



# en breve



July 2002 No.5

A regular series of notes highlighting recent lessons emerging from the operational and analytical program of the World Bank's Latin America and Caribbean Region

## COLOMBIA: DEVELOPMENT AND PEACE IN THE MAGDALENA MEDIO REGION

### A Vision for Development and Peace

Situated in the heart of Colombia, Magdalena Medio is one of the poorest and most violent areas of the country. The region is composed of twenty-nine diverse local governments (municipalities) which share some common characteristics such as proximity to the Magdalena River and the important role of the oil industry. Magdalena Medio is a microcosm of the actors and issues underlying Colombia's armed conflict with guerrillas, right-wing paramilitaries, with the army battling for control while the civilian population struggles to survive. The region contains great natural and productive wealth, although access to these assets and the income they generate is highly unequal, with 70 percent of population of 810,724 below the poverty line.

The Program for Development and Peace in Magdalena Medio (PDPMM) originated from a proposal of the Catholic Diocese of Barrancabermeja to the national oil company seeking solutions to the persistent poverty and increasing violence in the region. Its guiding principles were the need to involve and reflect the concerns of all the region's citizens, and the belief that poverty and violence are complex, interrelated problems which must be tackled simultaneously. The Program, which began in 1995 with a

diagnostic phase, embodies a long-term vision for community-led, comprehensive development of the region. This aims to increase living standards and reduce violence by creating the conditions necessary for relationships to develop among communities, NGOs, the business sector, various levels of government and, as appropriate, the armed actors.

### A Focus on Learning and Innovation

The Program's vision is ambitious and dynamic, involving an interactive process across two dimensions: (i) building the program from the bottom up, working at all levels - community, municipality, sub-region, and region - and linking them with national policies and institutions; and (ii) depending on the development issue being addressed, to put national policies into practice in the municipalities and region, and/or help define national policies and programs through local and regional actions. A flexible, continuous learning approach, and a phased program were required to translate this vision into action.

To support this process, the Colombian government obtained a US\$5 million Learning and Innovation Loan (LIL) from the World Bank and US\$1.25 million from the national oil company to finance the Magdalena Medio Regional

### New Studies Point to Need for Growth in Colombia

Colombia needs to recover sustained economic growth of four percent a year until at least 2010 to reduce poverty to its 1995 level, according to two World Bank studies. The studies, Colombia Poverty Report, and Colombia Social Safety Net Assessment, analyze data to show that substantial gains of the 1980s and the first half of the 1990s in the struggle against poverty in Colombia have been wiped out by the country's recent economic crisis. They also call for reforms to Colombia's social safety net system to ensure that assistance is available to vulnerable groups, especially during economic crises. The report traces rising poverty levels to the economic recession that hit Colombia after 1996, causing a plunge in growth reaching negative 4.5 percent in 1999, a rise in inequality, a decline in macroeconomic performance, and a doubling in unemployment. "Even if positive growth is promptly re-established, it will take more than a decade to return to the poverty levels of 1995," says Carlos Eduardo Velez, who led the team that prepared the Bank's Colombia Poverty Report.

(Download the reports from <http://www.worldbank.org/co>)

Development Project which started in the fall of 1998. The project's key learning objective was to test and refine a participatory methodology and operational approach for realizing the Program's objectives. It aimed to: (i) develop the capacity of the Consortium for Development and Peace Magdalena Medio (CDPMM) to operate as a change agent and program manager, (ii) strengthen the citizens' network as a vehicle for building social capital and managing the program, (iii) provide technical support and funding to community organizations to develop and implement specific projects identified by citizens as a priority.

The project was of particular interest to the Bank as it was one of the first lending operations in a new area: peace and development. In 1997 during a dialogue on the Bank's assistance to Colombia, Government and civil society representatives identified this issue as the number one development priority. The project fits with the Government's strategy of supporting regional and local initiatives which build social capital and address the root causes of violence, while pursuing efforts at the national level to initiate peace negotiations with armed groups.

## An NGO as Change Catalyst

CDPMM's role in designing, leading and managing the project was of critical importance to its success. Given the characteristics of the region, it is unlikely that a participatory, community-led program could have been effectively managed by the government, (i) central government presence was weak, (ii) the armed conflict had led to mistrust, fear and polarization, (iii) municipalities were weak and controlled by interest groups including the armed actors, and (iv) the intermediate level of government had a record of paying little attention to the municipalities covered by the program. A key lesson, highlighted by the Colombian Government upon completion of the project, was that regional development and building conditions for peace can be led by a regional (non-public) entity using public funds, an arrangement which provides flexibility for effective resource management and better communication with communities.

What accounted for this apparent success? The CDPMM was an independent entity enjoying high credibility among stakeholders largely because its staff consistently displayed a high level of integrity, commitment, and professionalism. Other critical strengths fundamental to success included, (i) effective communication of the fundamental principles of the Program, (ii) the ability to mobilize support and gain recognition, (iii) the ability to promote alliances and attract public and private entities to the previously neglected region, (iv) openness to learning, including self and external performance

evaluations, and (v) an ability to manage the risks related to the conflict.

As the project evolved, the CDPMM developed a clearer understanding of how to effectively act as an agent of change. It complemented the existing knowledge and experience of local communities and entities involved in project activities with relevant knowledge and experience, improving decisions and outcomes, while simultaneously empowering those involved.

## Promoting Change through Participation

The Program is based on community and individual participation in the region's development. The starting point is recognition of the capacity and 'initial state' of these actors, including existing organizations and previous experience. From this base, the CDPMM works to strengthen the community organizations so that they are able to take charge of their own development. (see Box 1)

### Box 1: Citizen's Network and Municipal Proposals

The citizen's network began as a voluntary association of citizens and organizations (referred to as a *nucleo*) in each municipality. The *nucleo* was to develop and promote agreement among key stakeholders on a *municipal proposal* setting forth the municipality's long-term development priorities, and specific activities and investments to start addressing these priorities. By the end of the project, out of 29 municipalities 23 *nucleos* were regularly operating, and *nucleo* members became increasingly involved in municipal decisions. The *nucleos* and municipal planning authorities were brought together in a regional participatory planning system. In addition, 10 networks of organizations and persons organized spontaneously around common interests such as community radio stations, youth, and producer associations.

The participatory methodology and operational model tested under the project proved effective at creating a longer term vision, strengthening human and social capital, mobilizing resources and raising interest in the region, and starting a community-led process of improving basic services and investment. Perhaps the most striking achievement was the increase in human and social capital: 23 *nucleos* and 147 organizations involving 8,625 persons have internalized the vision and goals of the program.

## Learning by Doing - A Focus on Investment

Project funding for community initiatives generated the immediate interest of citizen groups who were anxious to take concrete actions to improve their situation. An important element of the methodology being tested was the belief that

in order for small projects in isolated communities to generate significant development impact, they must be linked strategically to municipal, sub-regional and regional development priorities. The *nucleo*, municipal proposal, and regional planning system provided these strategic links. During the project, the CDPMM refined the approach further to favor more complex productive projects covering several municipalities. By bringing together organizations in several municipalities to work on a shared objective, these type of projects were seen as having a potentially greater impact on the region's overall economic and social development.

Community and producer organizations carried out 67 investment project initiatives, and were actively involved in an ambitious health program. Contrary to original expectations, the majority of projects were for productive activities (60 out of 67), with the remainder in education, institutional development, and peace/conflict resolution. In the case of more complex projects with higher technical requirements, investment costs and risks, the CDPMM learned a valuable lesson - that complete feasibility studies are required prior to embarking on the investment phase (see Box 2).

The Project demonstrated that the community-led process of transforming initial ideas into investment projects is more time consuming and difficult than expected. During the two and a half years of the project, most of the 60 productive initiatives never fully entered the investment phase, usually because of the time required for the potential beneficiaries' learning process and the increasing complexity of the projects themselves. By the end of the Project, the CDPMM considered that 76 percent of the 67 project initiatives (accounting for 94 percent of the funding) either had good prospects or should be considered for continuation of funding if certain conditions were met. Thus, the Project established a solid basis to improve incomes and living standards. It also achieved significant immediate gains in health and education.

## Conclusions

The Project demonstrated that, for a participatory approach to succeed in such a complex and challenging environment, there is no substitute for a design which explicitly incorporates flexibility, close monitoring and analysis of the socio-political situation and a mechanism for feeding this back into the program. A substantial variation in the rate of implementation and development can be expected based on the varied conditions in different parts of the region. Increasing the capacity of individuals and communities to take charge of their own development takes time, particularly for productive investment projects.

The Project contributed to the Government's strategic approach to development in regions experiencing conflict, notably the concept of delegating implementation to a respected third party. The CDPMM has provided technical support to other entities which have initiated similar

### Box 2: Techniques for Empowering Producer Organizations

The CDPMM developed a format for providing external technical assistance that ensured the organization developing the project was in charge of the process and appropriated the results. The organization identified the technical assistance required, participated in formulating the terms of reference, and was actively involved in all stages of the feasibility study as the counterpart of the entity providing the technical assistance. The CDPMM helped identify external providers with the appropriate technical capacity and willingness to work in this manner, and supported the process with its staff.

"Benchmarking" compared the production processes of individual producers/firms with each other, with other sub-regions in Magdalena Medio, and with other parts of Colombia, and, in some cases, internationally. This helped producers to better understand the context in which their project was being developed, and the technical options, profitability, sustainability and competitiveness of alternative approaches.

"Analysis of economic circuits" identified productive opportunities in urban areas and secondary towns through analysis of economic transactions in the particular locality, backward and forward linkages of each economic activity, production costs and efficiency of each activity.

development programs in nine other regions of Colombia. The project's achievements have also enhanced Colombia's image and its ability to raise funds to support the peace process. The key entities supporting the project - the National Planning Department, oil company, UNDP and the Bank - learned to work together in partnership which resulted in a high degree of commitment and broad ownership of the project.

The Government, oil company and Bank agreed to continue support to the Program through a follow-up project approved in September 2001 (a second LIL and oil company funding totaling US\$6.25 million); to be complemented by a US\$14.0 million three-year European Union

project approved in early 2002. The Second Magdalena Medio Regional Development Project responds to new learning challenges and focuses on building the Program's sustainability and mitigating risks by shifting the locus of decision making and leadership from the CDPMM to local and regional institutions, with communities continuing to play the lead role.

The Program is a long-term development effort which has demonstrated a high degree of commitment and ownership. Although, they cannot be expected to eliminate the armed conflict in Magdalena Medio, the Program, together with the first Project, created conditions to facilitate a dialogue among contending parties, set in motion a process for addressing many of the underlying social and economic causes of conflict, and have laid the foundation for effective development interventions as the broader situation improves (see Box 3).

### Box 3: The National Peace Prize

In December 2001, the Program received Colombia's National Peace Prize. The Prize is an instrument to promote peace, humanitarian values, solidarity and understanding among Colombians. It is awarded by a jury of civil society representatives to an individual(s) or entity(ies) who have contributed to the establishment of development processes for local or regional peace leading to a solution to armed conflict. A year earlier the French government awarded the Program a Human Rights prize for its work with communities in the main city covered by the Program (see <http://www.Fescol.org.co>)

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## Colombia at a Glance

	1980	1988	1995	1999
Population (millions)	28.4	33.6	38.6	41.5
Population growth rate	2.2%	2.0%	2.0%	1.8%
GDP growth rate	4.1%	4.1%	5.2%	-4.3%
<b>Unemployment</b>				
Urban	7.71%*	10.3%	8.7%	19.7%
Rural	1.46%*	4.6%	5.0%	10.9%
Inflation Rate	26.4%	28.1%	19.5%	9.2%
Government debt (% of GDP)	-0.7%	-1.4%	-2.3%	-5.8%
Real effective exch. rate	146.68	87.34	100.00	102.68
<b>Goods &amp; Services (% of GDP)</b>				
Exports	11.0%	12.0%	14.8%	18.2%
Imports	12.3%	10.2%	21.3%	19.2%
* 1978				

### Poverty Indicators, National, Urban, and Rural Colombia

	1978	1988	1995	1999
<b>National</b>				
Poverty rate	80%	65%	60%	64%
Poverty Gap	46%	32%	29%	34%
FGT P(2) <sup>2</sup>	32%	20%	17%	22%
Extreme poverty rate	45%	29%	21%	23%
US\$ 2 per day poverty <sup>3</sup>	33%	19%	13%	16%
Mean income per capita <sup>1</sup>	112	183	216	210
<b>Urban</b>				
Poverty rate	70%	55%	48%	55%
Poverty Gap	35%	23%	19%	26%
FGT P(2) <sup>2</sup>	21%	13%	10%	15%
Extreme poverty rate	27%	17%	10%	14%
US\$ 2 per day poverty <sup>3</sup>	34%	5%	3%	5%
Mean income per capita <sup>1</sup>	157	235	295	277
<b>Rural</b>				
Poverty rate	94%	80%	79%	79%
Poverty Gap	61%	43%	40%	44%
FGT P(2) <sup>2</sup>	44%	29%	25%	29%
Extreme poverty rate	68%	48%	37%	37%
US\$ 2 per day poverty <sup>2</sup>	59%	58%	29%	30%
Mean Income per capita <sup>1</sup>	52	90	95	102

1. Thousand 1999 pesos, based on monthly household income.

2. Foster-Greer-Thorbecke index.

3. Based on Purchasing Power Parity Convertors from WDI database.

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