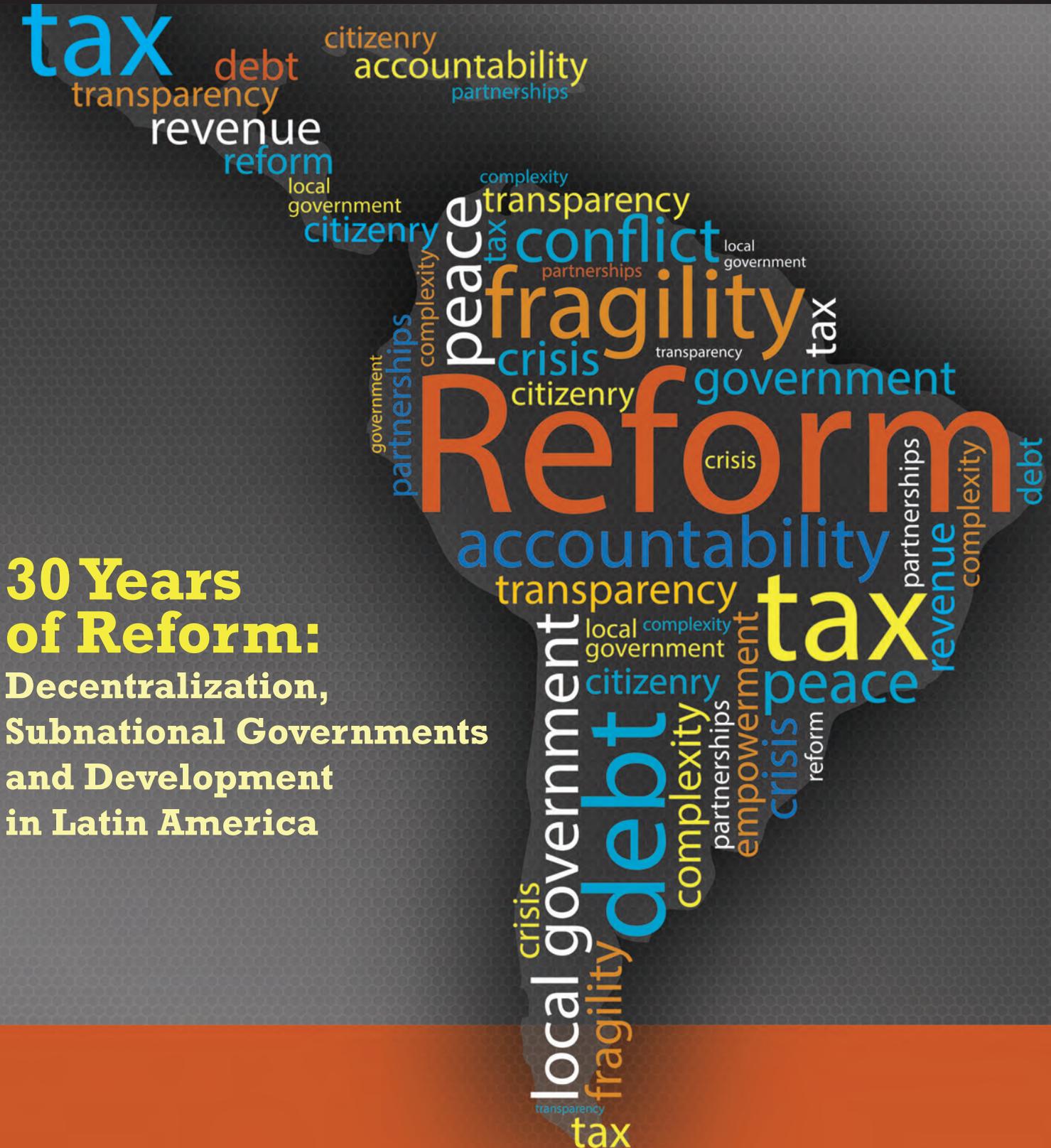


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**30 Years
of Reform:
Decentralization,
Subnational Governments
and Development
in Latin America**

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Decentralization and Intergovernmental Relations in Colombia:

Issues for a State Still Searching for Structure and Capacity

By Pablo Sanabria

This article explores some aspects of intergovernmental relations with the aim of identifying key elements to help advance a better understanding of decentralization in Colombia. We begin by analyzing two decades of decentralization in Colombia, going on to propose some central questions and identifying key challenges and recommendations.

History of intergovernmental relations in Colombia

In 1991, Colombia passed a new constitution in response to strong citizen activism, particularly from college students, demanding a new set of institutional arrangements for a state that was falling apart under the manifold pressures of drug lords, guerrillas, urban crime and paramilitary factions. This constitution made Colombia a unitary decentralized state.

Despite some steps toward decentralization before this point, including the adoption of the popular vote to elect municipal mayors and department (provincial) governors, the 1991 constitution was the key to adapting the nation's political and administrative structure to a less centralized model. The new constitution was also an opportunity to respond to the persistent demands

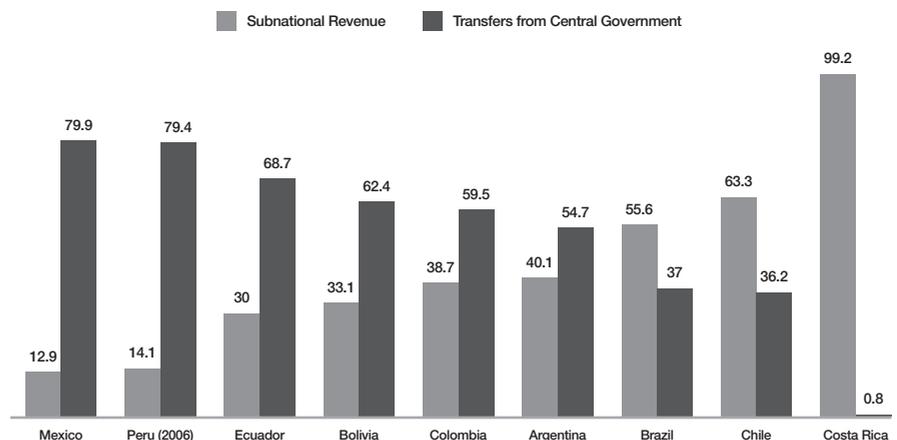
of regional politicians and key local actors for greater autonomy.

The new institutional arrangements allowed departments and municipalities to implement social policy directly, specifically health and education policy. This decision considerably increased transfers from the central government to municipalities and departments, but above all, it increased the amount of resources directly managed by subnational units. Colombia ranks high among Latin American

countries in terms of such transfers (See Figure 1), but demand for greater decentralized autonomy remains high.

In spite of continuous efforts to improve provincial autonomy, Colombia's subnational governments still show divergent levels of institutional capacity. As Figure Two shows, subnational governments' dependence on the central government has remained almost unchanged during the last decade. The levels of fiscal effort of

Figure 1
Total Revenue Distribution Subnational Governments, Selected Latin American Countries 2008 (% Total)



Source: Gómez and Jiménez, 2011



Best Practices Panel at Florida International University's XX Inter-American Conference of Mayors: "Building Sustainable, Equitable and Smart Cities: New Challenges for Latin America," held in Miami June 9-12, 2014. From left to right: Hon. James Cañas Rendón, Mayor, Municipality of Montenegro, Colombia; Dr. Allan Rosenbaum, Director, Institute for Public Management and Community Service, Florida International University; Hon. Angel Erreyes, Mayor, Municipality of Yantzaza, Ecuador; Mr. Lenin Villeda Carvajal, Manager, Mancomunidad of Guisayote, Honduras; and Mr. Gustavo Espinoza Gómez, Administrative and Financial Manager, Municipality of La Molina, Peru. FELIPE SOTO.

municipalities and departments still appear low in the Latin American context, although they have increased over the last two decades.

Even more, the relevant data shows an enormous degree of disparity

in institutional capacity among subnational units (i.e. Antioquia or Valle del Cauca compared to neighboring Chocó). Although some regions exhibit greater ability to implement policies and generate

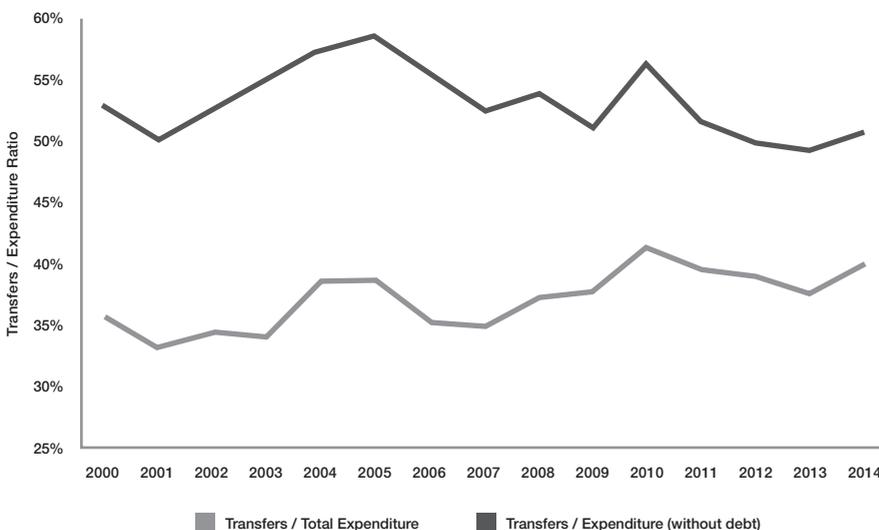
fiscal resources, most of the country's municipalities and departments still rely heavily on central government transfers and technical assistance.

Exploring and explaining the challenges of decentralization in Colombia

Since 1991, a number of social actors have shown greater interest in effectively implementing decentralization efforts. That goal remains distant. Three important elements explain some of the difficulties that Colombia has faced in this process: 1) a de jure vs. de facto gap in decentralization; 2) an existing dichotomy between providing autonomy and ensuring institutional capacity; and 3) a high level of divergence in public policy that tends to deepen dependence on the central government.

Colombia epitomizes the tendency of developing countries to issue norms in response to administrative problems with very low enforcement capacity. The country's decentralization strategy relies on normative efforts that look like a

Figure 2
Transfers from Central Government to Municipalities and Departments (Provinces), Colombia 2000–2014



Source: Ministry of Finance, Colombia

good idea on paper but in practice are not implemented, given the lack of state capacity. Decentralization in Colombia embodies important legal advancements, but in terms of actual implementation a number of goals remain to be achieved, including local fiscal responsibility and autonomy, improved institutional capacity, etc. The point is, while a law can distribute and decentralize power, it cannot always distribute institutional capacity, which varies widely between subnational governments.

Colombia has aimed to improve the autonomy of municipalities and departments. The catch is ensuring that each area has the institutional capacity to take advantage of this increased autonomy. The actual autonomy of the subnational units to administer resources from central government transfers is restricted, since the central government predefines the use of such resources. Additionally, while the bigger municipalities have greater leeway to manage their own resources, many smaller and medium sized municipalities still depend on the provincial level, creating a new locus of conflict between departments and municipalities.

The decentralized unitary model of 1991 continues to evolve while adjusting to the realities and capacities of both the national and subnational governments. In principle, a model based on autonomy should reveal differences in orientation and shape between national and subnational policies, while maintaining the overall criteria for defining action frameworks and policy instruments. In practice, however, what has emerged is a high level of technical dependence

on the national government, particularly in policy formulation. The central government remains the main provider of policy, given that many subnational units lack the institutional capacity to fully implement this legislation.

Decentralization agenda for Colombia

These challenges demand a better understanding of the context of intergovernmental relations in Colombia to reduce the gaps between *de jure* and *de facto* decentralization and the divergence between the different layers of governance. The following recommendations, though not exhaustive, aim to open avenues for rethinking the formulation and workings of intergovernmental relations in Colombia. They can be understood as both a research agenda and also as a policy agenda for the government to enhance the decentralization process.

1. What is the optimal level of vertical cooperation between national and subnational governments? Research should work to identify the actual modes by which the center and the territories relate to each other, especially the formal, and more important, informal mechanisms whereby the center and the regions work together and separately. The state should develop empirical studies to disentangle the various effects of the Colombian decentralization process in public policy (formulation, implementation, etc.) and generate evidence for the benefits of an intergovernmental collaborative model beyond the usual federalism/centralism clichés.

2. Just as important as the relationship between the center and the territories, an understanding is also critical of the controversial and divergent relationship between the provincial level and the municipalities. Studies should identify the new forms of horizontal collaboration that have appeared in response to decentralization efforts or suggest a new set of intergovernmental communication mechanisms for those units with low institutional capacity. Horizontal intergovernmental relations must become more diversified, along with mechanisms to address problems that exist outside of the traditional administrative boundaries between (and within) departments and municipalities.
3. The field should also pursue a regionally based and contextually driven definition of institutional capacity versus the traditional central government definition. Research needs to expand the definition of what it means to be capable in regional terms. Territories, departments and municipalities are inherently different; in a country like Colombia, these institutions are affected in different ways, and in varying magnitudes, by innumerable phenomena (i.e., conflict, poverty, inequality, etc.). Forcing these diverse units into a single measurement of their ability is unfair and unhelpful. Researchers should consult with departments and municipalities about their goals, expectations and abilities to define a more comprehensive concept of institutional capacity in its

various dimensions. A regionally articulated construction of development plans could help to initiate these shifts.

4. The deployment of regionally based information systems is key to a better understanding of the policy process at the subnational level. The central government can help generate better policies at the municipal and provincial levels by releasing reliable and systematic information on key topics such as budget and financial administration, local management, policy formulation and implementation. A dependable regional information system would facilitate multilevel governance by enabling the central government to develop an informed view of developments in the territories. In turn, this information could help subnational governments better use evidence and implement best practices in decision-making and policy. The role of the National Planning Department is crucial in developing such a system.
5. Generating public management skills at the subnational level involves more than the implementation of centrally issued protocols, paperwork and checkpoints. Subnational units need support to develop public management capacity and specific competencies at the local level. A new strategy could take a different approach to the current organizational structure at the national level and reconsider how central government offices and officials are dispersed across the territory. This type of capacity development strategy should

also include a formal plan of action with contingent technical assistance for the development of hard management skills at the local level (e.g. budgeting, human talent, organizational development) as well as cognitive skills (e.g. leadership, effective communication, teamwork, ethics). Universities have an important role to play as repositories of knowledge and sources of creativity, development and innovation.

6. Last, but not least, the nation must take immediate concrete action to strengthen human capital at the local levels of government. Different programs have sought to improve local capacities in such fields as public finance, program formulation and investment projects, but less attention has been given to the creation of a modern, professional civil workforce in Colombia's subnational units. Despite recognition that clientelism and cronyism still prevail in some municipalities and departments (Sanabria, 2010), few concrete actions (either central or regional) address these fundamental problems. Colombia clearly needs a unified strategy to ensure the adoption of a merit-based civil service in the territories. Enhancing the recruitment and selection processes of the National Civil Service Commission (CNSC) is a key step in any effort to create a professional civil service, with the input of the Administrative Department of the Public Function (DAFP) and the Higher School of

Public Administration (ESAP) (Sanabria et al, 2014). The creation of a formalized, merit-based public service, like the other topics discussed above, requires a bottom-up approach that takes into account the particular traits and requirements of the territories, as well as their own political and administrative processes.

Pablo Sanabria, PhD, is an assistant professor in the Alberto Lleras Camargo School of Government at Universidad de los Andes, Colombia. The author would like to thank research assistants Nicolás Acevedo and Juan Sebastián González for their contributions.

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