having small projects with a low value, the localities avoid the legal requirement of having a competitive bid for selecting the contractor.⁷¹ Small projects usually do not involve major technological complications, and hence they are easy to build.

5.3 Execution of the Budget

The amount of the budget that a government implements during a fiscal year is one possible measure of its effectiveness. The budget is the document that determines in which projects the funds of the government are going to be spent during the fiscal year. These projects aim at satisfying the objectives of the development plan. A high degree of budget execution, measured as the proportion of the budget that was contracted or effectively spent, shows that the government is accomplishing, from this point of view, its goals.

The localities in Bogotá in the period 1993 to 1996 always executed more than 85 percent of their budgets, with the exception of 1995, when this figure dropped to 70 percent^{72/73} (Table 5.2). Compared with three City agencies, FOSOP⁷⁴, IDU⁷⁵, and

⁷¹ According to Colombian Law, for projects larger than a certain value, there has to be a competitive bidding process. Mayors and Governors set this value for their governments. For the localities in Bogotá, the City Mayor sets it as 35,000,000 pesos.

⁷² The main reason for this drop in execution of the budget is that 1995 was the year when a new City Administration took office. Hence, all the local mayors were changed. Even more important, during the second semester of this year the local development plans were written, which meant that during most of the year, the local governments did not have an idea of what projects they were supposed to do.

⁷³ The data for the fiscal year of 1993 are not shown in the table because the figures for the City agencies were not available.

⁷⁴ FOSOP is an agency in charge of maintaining and building local streets, parks, and bridges for pedestrians. These functions are the same as the localities perform.

⁷⁵ IDU is a City agency in charge of building new roads, highways and bridges in Bogotá. These projects are larger than those the localities contract. However, the process for contracting is similar because both types of projects require designs, cost estimates, supervision, etc.

Table 5.2
Execution of the Budget by the
Localities and Two City Agencies

Locality	1994	1995	1996
Sumapaz	96%	75%	93%
La Candelaria	85%	82%	94%
Martires	96%	68%	90%
Santafe	98%	66%	86%
Antonio Narino	76%	78%	86%
Chapinero	98%	26%	96%
Teusaquillo	89%	27%	94%
Usme	93%	76%	64%
Tunjuelito	87%	55%	91%
Barrios Unidos	79%	83%	84%
Bosa	97%	93%	62%
Fontibon	78%	68%	94%
Rafael Uribe	85%	91%	88%
Ciudad Bolivar	78%	84%	92%
Puente Aranda	93%	79%	90%
Usaquen	90%	71%	86%
San Cristobal	86%	89%	88%
Suba	83%	91%	97%
Kennedy	84%	45%	91%
Engativa	68%	19%	63%
Total⁷⁶	85%	70%	85%
FOSOP	77%	69%	59%
IDU	76%	86%	77%
DABS	92%	89%	91%

Sources: Data for the localities for 1994 and 1995 taken from CSB (1996a). For 1996, the data come from: "Fondos de Desarrollo Local, Informe de Ejecucion Presupuestal a Diciembre 31 de 1996. Direccion Distrital de Presupuesto, Secretaria de Hacienda Distrital. For FOSOP, IDU and DABS the data come from CSB (1996b) for the year 1995. For 1996 the data come from "Ejecucion de la Inversion a Diciembre de 1996, Empresas Industriales y Servicios Publicos. Direccion Distrital de Presupuesto, Secretaria de Hacienda Distrital.

⁷⁶ The Total execution of the localities is not the average of the numbers shown in the tables. It is obtained by adding the total amount executed by the localities, and dividing it by the total amount budgeted by the localities.

DABS⁷⁷, which implement similar projects as the localities (constructing and maintaining roads and parks, and community development), the localities seem to perform, on average, better than two of them.⁷⁸ For example, as seen in table 6.2, IDU and FOSOP rarely execute more than 80 percent of their budget, while the localities are usually above this figure. On the other hand, the localities on average execute a smaller share of their budget than the community development agency. However, many localities manage to perform better.

This performance by the localities is somewhat surprising given that they face constraints which the City agencies in general do not. First, the localities have to contract projects in many areas, because they have informally assumed many functions (see Chapter Three). This means that while FOSOP, IDU, and DABS only have to deal with projects in the road sector or in community development, the localities have to deal with projects in these two areas, plus projects in many other areas. Second, the City agencies have a large cadre of professional and technical personnel⁷⁹ (CSB, 1995), while the localities have five to six people, of whom two are professionals, who deal with all the aspects of implementing the different projects. As a result, the City agencies can specialize their personnel in the different parts of contracting in one type of projects. In contrast, the

⁷⁷ DABS is the City Agency in charge of Community Development. I compare the localities with this agency because the projects of this agency have local impact (although some might have some externalities to other localities), and because the City Administration is going to transfer the functions of this agency to the localities later this year.

⁷⁸ As seen in Chapter Three, the localities also construct local schools, and furnish small hospitals. The City Government also performs these functions through agencies such as the secretaries of education, and health. Unfortunately, the reports by the Accountant of Bogotá that I have do not contain the information about execution of the budget for these agencies. Because of this, I could not compare the performance of localities to that of these agencies.

⁷⁹ For example, IDU has more than 100 people with university degrees among the 400 people in its personnel (CSB, 1994).

localities have five or six people who have to know about contracting in many different areas.

One reason that might explain why the localities, despite the problems they face and their lack of capacity, execute a similar and sometimes larger share of the budget than some City agencies is that they have local projects. These projects are small and simple, as discussed in the previous Section, and this counteracts the lack of capacity. Moreover, it seems that the localities are particularly effective at implementing this kind of projects, because the City agency FOSOP that carries out the same kind of projects as the localities executed a smaller share of its budget (CSB⁸⁰, 1994).

5.4 Conclusions

The evidence presented in this Chapter, although limited, suggests that the local governments in Bogotá are performing better than expected, often operating as efficiently, and sometimes even better, as the City agencies, despite the constraints they face. This indicates that the City Government should transfer functions local in nature to the localities because this level of government is relatively efficient at performing them. Obviously, as capacity is built at the local level one can expect the local governments to be more efficient. In addition, by transferring functions to the localities, resources will be allocated with higher efficiency because, although imperfect, there are better mechanisms for the citizenry to manifest their preferences at the local level.

⁸⁰ The data for the fiscal year of 1993 are not shown in the table, because the figures for the City agencies were not available in the reports that I have.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

In this Chapter, I discuss the main conclusions that emerge from my analysis of the decentralization process of Bogotá. In the Sections on recommendations I outline what I think is a plausible strategy for solving many of the current problems with the process. I also discuss the broader significance of this study and set an agenda for further research.

6.1 Conclusions

My analysis of the decentralization process of Bogotá indicates problems in all the areas studied: definition of functions, capacity of the local government, funding (transfers), and accountability. Nonetheless, the local governments manage to deliver some local services more efficiently than the City Government, thus providing justification for the process to be continued and reinforced. If these problems are corrected, probably the City of Bogotá will have a better and more responsive government.

I conclude from my analysis (Chapter Three) that the main problem of the decentralization process is the lack of definition of responsibilities for each level of government. Certainly, no Mayor of Bogotá has specified the functions and services that the City Government and the Localities have to provide. This has, at least, two direct and negative consequences. First, both levels of government deliver the same services, and as seen earlier, sometimes even the same projects. Second, the local governments are scattering their limited resources into many different activities, thus diminishing the extent to which they effectively solve problems.

The lack of clearly defined responsibilities negatively affects other areas of the decentralization process. For example, the extent to which people can make the local governments accountable depends on citizens being aware of the services for which the local government is responsible. Furthermore, unless the functions are defined, it would not be possible to reform the other areas of the decentralization process that have problems, such as capacity and funding. Consequently, *the first step for correcting the problems of Bogotá's decentralization is to define the functions that each level has to perform.*

Under the current circumstances, however, defining responsibilities would render few benefits if the other problems of the process are not corrected. As discussed in Chapter Three, the local governments have a problem related to capacity, so that they find it difficult to perform certain functions, in particular the administrative functions. This is, in part, because the structure of the local government is too simple and concentrates many functions with few people, primarily the local mayor. Regarding the funding issue, the transfers are not linked to any specific function, and they do not correspond to the cost of delivering any particular service. Moreover, the amount transferred is sometimes different from the amount originally allocated, and as a result, local governments cannot plan appropriately.

In order to solve the problems of the process of decentralization of Bogotá, a strategically sequenced, comprehensive approach is needed. That is, at the same time that functions are assigned to the local governments, the transfers should be increased to reflect the cost of providing these services, and the structure of the local governments should be modified accordingly. To achieve this purpose, it would be necessary to

establish a strategy that determines the functions that are going to be assigned, perhaps gradually, and the other supporting changes that have to take place. Below I outline a possible strategy.

Chapter Four was devoted to analyzing the planning process, the Complementarity Policy, and the Integrated Project Policy. In the absence of clearly defined functions for each level of government these tools could have been a way of coordinating both levels of government. However, I demonstrated that these policies require too much effort, information, and time to work properly. The main conclusion from this Chapter is that a better approach for coordinating the City and the localities is to define functions for each level of government. With clearly defined responsibilities, each level will know what it has to do, and will not interfere with the other. As a result, there is no need for complicated mechanisms, such as the Complementarity Policy, to coordinate the City and the localities. However, while functions are assigned to the local governments, the City Government will have to complement the local government, because it will continue to deliver some types of local services. I use the lessons that emerge from this Chapter when I develop the recommendations in Section 6.4.

In Chapter Five, I analyzed several indicators that suggest that the local governments, despite the problems they face, often perform as efficiently as, and sometimes even better than, the City Government. This evidence helps build the case for arguing that functions that are local in nature should be assigned to the governments of the localities. Furthermore, doing so would free the City agencies from delivering certain local functions, which are as time- and labor-intensive as larger projects. Hence, there are

reasons to believe that the City Government will also gain from transferring these functions, possibly becoming more efficient at delivering services with city-wide effects.

Overall, I conclude that a strategically sequenced, comprehensive approach is needed to solve the problems of the decentralization of Bogotá. If one such approach is used, in the end the localities will deliver the local services, and the City will deliver services with a larger or city-wide effect. It is important to stress, however, that once the function is assigned, the City should stop performing it. In this way, the lines of responsibility will be clearly drawn and people will know what level is responsible for a particular service. Furthermore, the local governments will face a hard budget constraint, something that makes them more responsible and efficient (World Bank, 1995b).

6.2 Importance of the Study

This study is important for several reasons. First, and foremost, it contributes to the understanding of Bogotá's decentralization process, showing that there are problems in four areas—definition of responsibilities, capacity of the local governments, funding, and accountability—that should be solved in order to improve the process. Currently, there are very few studies of Bogotá's process. My study will contribute to a growing body of literature on the decentralization process.

Second, I show that to solve the problems of the decentralization process, a strategically sequenced, comprehensive approach is needed. In this sense, many of the decision-makers I spoke with emphasized as the main problem of the process the scarce funding given to the local governments. While this is part of the picture, giving more

funding under the present circumstances would be dangerous, because, for example, the localities do not have the capacity to handle more funds appropriately.

Third, currently there is a debate in Bogotá as to whether the decentralization process renders some benefits, and regarding the ways to reform the process. I show, in a limited way, that the localities are delivering services as efficiently as the City, but probably matching to a higher extent people's preferences. I also provide a strategy for reforming the decentralization process.

Finally, my study is important because it shows that, based on the decentralization literature, which focuses mainly on decentralization processes from the national government to sub-national levels, it is possible to build a framework to analyze the decentralization process of a City Government.

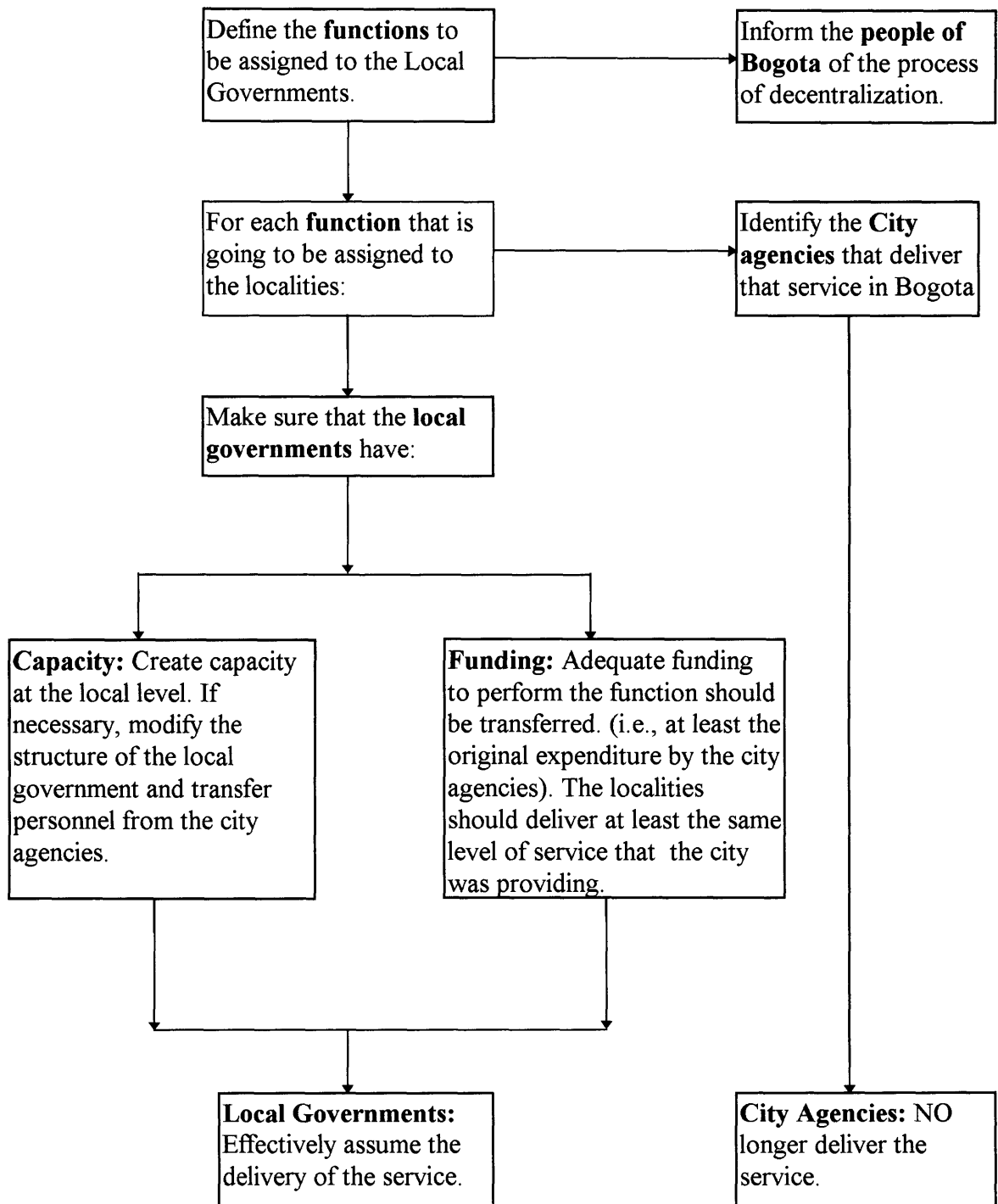
6.3 Recommendations

In what follows, I outline the strategy that, according to my analysis, should be followed by the Government of Bogotá in order to reform and improve the current decentralization process. As noted above, such an approach has to consider several interrelated aspects of the process in a strategically sequenced and comprehensive way. Therefore, the strategy (Figure 6.1) begins by defining a calendar for assigning local functions—street, sidewalk, and park maintenance, to name a few—to the local governments. Before a function is effectively assigned, the City Administration needs to make sure that: (1) the transfers reflect, to the greatest extent possible, the cost of delivering the service (or the need for that service), and (2) the administrative structure of the local governments is adequate and they have enough personnel to deliver that service

(i.e., the local governments have the appropriate capacity). At the same time, the Government should inform Bogotá's citizens of the decentralization process so that they are aware of the responsibilities assigned to the localities. This will make it easier for the people to hold the local governments accountable.

I make four comments regarding the strategy outlined in Figure 6.1. First, it is important to identify all the City agencies that deliver a service that is going to be assigned to the localities, because: (a) the information on expenditures and employees used to deliver these functions is key for subsequent steps; and (b) it is important that no City agency deliver the same service as the localities. It would be easier to enforce this latter requirement if all of the relevant City agencies are identified prior to assigning responsibilities.

Second, present local service delivery arrangements are clearly not adequate because they concentrate the work on the local mayor, who does not alone have the time and capacity to assume more. If judged necessary, City employees that performed the function in the City agencies could be assigned to the localities. Here, it is important to note that the localities in Bogotá are not allowed to hire their own personnel, and so all of the employees have to come from City agencies. This can be a disadvantage, because the local governments are not autonomous to hire and change personnel. Modifying the hiring process means changing Bogotá's Statute, something that can be done only by the Congress of Colombia. My recommendations focus on steps that can be implemented in the near future; therefore, they do not deal with this type of reform. The solution that I propose is to have all the employees working for the same City Agency. Local mayors will find it easier to manage their personnel because they deal with only one City Agency.



Strategy for Assigning Function, Funds and Capacity to the Localities
Figure 6.1

The current scheme, however, offers the advantage that the City Administration can continue its recent policy of hiring highly qualified people to work in the localities.⁸¹ The City can pay high salaries now because of its improved financial situation. The localities on their own will probably not be able to pay the salaries required to hire highly qualified people.

Third, the localities should receive “adequate” funding, so they can deliver appropriately the services assigned to them. In practice, however, this might be difficult to achieve because Bogotá, although in better financial shape than not so long ago, still has limited resources.⁸² Several problems might emerge because of the scarcity of funds. I discuss some of them here; however, more research is required.

To determine the size of the financial transfers one way could be to estimate the amount the City agencies spend on that service before it is assigned to the localities. Once the function is assigned, this amount of money will be given to the localities, according to a formula, while the City agencies will no longer have access to the funds. This will make the localities more effective at solving problems, because they will have more funding for each function, compared to the current situation in which they have many informally assumed functions and very little funding.

Another way to estimate the size of the transfers could be to evaluate the need for that service in the city, and establish a coverage or level of service that the localities should provide. This approach is more desirable than the previous one, especially because

⁸¹ In the second half of 1996 two advisors were appointed for each local government. Most of the advisors have master’s degree.

⁸² A comparison between Bogota and Cambridge, Massachusetts serves to illustrate this point. While Bogota spends 110,000 pesos (US \$ 110) per person per year, Cambridge will spend 2,634,000 (US \$ 2,634).

it uses objective criteria. However, it requires information that might be difficult to find. For example, to determine the need for a service it is necessary to determine the current level of service (or coverage or quality). Then, politicians have to decide the level of service that should be provided (i.e., set a standard). Finally, the cost of fulfilling this need, that is, of moving from the current state to the desired standard, has to be estimated. This cost will be value of the transfers.

If, before assigning the function to the localities, the City was not able to satisfy all the needs in that area,⁸³ it cannot be expected that the localities, with the same funding on the aggregate, perform much better. The funding given to the localities should allow them to deliver, at least, the same level of service that the City was delivering. This is a crucial issue that should be clearly explained to the citizenry, so that it does not expect things that are impossible to meet. This is not to say that the decentralization process in Bogotá cannot lead to better service delivery. The localities, for example, will hopefully be more responsive than the City Government.

Because it is highly probable that the resources from the transfers will not be sufficient, and bearing in mind that the current legislation does not allow the local governments in Bogotá to levy taxes, it would be desirable to encourage the localities to raise funds in other ways. For example, in many projects, such as street maintenance, the private sector might be willing to cooperate with funds and materials. In others, such as school maintenance, the parents associations might also cooperate with labor. The

⁸³ For example, the City Government has not been able to maintain the road network appropriately, to the point that 40 percent of the network requires extensive restoration, instead of routine maintenance. (Bogotá Urban Transport Project. 1996. The World Bank. Report No. 14901-CO.)

neighborhood associations could also be of great help in this regard, because they can mobilize resources in their neighborhoods.

Note that, under the scheme discussed, each function will be funded by a separate transfer, because as functions are assigned funds are transferred. While this might be appropriate at the beginning of the scheme, in the end, it might reduce the autonomy of the local governments because the funds will come to some extent earmarked by the transfer which is linked to a specific function. Probably, then, it would be desirable to switch to a block grant system once the localities are capably delivering a set of services. Under such a system the localities will receive certain funds, and they can allocate them among the functions that they have to carry out, according to their own political and budgeting process. In this case as well, a formula should be used to distribute the transfers among the localities. As in the current one, it should consider poverty; however, it should also incorporate other variables that reflect the cost of delivering the service.

It should be clear that the budgeting system in Bogotá has to be adapted to the new conditions imposed by a decentralized governance. For example, the size of the transfers has to be determined at the same time that the City budget is developed. Obviously, there is going to be a conflict between City and locality demand for funds. In any case, it is important to guarantee some funding to the localities. In this sense, Bogotá's Statute establishes that the localities will get between 10 and 20 percent of the City tax revenue, independently of the functions they have to carry out. This could be regarded as a safeguard. However, if the value of the funding required by the localities to

deliver the services assigned is above this cap, then an alternative arrangement has to be developed.⁸⁴

Finally, it is important to stress that once the localities receive a function, the City agencies should completely refrain from delivering that service. This is important for two reasons: (1) in this way the citizenry will be able to hold the local governments accountable for their performance; and (2) the local governments will face a hard budget constraint that will make them more responsible, because they know that the City Government will not intervene in case they fail to deliver the service appropriately.

6.4 Recommendations for the Transition Period

The City Government will continue to deliver local services for a period of time while it assigns these services to the localities. I call this period the transition period. During this period, both levels of government will be delivering local services, but different ones.⁸⁵ On the basis of my analysis (Chapter Four), I redesigned the planning process, in order to achieve a procedure that will allow the City Government to deliver local services better matching people's preferences. This is important because the "transition period" will extend beyond 1998, when the next City and local planning processes takes place.

⁸⁴ Probably the City could contract the localities to deliver some services. The contract has to be designed very carefully so that it has the right incentives to make the localities accountable to the City Government, while at the same time giving them autonomy. (The use of such contracts opens the possibility of having the opposite situation—the localities contracting the City. This is a matter for further and careful study.)

⁸⁵ There could also be cooperatively delivered services if the localities and the City agree to deliver a service together. In this case, it is important, first, not to create a soft budget constraint for the localities, and second, to inform the citizenry in this regard.

The current planning process has to be modified, so that the City government can match peoples' preferences in the local services it delivers. In contrast to the previous model, the localities will go through their planning process first, followed by the city. In this way, when the City agencies that deliver local services develop their plans, they will have an idea of the local needs and wishes. Hopefully, the City agencies will plan accordingly. The change proposed here can be easily done within the current legal framework.

This implies that the local development plans will have three parts. The first two are the ones required by Colombian law: (1) a part with the objectives of the plan; and (2) a part that contains the list of projects that are going to be implemented. These two parts will apply only to the functions that have already been assigned to the local governments. The third part, on the other hand, will relate to the local functions that the City Government delivers. This part should contain information that allows the City agencies to appraise the local needs related to these services.

6.5 Agenda for Further Research

This study provides only preliminary findings regarding the process of decentralization of Bogotá. Almost all of the aspects of the process I addressed require more research to make more definitive conclusions. The following points are particularly important or interesting.

First, further research is needed regarding the fiscal relations between the two levels of government in Bogotá, because transfers will remain the principal source of revenue for the localities. The research should try to answer the following questions,

among many: (1) Should the transfers be done by function or as block grants? (2) What is the appropriate size of the transfers? (3) What is an adequate formula (what parameters should it have) to distribute the funds among the localities? (4) Should the localities be authorized to levy taxes in their jurisdiction (while the City remains as the collector)? (5) What taxes would be appropriate for the localities to use?

Second, the strategy discussed above is only outlined, which probably means that it would be difficult to implement. More research is needed in order to define it in operationally specific terms. Special attention should be paid to the political forces that might support or oppose the strategy.

Third, the possibility of giving more autonomy to the local governments in Bogotá should be studied. Various issues, such as the direct elections of local mayors and allowing the localities to raise their own taxes, should be considered. The former implies an amendment of the Colombian Constitution, the latter implies modifying Bogotá's Statute.

Fourth, the participatory planning process in the localities should be studied to determine whether: (1) the people who participate are representative of the community in the locality; (2) the local elites are appropriating most of the benefits of the plans, and excluding the poor people in the locality; (3) the process is adequately designed so that people who do not participate are considered as well; and (4) participation in planning is reducing clientelistic practices.

Fifth, more comprehensive research is needed to determine the quality and cost of the services delivered by the local governments. This information should be compared with similar information for City services. Also, there should be research to determine if the local governments follow the preferences of the citizens as outlined in the development

plans. In this way, it could be determined if the localities are more efficient and effective than the City Government.

6.6 Summary Statement

The decentralization of the governmental functions in Bogotá illustrates the point that the quality of urban service delivery is not only a matter of having the appropriate capacity in the local governments. Other factors, such as clear definition of functions, improved accountability, and adequate funding, also affect, probably to a greater extent than capacity, the effective delivery of urban services (World Bank, 1995b). The localities, despite problems with the structure and capacity of the local government, manage to perform as well as the City Government. However, the lack of definition of responsibilities and the small amount of the transfers make them ineffective at solving local problems.

Defining the services that the local governments have to deliver, and strategically transferring funds and restructuring the administrative organization of the localities, comprise the strategy that should be used to improve the decentralization process. Some decision makers argue that the problems of the decentralization process in Bogota would be solved by assigning more funding or increasing the personnel that works for a locality. These are incomplete views that will render few benefits, unless the local governments are assigned clear responsibilities for some services. Indeed, defining responsibilities is the first step in creating the right incentives for better urban service delivery in Bogotá.

APPENDICES

A1. Field Work Methodology

I conducted the field work for this study during the months of December or 1996 and January of 1997. I interviewed local mayors and councilors, and some heads of the Local Development Fund in 4 localities in Bogotá. These were: Usaquen, chosen because it is among the richest localities; Kennedy, because its population is middle class; San Cristobal, because its population has a low income; Los Martires, because it has an important industrial area. I also interviewed local councilors in the localities of Teusaquillo and Chapinero.

In the City Government I interviewed three City Councilors, and the Sub-Secretary of Governance for Local Affairs. I also had extensive talks with two groups of consultants that are advising the Mayor regarding the process of decentralization.

A2. The City Planning Process

Following the mandate of Colombia's new constitution (1991), for the first time there was a participatory planning process in Bogotá (and in Colombia). The process took place between September of 1994 and May of 1995. In it, all the City agencies, following the ideas of the City Mayor, wrote the first draft of the plan, which was ready by February of 1995. Then it was presented to the Territorial Planning Council (TPC), an entity conceived to foster the public discussion of the plan, and to promote participation.

The TPC has 37 members, one from each of the 20 localities in Bogotá, and 17 from professional and trade unions, social and community organizations, and from the cultural and environmental associations in the city. The TPC carried out 34 consultations with the citizenry, 20 local consultations (one in each locality), 14 sector consultations with the corresponding professional and trade unions, and 14 panels with experts (Santana, 1995). According to Santana (1995), president of the TPC, more than 4,000 City leaders participated in the consultations. Finally, the draft of the plan was published in a main daily newspaper so that people will learn about it.

The main comments of the TPC to the plan were regarding the lack of a calendar of implementation of the plan by sector, the overestimation of the funds from national transfers, and the "lack of a direct relationship with the local plans." (Santana, 1995: pg. 60). I find it important to comment here that this relationship with the local plans was impossible at this point in time, because the local plans were not written yet. However, it is significant that the TPC stated that the local and City Plans should be linked. The mayor of Bogotá incorporated in the next version of the plan, to some extent, most of the comments of the TPC (Santana, 1996), thus showing some of the value of participation in

planning. The plan was enacted in May 1995 as was called “Formar Ciudad” (to build a city).

The Plan Formar Ciudad is structured as a matrix that has 6 priorities and 11 sectors (Decree 295, 1996). The priorities reflect an objective that is key within the problematic of Bogotá. The priorities are: Citizen culture: designed to improve citizen behavior, and sense of belonging to he city; Environment, to improve and stop the decay of the environment; Public Space: to recover the space in which the citizenry lives; Social Progress: to promote human development; Urban Productivity: designed to improve the human and physical infrastructure in the city, to enhance the city’s competitiveness; and Institutional Legitimacy: to increase the efficiency and quality of the actions of the City Administration, so as to increase its credibility. Table A.1 shows the total cost of the projects in each priority of the development plan of Bogotá, which is valid for the electoral term of 1995-1998.

Table A.1
Cost of the Development Plan of the
City of Bogotá, 1995-1998.

Priority	Investment (Billions of pesos of 1995) ⁸⁶ .	Percentage of Total Cost of the Plan
Citizen Culture	161.5	3.1
Environment	447.6	8.6
Public Space	514.2	9.9
Social Progress	1,394.2	26.9
Urban Productivity	1,685.5	32.5
Institutional Legitimacy	983.9	19.0
TOTAL	5,186.9	100.0

Source: Decree 295, 1995.

⁸⁶ One billion pesos is equal to one million dollars at the prevailing exchange rate.

A3. The Planning Process in the Localities

The planning process in the 20 localities in Bogotá took place between August and October of 1995 (Corposur, 1996), several months after the City's planning process, which had ended in May. The most important feature of the local process is that it was participatory, because the community, represented by individual citizens, civic associations, neighborhood councils, and professional associations, was called to participate. The ultimate objective of the process was to write the Local Development Plan (LDP), that will guide the actions of the local government for the period 1995-1998.

The participatory planning process was done in six stages, as defined in Decree 425 (1995) which regulated the process. The stages were: (1) convening people to participate, (2) presenting projects, (3) pre-selecting projects, (4) having public hearings to justify the projects and ordering the importance of the projects, (5) making the final selection of projects, and (6) writing the plan.

Several comments are in order regarding this participatory process. First, the lack of definition of responsibilities for the local governments implies that the planning process lacks its main input: knowing what the local government has to do. As a result, people presented *projects* instead of determining the *priorities* that the plan should target. By presenting projects, the scarce resources of the locality are scattered into many different functions, thus reducing the extent to which problems are effectively solved.

Second, according to a survey carried out by the NGO Corposur and to my field work, the level of participation was considered by local politicians to be not adequate.⁸⁷

⁸⁷ In the 20 localities a total of 13,174 projects were presented. The total number of people who participated lies somewhere above this figure. Unfortunately, there is no information in this respect. On average, 2 projects were presented for every 1,000 inhabitants in the city. This rate varied quite greatly

This might indicate that despite the efforts to promote the process, such as invitations, advertisements, local and city newspapers, and even a visit of the City Mayor to each locality, the time (20 days) and effort were not enough. Probably the next time such process is carried out, more time and effort should be devoted to mobilize the community.⁸⁸

Third, a local development plan should be a somewhat technical document that incorporates people's preferences, and that at the same time allocates scarce resources trying to maximize the benefits obtained from them.⁸⁹ If this is not done, the plans will resemble a "wish-list," which does not solve the problems in the locality. Moreover, wish-lists are difficult to implement, because they usually cost much more than the resources the government has. In general, in Bogotá the Local Development Plans (LDPs) are somewhat a technical document, that reflects people's wishes, and that tries to achieve certain objectives. This is because each LDP has a strategic component where objectives are set, and a second component, where the projects to achieve these objectives are listed. Also because several localities used objective criteria to select projects in an attempt to maximize the benefits of the local funds.⁹⁰

between the localities in Bogotá. Sumapaz, a rural and scarcely inhabited locality, had 9 projects per 1,000 inhabitants. On the other hand, Usaquen, probably the wealthiest locality, had only 1 project per 1,000 inhabitants. It would be interesting to research what explains these differences.

⁸⁸ Given the size of the localities in Bogotá, an approach like the one used in Cali might increase participation and the quality of the process. In Cali, the participatory planning process begins at the neighborhood level, where each neighborhood assesses its problems, and determines priorities. Later on, the local council and mayor consider the neighborhood plans and design the LDP. Bogotá has a relatively rich tradition of neighborhood councils, that could be used for this purpose, because they already exist in most areas.

⁸⁹ I am not advocating necessarily for the use of Cost Benefit Analysis. However, it is one of the tools available.

⁹⁰ For example, in Ciudad Bolívar, one of the poorest localities, the Local Technical Committee used a formula that assessed the impact and benefit of a project based on the following criteria: (1) Poverty level of the neighborhood where the project is (determined by the Unsatisfied Basic Needs); (2) impact, measured as population benefited;⁹⁰ (3) Cost of the project; (4) type of project and priority to which it

Fourth, the participatory planning process failed short in some technical aspects, such as providing adequate information and assistance to determine the costs of the projects—a critical aspect of planning. This reduces the extent to which the local development plans differ from a wish list, because people did not have a clear idea of the cost of their actions. Cost estimates are a crucial input in a planning process, because they are used to bid and contract the building of the projects, and because they determine the point up to which the local government can fund projects. Unfortunately, the cost estimates were not good enough. The cause is probably that calculating the cost of the project was left directly to the people who presented the project, because this was one of the questions in the form that they submitted. Estimating costs is a technical task that demands knowledge about quantities of materials required by the project (i.e. at least a pre-design of the project is required), and of the prices of the materials.

My last comment does not refer to the planning process itself, but to the fact that the LDPs are difficult to modify (Decree 395, 1996). The LDP guides the locality for a period of three years, between 1995 and 1998. There are advantages and disadvantages to this. One of the advantages is that there is a medium range scope for planning, where objectives and strategies are set in advance. This results in more stability in the implementation of projects. Given that the local mayors are changed on average every 18 months,⁹¹ the existence of a medium range plan implies that the person who replaces a mayor can continue carrying out the LDP. Furthermore, the LDP provides a tool for the

belongs; and (5) feasibility. In the locality of Puente Aranda they selected their own priorities—ones that reflected the problems of the locality—and chose the projects that matched those priorities. Furthermore, the LTC decided to prefer those projects in neighborhoods that were receiving the smallest part of the local investment. In Los Martires, the LTC chose also had a set of criteria to rank the projects, as well as in San Cristobal.

councilors and the community to hold the local mayor accountable. The other advantage is that by being difficult to modify, the process gains credibility, because local councilors cannot introduce other projects, for example, in 1997, when the elections approach. The disadvantage is that many of the localities devoted all of their budget to the projects proposed by the community, and so they cannot handle contingencies, or new situations. Probably then, the localities should spare part of the funding they receive for this purpose.

To improve the process in future rounds, I recommend first, to define the responsibilities that each level of government has to carry out. Second, to ask the people to determine *priorities* and not to submit projects. With defined functions the community can specify priorities along the lines of these functions. In this way, policy makers get a sense of the problems of the locality, and of how the community perceives them. When the community sets a priority it is revealing preferences that are pertinent for the locality. When it is asked to present projects, the community tends to think in smaller terms, such as its block or neighborhood. Although this is not necessarily bad, if the plan wants to effectively solve some problems, it should consider the entire jurisdiction of the locality as a whole.

⁹¹ Rafael Molano, Sub-Secretary of Governance for Local Affairs. Interview, January 1997.

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