Urban Poverty Reduction Experiences in Cali, Colombia: Lessons from the Work of Local Non-profit Organisations

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IIED Working Paper 4 on Poverty Reduction in Urban Areas

This is one of ten case studies that were part of an IIED research programme on "Urban Poverty Reduction Programmes: Lessons of Experience". The research was undertaken with support from the UK Government's Department for International Development/DFID (project number R6859) and from the Swiss Agency for Development and Cooperation (SDC). The publications that are the result of this work are listed at the end of this paper.

The ten case studies demonstrate the important roles that local institutions have (or can have) in contributing to poverty reduction in urban areas. They show that:

- many aspects of poverty need to be addressed, including not only inadequate livelihoods, income levels and asset bases but also poor quality and often insecure housing, inadequate infrastructure and services, inadequate legal protection of poorer groups' rights, and "voicelessness and powerlessness" within political systems and bureaucratic structures;
- there are often positive multiplier linkages as actions to reduce one aspect of poverty can help reduce other aspects;
- there are many possible entry points for reducing poverty (including some for which little or no external funding is needed) and many kinds of local organizations or institutions that can contribute to this;
- the form of the local institution that can reduce poverty varies with context; they can be community organizations, federations of community organizations, local NGOs, local foundations, municipal authorities or, on occasion, national government agencies or local offices of international agencies;
- one of the critical determinants of the success of poverty reduction initiatives is the quality of the relationship between "the poor" and the organizations or agencies that have resources or powers that can help address one or more of the deprivations that poorer groups suffer; and
- sustained poverty reduction requires city and municipal government agencies and political structures that are more effective, more accountable and more able to work with low-income groups and their community organizations.

International agencies need to develop or expand funding channels to support local institutions that can deliver for low-income or otherwise disadvantaged groups (including the organizations, associations and federations formed by these groups as well as local NGOs and local government agencies) while also remaining accountable to them. Such channels should also support the capacity of these institutions to widen the scale and scope of poverty reduction programmes and recognize that much poverty reduction depends on new attitudes and actions by local government institutions.

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PREFACE

This report is one of a series of studies on urban poverty reduction programmes in developing countries. It was commissioned by the Human Settlements Programme of the International Institute for Environment and Development (IIED) in London, with funding from the British government through its Department for International Development (DFID). Like the other studies in the series, this report aims to document innovative approaches to poverty reduction at the level of the locality, in this case the city of Cali in Colombia.

The information presented here was obtained through a combination of interviews, direct observation and archival work using published and unpublished documents. Fieldwork was done during July and August of 1998. This report and the field research that supported it could not have been possible without the help of a few people who very generously provided the author with their time, documentation and hospitality. I want to thank especially Dr Rodrigo Guerrero, former head of Carvajal Foundation and former mayor of Cali, who gave me much more time, contacts and hospitality than I ever dreamed of, all peppered with his infectious humour. Warm thanks also go to Arturo Samper and Isabela de Samper, from whose hospitality, experience and private library I benefited. Dr David Satterthwaite, from IIED, commissioned the study and made very useful comments on a first draft. Maria Zerdila and Antonio Piñol helped with the graphics. Finally, and at the risk of leaving too many people out, I want to thank all those who agreed to be interviewed and whose names are listed in Appendix 2.

SUMMARY

This paper discusses the role of local non-profit foundations in poverty reduction within Cali, Colombia's third largest city, and how they pioneered interventions on which the municipal government could build after it had been strengthened by decentralization and democratic reforms.

Cali has long been a relatively prosperous city, although its economy has been much affected by the economic downturn which started in the mid-1990s. By 1998, one-fifth of its economically active population was unemployed and more than a quarter of households fell below the poverty line. Much of the poverty is concentrated in particular areas, especially in Aguablanca (with one-fifth of the city's total population) and Siloe.

The city is unusual in having a long-established, large non-government sector, most of it funded by local businesses. This sector has been active in social programmes since the 1960s and these have reached a significant proportion of the city's low-income households. The private foundations have been particularly active in three areas:

1. Housing and settlement upgrading. In the early 1960s, the Catholic Church initiated community action in the rapidly growing informal settlements, and the Carvajal Foundation (funded by the printing house of the same name) provided funds to build, equip and manage 'parish centres' in these settlements. The parish centres provided health care, primary and secondary schools, stores with basic foodstuffs and household items, basic sports facilities and community meeting halls. By the late 1960s, they provided over 20 percent of the city's health services. They were staffed by priests, nuns and Foundation personnel but much of their costs were covered by fees charged. Over time, the municipal government and other agencies have taken over the management of these centres.

During the 1980s, the Carvajal Foundation concentrated on supporting housing programmes, community service centres and specialized services in micro-enterprise development in Aguablanca. These helped bring down housing prices through support for self-help and construction materials banks. The community service centres also concentrated a range of services such as telephones and post offices. Here, as in earlier initiatives, there was a concern that these become self-financing, although managed by non-profit organizations. Many other foundations in Cali and in other cities developed similar programmes, including Holguines Foundation which replicated the Carvajal self-help support on a much larger scale, until it went bankrupt in 1998.

2. Social services and recreation. The Carvajal Foundation pioneered the provision of primary health care to low-income populations although, over time, this was taken over by official institutions. FES Foundation also supported primary health care programmes in Aguablanca and other poor settlements in Cali (and in other cities), along with support for education.

Local foundations also helped to develop and fund Cali's Corporation for Popular Recreation. Originally set up by the mayor in 1978, this is a mixed enterprise, with 70 percent private and 30 percent public funds, which sets up and manages parks and recreational units. It has helped set up 43 parks and has also advised other municipalities. The core is a 15-hectare site built in the early 1980s on land donated by the municipality and funded by the association of sugar-cane producers. A more direct contribution to low-income groups is the 26 sports and recreational units in low-income areas.

3. Income generation, training and entrepreneurship. Since 1977, the two main programmes have been support for micro-enterprises (which includes training, advice on business development and access to credit) and the small shopkeeper programme (which includes training and access to the Foundation's wholesale stores). Between 1977 and 1996, 24,500 small-scale entrepreneurs were trained and the Foundation served as intermediary for US$ 12.5million worth of loans.

Positive aspects

Cali's private foundations have a remarkable record of innovation, hard work and effectiveness in providing the kinds of support and social services that an inflexible, underfunded state was incapable of doing from the 1960s to the 1980s. They had considerable influence, through the political and moral weight that they carried, in outlining directions and in setting social agendas which, since the late 1980s, have been picked up by local and provincial government agencies. They demonstrated how to provide schools and health care, support self-build and micro-enterprise development, and develop recreational facilities in informal settlements where government agencies would not enter, and did so on a scale that reached a significant proportion of all low-income households. They developed models of service provision that minimized their dependence on continuing subsidies through user fees, long before this became a policy pursued more widely in the interests of 'sustainability'. They also contributed to changed attitudes – for instance, from the public perception of micro-enterprises being backward to a recognition of their contribution to the city's economy.

The experience highlights the advantages that private foundations have for innovation as, unlike government agencies, they are not burdened with high expectations, unwieldy bureaucracies and cumbersome procedures.

Difficulties and limitations

The success of the private foundations is in part due to the fact that they are run by members of a small, closed elite. Their social welfare programmes were dependent on the good will and management capacity of private organizations with little or no public accountability – although, as noted above, their policies also served as models which were subsequently adopted by municipal and provincial authorities, who are accountable through elected governments (one former executive director of the Carvajal Foundation was elected mayor).

The privately funded social welfare programmes also depended on the generosity and viability of the businesses that funded them – and their vulnerability was demonstrated when one major foundation had to suspend operations after the company that funded it went bankrupt.

The various programmes of the different foundations reached a very large section of the low-income population but did not reach those with no stable income and of no fixed abode.

The foundations may have changed many people's lives but they never sought to change the structural conditions that generate and help perpetuate poverty.

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1. INTRODUCTION

Much of the work on poverty reduction is in the hands of central governments often operating at the national level. It consists generally of a series of macro-economic and social measures which seek to impact across a wide spectrum of regions and cities, often targeting specific social groups who may be found in different regional contexts (UNDP, 2000). The present series of studies aims to document and understand mechanisms used at the municipal or city level to reduce poverty. In many instances, national governments are too far removed from the realities of city populations to perceive and understand the complexities of their realities and to act effectively upon them. A focus on local-level actions also stems from a recognition of the significant changes in urban governance that have taken place in many parts of the developing world, as a result of which, in many contexts, local government has been placed at the centre of action, newly equipped with resources to undertake functions previously in the hands of higher tiers of government.

The present report looks at the case of Cali, Colombia's third largest city.[1] The report documents the unique role that non-profit organisations have played in the past four decades in attempting to reduce poverty in the city. A focus on non-profit organisations rather than on local government activities was preferred because of the remarkable inventiveness that has been exhibited by private foundations in Cali in seeking to reduce poverty and improve quality of life among low-income households. Some of the work of the oldest and best known of these foundations, Carvajal Foundation, has already been documented in English (see Sanders, 1983a and b; Cruz, 1994). The intention of this report is to place the work of this and other foundations in the wider canvas of Cali's recent social, political and economic development, as well as to examine it more closely from the point of view of its effectiveness and the innovations it has brought about in the fight against urban poverty.

The report comprises six sections. Following this introduction, Section two presents some background information on Cali and its recent development. Section three examines recent evidence on poverty and income distribution in both Colombia and Cali. Section four constitutes the core of the report, with an examination of the different areas of action in which private foundations have been active in Cali in the past four decades. Section five examines briefly the role of Cali's local government in poverty reduction, as well as its links with the private foundations. A final section provides a conclusion.

2. CALI: A BACKGROUND

Founded in 1536 in the fertile valley of the Cauca river in Western Colombia by the Spanish conquistadors, Cali was, until the twentieth century, a secondary provincial town in the region of Cauca, which had been dominated by Popayán, a city founded also in the early sixteenth century and located 140 kilometres south of Cali. Extensive agriculture has helped underpin the economy of the Cauca valley, where ownership of land has traditionally been highly concentrated in a few hands. This in part explains why, despite the wealth and productivity of the soil surrounding it, Cali would not flourish until well into the twentieth century.

[1] Cali is officially called Santiago de Cali. The abbreviated (and more familiar) form is used throughout this report. Whether Cali may be regarded as the second or third most populated city (after Medellin) depends on the precise definition of the metropolitan area, a discussion which is not central to the arguments presented here.

Cali would greatly benefit from its strategic location on the road and the railway line between the cities of the interior in the Andean region and Buenaventura, the country's second largest port, located on the Pacific Ocean. In the early twentieth century, coffee, Colombia's largest single export for over a century, passed through Cali en route from the nearby region of Caldas to Buenaventura and onto the international markets. Following Colombia's rapid industrialisation in the 1930s, Cali also soon became a stop-over point for imports of raw materials and intermediate and capital goods, disembarked in the port and taken to Bogotá and Medellín, the busiest industrial centres.

With the advent of industrialisation and the development of agro-industry, Cali again experienced rapid rates of population and economic growth from the 1950s onwards. Processing of sugar cane from nearby *latifundia* and the location of branches of multi-national companies in the 1950s and 1960s not only helped Cali become the third most populated city but also rapidly helped turn it into the third largest manufacturing centre.

Colombia's population grew from 11.5 million inhabitants in 1951 to 36.9 million in 1993. It also urbanised very rapidly during this period, with the urban component of the national population rising from 39 per cent to 73 per cent of the total, at an average of 4 per cent per year during this period.

Rapid urbanisation took place in the context of a virtually uninterrupted rise in average incomes, as shown in Table 1. The table shows GDP per capita figures at current US dollar prices. When measured using purchasing power parity, Colombia's GDP per capita was US$ 5,749 in 1999, compared to US$ 8,297 in Mexico, US$ 12,277 in Argentina, US$ 15,712 in South Korea and US$ 22,093 in the United Kingdom (UNDP, 2001). After decades of uninterrupted growth, income in the 1990s and the first years of the twenty-first century dropped due to the most severe economic recession to have hit Colombia in at least three generations.

Table 1:
Colombia: GDP and GDP per capita, 1973-2000

Year	GDP (millions of current US dollars)	GDP per capita (current US dollars)	Annual average change in GDP per capita (%)
1973	10,286	450	–
1985	34,895	1,161	8.2
1993	55,829	1,556	3.7
1997	106,719	2,716	15.0
2000	82,419*	1,982	-11.0

* Provisional figure

Sources: For 1973-1993: GDP figures: DANE (1997); population figures: DANE, national population censuses. For 1997 and 2000: ANIF (2001)

Average income figures mask a highly skewed distribution, however. In 1993, while the poorest 20 per cent of the population earned 4 per cent of the national income, the richest 20 per cent earned 52.5 per cent (Londoño, 1996). This means that the richest quintile of the population earned 13 times more than the poorest quintile. This compares with an average ratio of 17 times in Chile in 1980-91, 13.6 in Mexico, 32.1 in Brazil and 6.8 in the United Kingdom (UNDP, 1994).

When disaggregated according to occupation, average incomes show considerable variation (see Table 2). In 1993, for example, an employer could on average expect to earn 2.6 times

more than a wage earner, while a small landowner would get 2.9 times as much as a rural worker.

Table 2:
Colombia: Average income by occupation, 1993

Occupation	Average income (US$ per year)
Peasants	1,370
Rural workers	1,616
Self-employed	2,636
Wage earners	2,963
Landowners	4,721
Employers	7,561
TOTAL	2,781

Source: Londoño (1996)

Colombia's pattern of urban development is often described as less skewed than in many Latin American countries, where one large urban centre (usually the capital city) dominates and weighs heavily on the national population (a phenomenon described by geographers as "urban primacy"). Since the 1950s, Bogotá has been by far the largest city, followed from a distance by Medellín. In 1951, Cali occupied fourth place in the hierarchy after the country's busiest port, Barranquilla, located on the Atlantic coast. By the mid-1960s, Cali had become the third largest city, a position it retains to this day.

When measured in terms of population growth, in the second half of the twentieth century Cali was one of the most dynamic of Colombia's cities. During these decades, it not only consolidated its position as the third largest urban agglomeration but, of the ten largest urban centres, it also sustained a rate of population growth that was surpassed consistently only by Bogotá (see Table 3).

As the city's population has continued to age, the proportion of its inhabitants of child-bearing age has decreased, the city's economy has reduced its capacity to absorb new labour force and the city's demographic growth has dropped. Thus, given the evidence that in-migrants tend to be individuals of reproductive age, by the time today's children reach a reproductive age in around the year 2010, Cali will probably have a comparatively smaller share of child-bearing groups than Colombia as a whole.

Table 3:
Colombia: Growth of largest urban agglomerations, 1951-1993
(% per year)

		Inter-census period			
	Urban agglomeration[a]	1951-64	1964-73	1973-85	1985-93
1	Bogotá metropolitan area	6.7	6.0	3.5	5.1
2	Metropolitan Medellín	6.1	4.5	2.3	2.3
3	Metropolitan Cali	6.5	5.1	3.1	2.8
4	Metropolitan Barranquilla	4.5	4.1	3.1	2.0
5	Metropolitan Bucaramanga	5.1	4.5	3.1	3.6
6	Cartagena	5.7	3.5	5.1	2.0
7	Metropolitan Cúcuta	4.8	4.7	3.1	5.9
8	Metropolitan Pereira	4.4	3.5	3.2	2.9[b]
9	Metropolitan Manizales	4.1	0.8	2.3	2.7
10	Ibagué	6.6	5.5	3.7	2.6

a. With the exception of Bogota metropolitan area, wherever relevant figures refer to official metropolitan areas. All data include the rural component of municipal population.
b. Based on unadjusted 1993 figures.
Source: DANE, national population censuses

As has been the norm in rapidly urbanising countries, internal migratory population movements (in-migration) were a key contributor to urbanisation in the period after the Second World War. In-migration was the main contributor to demographic expansion in the largest cities in the 1950s and 1960s, and a substantial part of this migration was rural in origin.

Census figures show that the four largest cities were by far the most favoured destinations of migrants between 1951 and 1973. In both 1964 and 1973, over half of Bogotá's population had been born outside the city, a slightly higher percentage than in most other large cities except Cali and Villavicencio (the medium-sized capital city of the Meta *departamento*, on the Eastern plains) where over 55 per cent of all inhabitants were classified as in-migrants at the time of the census (Flórez and González, 1983, page 66).

As in many Latin American cities, the high volumes of rural to urban migration (including the higher shares of females) reflect economic and cultural factors. Social change and widespread poverty in rural districts have compelled a disproportionate number of young demand for unskilled women, notably in domestic service, but also in other services as well as manufacturing. In Cali's case, this is reflected in the ratio of male to female inhabitants, which dropped from an estimated 92.8 males per 100 females in 1938 to 89 per 100 in 1985 (DANE, 1986, page 25).

Rural violence in the 1950s is also credited with accelerating in-migration into Cali from nearby rural areas and from other parts of the country affected by politically motivated unrest. For violence, political and otherwise, has been a trademark of rural life in Colombia in the past four decades. In the 1950s, and more recently in the 1990s although on a smaller scale, this helped fuel out-migration from many regions.[2] Between July 1990 and June 1994, for example, it is estimated that political violence (including presumed political killings, "social

[2] In recent years, refugees have usually been victims of the indiscriminate actions of the paramilitary and guerrilla groups fleeing to the relative safety of large cities.

cleansing", disappearances and deaths in military action) claimed nearly 15,000 lives (Colombia Bulletin, 1994).

Until the early part of the twentieth century, Cali was a small, compact town built around its core, the Plaza Caicedo, located in the foothills of the western *cordillera*, one of Colombia's three large mountain chains running parallel to the Cauca river (see Map 1). Since the 1950s, Cali's growth has been increasingly marked by a growing spatial division, with the wealthier sectors of the population largely preferring the more central locations of the foothills. These are favoured by an evening breeze and are more conveniently located closer to the central business district, while poorer settlements have been increasingly expanding towards the river to the east and up the mountainous areas to the west.

Cali developed an elongated form along a north-south axis, with a central area rapidly increasing in density between the 1970s and the mid-1990s with the construction of high-rise apartment and office buildings. The low-lying eastern sectors were also swiftly occupied through land invasions and illegal sub-divisions as the pressure from in-migration mounted in the 1960s and 1970s. The fact that these areas were often prone to flooding and were relatively distant from the city centre made them more accessible to the poor who could not afford more central locations. The most important of these settlements was the Distrito de Aguablanca, which will be discussed later.

Table 4:
Cali: Area, population and territorial density, 1938-1993

Year	Area (hectares)	Population (thousands)	Annual growth rate of population (%)	Density (population per hectare)
1938	400	88		220
1951	1,290	284	9.0	220
1958	1,850	428	6.0	231
1964	9,100	638	6.3	70
1973	9,100	930	4.2	103
1978	9,100	1,100	3.4	121
1993	11,938	1,749	3.1	146

Source: For 1938-78: Mohan (1994); for 1993: DAP (1993)

Over time, the city of Cali has developed along a semi-circular shape, expanding to the south and east, away from the natural barrier of the western hills. Over the past 60 years, the city authorities have regularly expanded the city's official boundaries in order to keep up with population growth.[3] Similarly, territorial population density (measured in crude terms as the population divided by the area within the urban perimeter) has varied over time, in response to successive changes in the urban perimeter by the city authorities (see Table 4). Historically, Cali has been slightly more compact than Bogotá: densities in Colombia's capital city oscillated between 118 people per hectare in 1964 and 113 in 1978 (Mohan, 1994, pages 40-41). Both cities were more densely populated than US cities such as Chicago, Philadelphia and Detroit (with between 40 and 60 people per hectare) but less dense than Bombay (140 people per hectare) (Mohan, 1994, pages 40-41).

[3] This involves expanding the "urban perimeter", which defines the area to be served by public utilities and to be developed following guidelines set by the municipal planning office.

Table 5:
Structure of employment in Cali, 1973-1998

Sector	1973	1980	1984	1990/91	1997/98
Agriculture, fishery, mining	1.8	1.5	1.1	1.2	1.0
Manufacturing	25.9	27.4	25.0	24.4	21.6
Utilities	0.8	0.7	0.6	0.7	0.6
Construction and public works	7.5	5.5	6.6	6.6	5.8
Commerce	19.9	26.4	25.6	26.8	26.6
Transport and communications	5.5	5.7	5.0	5.2	6.9
Finance and insurance	2.9	4.9	6.3	5.6	8.8
Community and personal services[a]	27.6	27.8	28.9	29.4	28.4
Other[b]	8.1	0.1	0 .0	0.0	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0

a. Includes personal and domestic services.
b. Activities not clearly specified or information not available.

Sources: 1973-1984: DANE (1986); 1990-1998: Harris (1999)

As may be seen from Table 5, in Cali's recent history over three-quarters of the labour force have been employed in manufacturing, commerce, and community and personal services. Since the mid-1970s, there have been changes in the distribution between sectors. The more remarkable changes have been the relative drop in manufacturing, mining and construction, while the share of finance and insurance trebled in the quarter of a century covered by the table. The fall in the share of both construction and manufacturing in the 1990s and the parallel rise in transport and communications and financial services have been a consequence of the rapid restructuring of the city economy, marked by de-industrialisation and the recessive cycles of the construction industry, coupled with a general trend towards increased tertiary activities common to many cities of this size (Harris, 1999). This was, however, in a context of uninterrupted expansion in the number of total jobs in the city of 18.6 per cent for the period 1990/91 to 1997/98.

Labour participation rates in Cali have also tended to rise as more workers have joined the labour force (see Table 6). Such rises may be partly attributed to rapid increases in the number of people of working age and to the increased incorporation of women into the labour market as a result of changing social practices such as delaying the first pregnancy, drops in fertility rates and a growing acceptance of female labour in formerly male-dominated formal employment, especially services. From mid-1996 onwards, with the onset of recession, rises reflected the attempt by some household members who would not normally be employed (secondary earners) to seek work (even in the "informal sector") as a way of increasing household earnings (Urrea, 1997).

As Table 6 shows, with the exception of 1990, unemployment in Cali between 1976 and 1998 was higher than the average for the seven Colombian cities where regular household surveys are conducted. In June 1998, Cali's unemployment rate was also the highest among the seven cities, with preliminary official statistics suggesting that this might have continued to rise in subsequent years, as Cali entered the deepest recession in its recorded history.

Table 6:
Cali and seven Colombian cities:
Labour participation rates and unemployment, 1976-2000
(%)

	Cali		
Year[a]	Global participation rate[b]	Total Unemployment rate[c]	Unemployment rate in seven cities[d]
1976	51.8	11.5	11.2
1985	59.3	14.4	14.1
1990	60.8	8.7	10.1
1995	58.0	11.1	8.1
1998	62.8[e]	19.9	15.8
2000	66.0	21.5	20.4

na: not available.
a. March of each year except 1998 and 2000, which refer to June.
b. Economically active population/population of working age (defined in 1951 and 1964 as those aged 15-59, and for all other years as those aged 12 or over).
c. Unemployed/economically active population; refers to both women and men.
d. Figures are based on household surveys conducted regularly since the 1970s in a group of seven cities (which, after 1990, were not necessarily the largest): Bogotá, Medellín, Cali, Barranquilla, Bucaramanga, Manizales and Pasto.
e. September 1997.

Sources: For Cali: 1976 and 1986: DANE (1986, page 57); 1990 and 1995: DAP (1996); 1998: El Espectador (1998). For seven cities: 1976: Gómez et al. (1988); 1985: Gómez and Pérez (1992); 1995: DANE (1998); 1998: El Espectador (1998); 2000: ANIF (2001)

Cali's position in the national economy may also be gleaned from information on its tertiary activities. Although the inhabitants of Bogotá are more spoilt for choice than other Colombians when it comes to specialised retail and service outlets, in 1990 Cali had more service sector establishments than its 5 per cent share of national population would suggest. This was particularly true in the proportion of car dealers, finance outlets, estate agents and establishments providing other services to the city's and the region's consumers and firms. For example, Cali had 7.4 per cent of all car-dealing establishments in the country, 10.6 per cent of all estate agents and 10 per cent of all establishments providing services to firms (Gouëset, 1998).

Throughout the second half of the 1980s and early 1990s, the city was affected by the ups and downs associated with the illegal drug businesses that have made Colombia notorious in the international arena. During this period, Cali was the base for one of two rival groups of national importance involved in processing and distributing, initially cocaine and later heroin, in the major consumer markets of the US and Europe. The activities of Cali's "drug cartel", headed by brothers Rodriguez Orejuela, permeated key sectors of the city's economy. An unquantified although possibly substantial proportion of the cartel's profits was invested in the urban and rural property sectors, local manufacturing industries (such as pharmaceuticals), agro-industry and retail activities (such as a chain of pharmacies with outlets in other Colombian cities) and other money-laundering businesses. Although members of the city's traditional élite publicly shunned members of the Cali cartel, many no doubt benefited directly or indirectly from the unprecedented volumes of hard currency that flowed into the city in a short time span.

The drug cartel suffered a serious setback and eventual collapse with the jailing in 1995 of its leaders. Because of their illegal nature, it is difficult to measure the precise effects of their activities on Cali's economy. Colombia and some of its largest cities, including Cali, suffered a severe recession in the second half of the 1990s. Several factors have been credited as leading to it, including cyclical elements in the construction industry, the effects of liberalisation and state reforms, and fiscal belt-tightening (Urrea, 1997), as well as a loss of confidence by international investors in the context of continuing armed confrontation between the armed forces, paramilitaries and rural guerrilla groups. Although difficult to prove in the absence of reliable figures, in the specific case of Cali's severe recession, however, such factors were most probably compounded by the sudden interruption in the flow of illegal drugs profits.

3. THE INCIDENCE OF POVERTY IN CALI

3.1 Income distribution and poverty in Colombia

Despite Colombia's sustained rates of economic growth until the mid-1990s, poverty and an unequal distribution of income have been two significant features in its development in the past few decades. Another significant element in this period has been a shift in the incidence of poverty from rural to urban areas, largely a result of the very rapid and disproportionate growth in city populations compared to rural areas.

Table 7:
Income distribution in selected countries

Region/Country	Year	Gini coefficient	Share of income of poorest 10% (%)	Share of income of richest 10% (%)
Latin America				
Brazil	1989	63.4	0.7	51.3
Colombia	1991	51.3	1.3	39.5
Mexico	1992	50.3	1.6	39.2
Venezuela	1990	53.8	1.4	42.7
Europe				
Hungary	1993	27.0	4.0	22.6
Russia	1992	27.2	1.2	38.7
Africa and Middle East				
South Africa	1993	58.4	1.4	47.3
Egypt	1991	32.0	3.9	26.7
Nigeria	1993	45.0	1.3	31.3
Asia				
India	1992	33.8	3.7	28.4
Indonesia	1993	31.7	3.9	25.6
Thailand	1992	46.2	3.4	37.1

Source: DNP-UNDP (1998)

Although there is no direct correlation between absolute poverty and an unequal distribution of income,[4] a brief look at the issue of income distribution provides a useful background to our understanding of anti-poverty policies in the case of Cali.

As Table 7 shows, Latin America has some of the more skewed distributions of income in the world. Colombia has one of the highest indices, comparable to that of countries with higher per capita income levels such as South Africa, Mexico and Venezuela. Brazil has perhaps the highest concentration of income, with the richest tenth of its population earning over half the total income. At the other extreme, some former socialist economies such as Hungary and Poland (not shown in the table), as well as several Asian countries such as India and Pakistan, have lower levels of concentration, with the poorest 10 per cent of the population earning over 3 per cent of the income, and the richest decile earning less than one-third.

The UN Economic Commission for Latin America and the Caribbean (ECLAC, 1998) suggests that there was some redistribution of income in Colombia between 1979 and 1992, particularly between the highest earners and some middle-income groups. The poorest groups benefited only marginally from the redistribution. Of the other four countries included in the ECLAC study, income tended to concentrate among the highest earners in Argentina, Brazil and Mexico, while it remained relatively stable in Chile during the same period.

But while the quoted figures refer to national averages, research also shows that such indices vary from one city to another as well as over time. In the case of Colombia, data from household surveys focusing on income and expenditure show that some cities exhibit higher concentrations of income than others (see Table 8). For example, Medellín and Bogotá appear to have more skewed income distributions, while smaller cities such as Bucaramanga and Neiva have less unequal distributions. There is some logic in this, in the sense that the headquarters (and therefore the executives) of the largest corporations in the country, including many multinational companies, as well as many smaller firms are located in the two largest cities. They therefore have the highest paid executives and skilled labour force in the country. Overall, in the years 1984/5 and 1994/5 Cali's income was more unequally distributed than Bogotá's.

Table 8:
Gini coefficient for selected Colombian cities, 1984-1995

Metropolitan area/city	Population in 1993 (thousands)	Gini Coefficient 1984/85	Gini Coefficient 1994/95
Bogotá	6,700	0.48	0.51
Medellín	2,552	0.53	0.47
Cali	1,850	0.50	0.52
Barranquilla	1,348	0.44	0.43
Bucaramanga	804	0.43	0.42
Manizales	421	0.44	0.46
Montería	267	0.48	0.44
Neiva	248	0.40	0.44
13 cities	--	0.50	0.50

Sources: DNP (1998a) and DANE 1993 national population census

[4] In the case of Colombia between the mid-1980s and mid-1990s, while poverty tended to fall, income inequality tended to grow. This was accompanied by a concentration of poorer groups around a growing average income (DNP, 1998a).

Another interesting fact to emerge from the table is that in the ten-year period covered, there is no clear trend towards either concentration or redistribution of income in the sample of cities. Income tended to concentrate in Bogotá, Cali, Manizales and Neiva, while it tended to remain stable or even to become somewhat less unequal in Medellín, Bucaramanga and Montería.

The measurement of poverty has been the object of much research and debate. There is no agreement as to what indicators might more accurately describe poverty and which elements of an individual's life might be taken into account in such a measurement. There are, for example, arguments for and against both quantitative and qualitative approaches to measuring poverty; and such debates are not misplaced, as a particular definition and approach to measuring poverty will heavily influence the design of policies and strategies to reduce or eliminate it. Universal definitions are not valid and they will vary from one cultural, geographical and economic context to another.

A discussion about the adequacy of different definitions of poverty is beyond the scope of this report. In Colombia, as in many other countries, some of the initial efforts at measuring poverty have been aimed at defining a poverty line, a yardstick (usually expressed in US dollars) below which a household or an individual might be considered poor. In line with international practices, the Colombian government has developed two poverty lines (DNP-UNDP, 1998). The first one is referred to as the extreme poverty (or misery) line and refers to the income needed to cover only the essential goods and services to survive. The second one is the poverty line and refers to the income needed to buy a larger basket of goods and services than one that assures mere survival.[5]

Measured thus, in Colombia the incidence of poverty remained relatively stable between 1978 and 1995 (DNP-UNDP, 1998, page 141). Nationally, the share of the population below the poverty line tended to drop slightly from 58.1 per cent in 1978 to a low of 53.2 per cent in 1994. In urban areas, the picture was similar, with shares dropping from 48.3 per cent in 1978 to a low of 42.5 per cent in both 1994 and 1995. In rural areas, by contrast, the incidence of poverty dropped initially from 70.3 per cent in 1978 to 62.6 per cent in 1988 but tended to rise again in subsequent years to reach 68.9 per cent in 1995.

The fact remains, however, that the incidence of rural poverty is higher than that of urban poverty. Colombia's rural areas contain nearly ten million people who may be classified as poor, while its cities contain fewer than eight million poor. In 1995, for every 100 people below the poverty line living in cities there were 167 in rural areas. And this despite the fact that only three out of ten Colombians live in areas officially classified as rural.

Like income distribution, the incidence of poverty varies between cities as well as over time. The figures in Table 9, based on household income and expenditure surveys, show a measure of poverty for a selection of Colombian cities for 1984/5 and 1994/5.

There would not seem to be a correlation between size of city and incidence of poverty as was the case with the Gini coefficient. In both years, the shares of poor people in Medellín and Barranquilla are considerably higher than in Bogotá or Cali. Shifts in the incidence of poverty appear, however, to be linked to the cities' economic performance. The economies of Medellín and Barranquilla were badly hit by a crisis in the textile industry in the late 1980s and also by liberalisation measures which, among other things, opened up the national economy to consumer good imports in the early 1990s. Neiva's growing population may be explained also by the effects of a crisis in agriculture. The other cities in the table, by

[5] The extreme poverty line in Colombia was defined on the basis of an income and expenditure household survey of 1984/85 in 13 cities. In the case of the rural population, this is based on a 1981 food and nutrition survey. The poverty line is calculated as twice the extreme poverty line in urban areas, whilst it is 1.5 times in rural areas (DNP-UNDP, 1998).

contrast, seemed to benefit from their relative strengths at a time when the performance of the national economy was fluctuating but grew in net terms.

Table 9:
Poverty in selected Colombian cities and in rural areas, 1984-1995

City/area	Population in 1993 (thousands)	Share of households below poverty line (%) 1984/85	1994/95
Bogotá	6,700	21.1	27.2
Medellín	2,552	33.4	37.4
Cali	1,850	28.9	25.2
Barranquilla	1,348	34.1	48.9
Bucaramanga	804	24.3	21.4
Manizales	421	41.3	25.5
Montería	267	42.8	27.2
Neiva	248	31.8	39.3
Rural areas	--	62.6[a]	68.9[b]

a. 1991
b. 1995

Sources: DNP (1998a) and DANE 1993 national population census

3.2 Income distribution in Cali

As in the rest of Colombia, Cali's society is marked by social disparities. These are reflected not merely in the differences in the income earned by its inhabitants but also in their choice of residential area within the city, their use of social and recreational facilities and their access to social services such as health and education. Fortunately for our analysis, much of the recent social and economic information on Cali is available at the level of the *comuna* (commune). These are the geographical and administrative units in which Colombia's largest cities are sub-divided. Throughout much of the 1990s, the municipality of Cali proper (excluding the neighbouring municipality of Yumbo with which it forms a metropolitan area) comprised 20 *comunas*, though by late 1998 another one was added to reflect the city's spillover onto nearby farmland.

One form of inequality in Cali's society may be gleaned from the average earnings of different occupations. Table 10 shows figures from one of a regular series of household surveys conducted by the Colombian statistics office (DANE) in Cali and the neighbouring municipality of Yumbo. Earnings for male employers were on average twice as high as those for all male workers, whilst for women employers the differential was close to 70 per cent. Earnings for domestic workers (who comprise around 5 per cent of the working population and 95 per cent of whom are women) placed them at the bottom of the scale, with less than half the average earnings for all female workers. The lower average incomes for private sector workers compared to government workers mask the larger size of the private workforce and the greater diversity found among workers in the private sector, ranging from highly skilled manufacturing or white collar workers in large firms to poorly paid workers in non-unionised informal (non-recorded) workshops. The share of government employees dropped from 8.1 in 1990/91 to 6.5 per cent of the working population as a result of government restructuring (Harris, 1999),

Yet another form of inequality is that between the earnings of men and women in the working population. With the exception of unpaid family workers (whose remuneration in cash is negligible) and domestic workers (an occupation dominated by women), men's earnings were considerably higher than women's across all occupations. Differentials ranged from a low of 17 per cent among private workers to a high of 76 per cent among employers. The differential among male and female government workers reflects a disproportionate concentration of female workers in low-paid administrative and maintenance jobs.

Table 10:
Average monthly income by sex and occupation
in Cali metropolitan area*, June 1994
(US dollars)**

Occupation	Men (a)	Women (b)	Differential (a/b)
Unpaid family worker	3	8	0.29
Private worker/employee	408	349	1.17
Government worker/employee	668	545	1.23
Domestic worker	135	147	0.92
Self-employed worker	403	272	1.48
Employer	981	557	1.76
All working population	477	329	1.45

* Includes Cali and Yumbo municipalities.
** Calculated to the nearest dollar using the "representative market exchange rate" of 819 pesos per US$1 on 30 June 1994.

Sources: Urrea (1997) Table 9; Banco de la República (1999)

Other variables help build a picture of inequality in Cali's society. One of these is provided by data on socioeconomic strata, a composite indicator developed by the Colombian government to classify city neighbourhoods according to individual housing conditions (including quality of construction materials), availability of services to individual dwellings and amenities available in the neighbourhood. Such indicators have been used, for example, to set rates for utilities and have been instrumental in Colombian cities in supporting a policy of cross-subsidisation of service costs from richer to poorer areas of cities[6]. Although not necessarily a reflection of inter-personal differences in income, the strata provide a picture of spatial differences in living conditions.

Table 11 shows changes over a decade in the distribution of population in metropolitan Cali according to the government's six standard socioeconomic strata. The rapid rise in the share of population in stratum one, the poorest of the six, is a reflection of the rapid influx of low-income migrants to the city in the mid-1980s. By 1990, these had been largely absorbed, while poorer areas of the city (including Yumbo, where a disproportionate share of low-income migrants settle) benefited from improved services and better access to utilities. In the 1990s, the marginally increased share in this stratum reflected both a new wave of low-income migrants and a process of relocation of newly arrived low-income migrants to areas classified as stratum one.

Stratum three, which comprises largely a population of middle-income workers and salaried employees, shows an impressive rise up to 1990, followed by a drop in the 1990s. However, when only the population of Cali is considered and that of Yumbo excluded, the rise is an uninterrupted one, to a share of 41.5 per cent of all households (Urrea, 1997, page 129).

[6] Despite its obvious advantages in aiding the effective operation of basic services, an important drawback of the system is that it reinforces spatial segregation along income lines while generating spatial inertia leading to large areas being frozen in a given stratum for decades.

This is because Yumbo's disproportionate share of strata one and two areas tends to reduce the proportion of population in all other strata. As Urrea has pointed out, the rapid rise in the share of population living in stratum three shows the integration of a large working-class population into urban life, "...perhaps Cali's main social achievement" (Urrea, 1997, page 130).

The growing share of the poorest stratum coupled with a shrinking of the two highest ones suggests a somewhat improved distribution of income, particularly during the 1980s, although, overall, with the onset of recession and the consequent increases in unemployment, particularly among the unskilled and those with high school education, the process appears to have been reversed during the second half of the 1990s (Santamaría, 1999).

Table 11:
Distribution of population by socioeconomic stratum
in Cali metropolitan area*, 1982-1994
(%)

Stratum**	1982	1986	1990	1994
1	11.3	19.9	16.7	18.6
2	35.1	26.6	25.9	29.4
3	34.8	37.2	41.6	37.4
4	6.3	8.1	8.7	8.4
5	11.1	7.2	6.4	5.4
6	1.3	1.0	0.8	0.8
Total (%)	100.0	100.0	100.0	100.0
Population	1,353,445	1,530,368	1,725,085	1,905,111

* Includes Cali and Yumbo municipalities.
** Stratum one is the poorest and six the richest.

Source: Urrea (1997) Table 12A

Figures on coverage of health care and pension funds also provide an indication of inequality in living conditions across Cali's society. Despite legislation introduced in 1993 aimed at wide-ranging reforms in the social welfare system, such information has only been made available in household surveys since 1996. The data for Cali presented in Table 12 also provide an indication of the severity of the recession affecting the city. In 1996, for example, 52.6 per cent of Cali's households regularly contributed to a health scheme (mostly private) and 39.5 per cent to a pension fund. As household incomes fell and growing numbers lost their jobs, the figures less than two years later were over two percentage points lower.

The 1993 legislation made enrolment in these schemes compulsory for all those holding formal sector, regular jobs; this increased the coverage of the social security network. While in 1992, only 20 per cent of Colombia's urban population was covered by (mostly government-provided) health care, by 1996, 55.5 per cent of the population in the five largest cities were enrolled in some scheme (Santamaría, 1999).[7]

[7] In that sense, statistics about enrolment provide an indication of the extent of informality in the labour market.

Table 12:
Cali: Coverage of health care and pension systems
by income quintiles, 1996 and 1998
(% of households in each quintile)

	Sept. 1996		June 1998	
Quintile	Health	Pension funds	Health	Pension funds
1	33.4	20.9	22.5	12.9
2	45.1	31.6	37.9	25.8
3	49.2	36.2	47.8	34.6
4	62.3	48.3	58.7	45.7
5	73.9	61.2	64.8	55.3
Total	52.6	39.5	49.2	37.9

Source: Santamaría (1999)

Table 12 also shows that contributions to health care and pension funds are clearly correlated to income level. In September 1996, enrolment in the health care system among the poorest 75 per cent of households was below the average for the city and for the five largest cities in the country. Figures were even lower for pension fund contributions. Moreover, there is little doubt that the recession took its toll on welfare conditions in Cali. In September 1996, more than one-fifth of the poorest 25 per cent of the city's households regularly contributed to a pension fund. By June 1998, this proportion had nearly halved, while large drops were visible in the remaining four quintiles.

3.3 Poverty in Cali

Up to the mid-1990s, virtually uninterrupted economic growth coupled with the joint efforts of the city's population, the local government and other local institutions were instrumental in dramatically reducing poverty levels among Cali's inhabitants. The first half of the 1990s was a period of expansion of the economy, with employment in sectors such as commerce, transport and financial services expanding at rates above the average for the city. By contrast, construction, manufacturing industry and some services contracted in the period 1990-1998 (Harris, 1999).

Although the population in the metropolitan area continued to grow at a yearly rate of about 2.8 per cent, the number of people living in extreme poverty and in poverty dropped in absolute terms by over 20 per cent in the period 1990-94 (see Table 13).[8] However, these overall figures mask differences between areas of the city. Falls were concentrated in 12 *comunas* and in Yumbo, while a number of *comunas* showed rises both in their relative share of poverty and misery and in the absolute number of poor and extreme poor. The proportion of households living in extreme poverty in *comunas* 1, 5, 14 and 20 increased significantly. Their joint share of households in extreme poverty rose from 21 per cent of the metropolitan area to 34 per cent.

Thus, despite improved conditions overall, the figures show a worsening of the situation in some areas of the city, particularly in these four *comunas* (see Maps 2 and 3). *Comunas* 1 and 20 are located in the foothills of the mountain chain that flanks the city to the west, *comuna* 5 is located to the north-east of the central business district, while *comuna* 14 is the

[8] This is based on a different methodology for calculating poverty than that for Table 9.

easternmost area and is one of three *comunas* which comprise the Aguablanca district. The problems of this area are discussed in greater detail below.

Table 13:
Share of households below misery and poverty lines by *comuna*
in Cali metropolitan area*, 1990 and 1994
(% of all households)

	Below misery line		Below poverty line	
Comuna	1990	1994	1990	1994
1	1.5	5.2	2.4	3.8
2	0.0	0.9	0.8	1.2
3	2.3	2.8	3.1	3.5
4	4.8	5.3	5.3	3.1
5	1.1	3.6	1.5	1.9
6	8.4	6.2	8.3	6.3
7	6.2	4.4	7.5	5.5
8	3.9	3.5	5.3	4.2
9	2.3	6.2	2.7	3.0
10	3.2	4.5	5.9	3.5
11	7.7	1.7	7.1	5.7
12	3.1	5.2	6.5	6.7
13	12.4	7.1	10.6	11.9
14	10.0	14.4	9.0	12.6
15	5.6	3.8	4.2	4.1
16	9.4	3.7	7.0	6.6
17	0.8	0.0	0.3	0.0
18	0.8	2.7	3.0	2.7
19	0.0	1.8	0.7	0.7
20	8.4	10.8	6.2	8.2
Yumbo municipality	8.2	6.3	5.3	5.1
Total (%)	100.0	100.0	100.0	100.0
Total number	23,968	20,141	137,739	108,804

* Includes Cali and Yumbo.

Source: Urrea (1997) Table 13

Urrea (1997) has shown that there is a link between poverty and migration in Cali. Furthermore, in a context where a significant proportion of the more recent migrants come from areas along the Pacific coast and are African-Colombian, he argues that there is also a link between poverty and skin colour.

Using information from a range of sources (though mostly household surveys), Urrea argues that recent increases in poverty among the poorest strata of population in the Cali metropolitan area and in the poorest areas of the city may be at least partly traced to a rapid influx of low-income migrants. These migrants come to Cali from poor regions and cities in search of opportunities, but at least for a while remain spatially and socially segregated from the rest of the city. In some cases, notably among black in-migrants, Urrea argues that they are spatially, socially and culturally segregated by other *Caleños*.[9]

[9] Cali's inhabitants.

Between 1986 and 1994, the incidence of misery (extreme poverty) and poverty was higher among recent migrants than among the more established population (see Table 14). For example, in 1984, over one-fifth of all households whose head had arrived in the city in the previous year were classified as living in extreme poverty and nearly two-thirds in poverty. By contrast, one in ten households headed by native-born persons lived in extreme poverty and two-fifths in poverty.

Table 14:
Incidence of misery and poverty among Cali households according to the migration status of the head of household, 1986-1994
(% of households in each category)

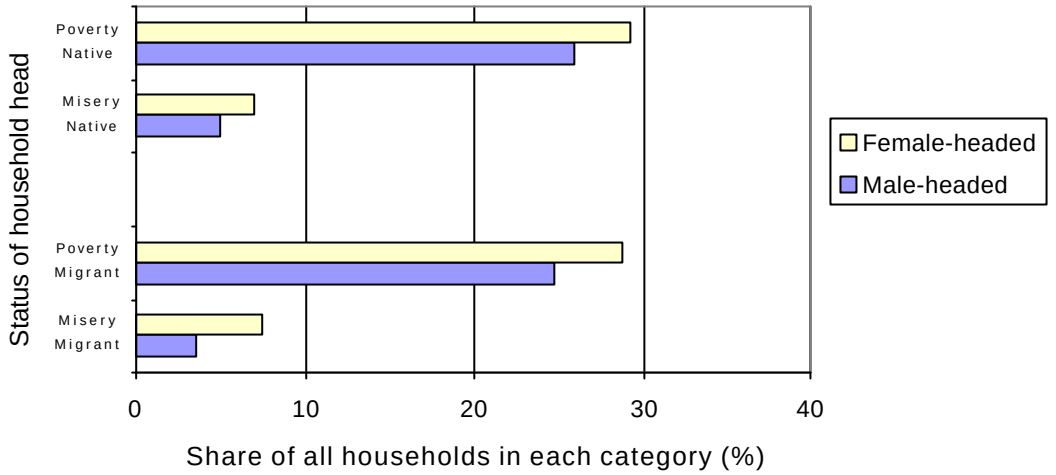
Length of time spent by household head in Cali (years)	1986		1990		1994	
	Below misery line	Below poverty line	Below misery line	Below poverty line	Below misery line	Below poverty line
Under one year	21.6	65.6	24.9	57.1	19.2	50.0
1-3	16.1	50.8	12.6	46.7	5.7	39.1
4-5	17.3	52.3	10.7	45.2	5.6	47.3
6-10	14.1	51.8	5.9	38.5	4.4	27.5
11 and over	9.1	42.1	6.8	36.4	4.0	22.2
Total migrants	11.1	45.8	7.3	39.7	4.6	25.7
Native-born	11.5	39.5	5.4	38.8	5.4	26.7

Source: Urrea (1997) Table 17A

In line with improvements in social conditions during these years, the incidence of both misery and poverty tended to fall within all groups between 1986 and 1994. But the drop in levels of both misery and poverty tended to be faster among natives and long-term migrants than among more recent arrivals. This suggests that newly arrived migrants are much poorer than established migrants but the city offers them rapid opportunities to become assimilated and improve their living conditions. The incidence of poverty among long-term migrants tends to be lower than among the native-born. In fact, the absolute figures (not shown in the table) show that the numbers of poor households with a native-born head increased from 31,368 in 1986 to 40,540 in 1990, and then dropped again to 33,684 in 1994 Urrea, 1997, page 142).

The survey data for 1994 also show that the incidence of poverty and extreme poverty is higher among female-headed households (see Figure 1). Although extreme poverty was somewhat higher among the households of migrant women than among natives, and the converse appeared to be true when poverty levels were considered, in fact there was no significant difference between the two.

Figure 1:
Share of households below poverty and misery lines according to status of household head, 1994 (%)



Source: Calculations based on Urrea (1997) Table 18B

3.4 A profile of Cali's poorest *comunas*

A closer look at the nature and extent of poverty in some of the city's poorer areas would seem to offer a better understanding of the problem and lead to a more considered examination of the possible effectiveness of programmes designed to reduce it.

As was said earlier, Cali's poorer areas are largely located on the periphery of the city, mainly towards the west and east of the central business district. Perhaps because (as will be shown later) its recent history involved illegal occupation of some land, and the growth of political activism mainly by left-wing parties, the Aguablanca district has received more attention than other low-income areas. Aguablanca comprises *comunas* 13, 14 and 15. In 1995, according to the city's Planning Department (DAP, 1996), these *comunas* had a joint population estimated at 363,000, representing 20 per cent of the city's total (not including Yumbo, with which Cali forms a metropolitan area). As discussed earlier, the incidence of poverty and extreme poverty in these *comunas* is among the highest in the city, only comparable to those of *comuna* 20, to the west of the city.

Comuna 20, known by locals as Siloé, is an older, denser settlement, most of it dating back to the 1950s and populated largely by in-migrants from nearby provinces (mostly white or of mixed race). Its population, estimated at some 62,000 in 1995, represents about 3 per cent of the city total.

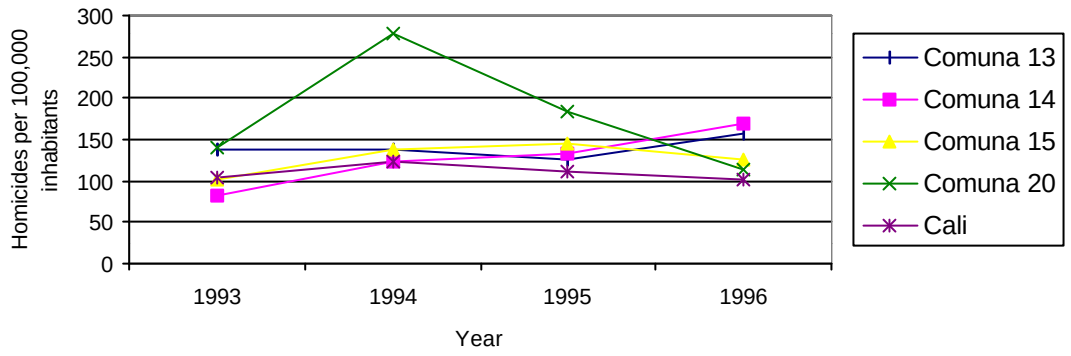
Social conditions in Aguablanca and Siloé were below Cali's average (see Table 15). In both census years 1985 and 1993, life expectancy, average family income and literacy rates were all lower than in Cali as a whole. By the same token, infant mortality, average family size and overcrowding were, with few exceptions, higher in these *comunas*.

Housing conditions (see Table 16) tended to be worse in the four poor *comunas*, particularly with regard to access to basic services. Despite considerable improvements between 1985

and 1993, on average, living conditions seemed significantly worse there than for the generality of *Caleños*.

Available data paint a composite picture of a less-educated population consisting of larger families, whose members die younger than the average person in Cali, living in overcrowded conditions in poorly serviced areas and earning less than the rest. At the same time, the figures also show visible improvements in most of these conditions in the 12 years after 1985, particularly in terms of the availability of utilities, increased access to house-ownership, and comparatively higher average incomes than a decade earlier against the benchmark of the city's average.

Figure 2:
Homicide rates in Cali and in poor *comunas*, 1993-1996



Source: Concha et al. (1997)

A final piece of information which should help us paint a picture of Cali's poor *comunas* is provided by the trends in the homicide rate in these *comunas*. Over the past decade or so, Colombia has become internationally notorious for its high homicide rates. In the Colombian context, Cali has some of the highest rates in the country and, within Cali, some parts exceed the already high city average. Homicides are the main cause of death in Cali (Alcaldía de Santiago de Cali, n.d.).

Although, nationally, the incidence of violence tends to be inversely correlated with poverty (DNP, 1998b), it would appear that Cali is an exception in that sense. In terms of the number of homicides between 1994 and 1996, *comuna* 20 was consistently above the city average while the other three *comunas* remained close to the average, but still mostly above it (see Figure 2).

Table 15:
Basic social and economic statistics for Colombia, Cali and Cali's poorest *comunas*, 1985 and 1993

Indicator	1985						1993					
			Comunas						*Comunas*			
	Colombia	Cali	13	14	15	20	Colombia	Cali	13	14	15	20
Life expectancy (years)	67.2	68.0	65.9	65.7	66.1	68.0	69.2	70.0	67.9	67.7	68.1	68.7
Infant mortality (per 1,000)	40.4	21.9	39.7	32.7	36.4	21.9	37.0	17.9	25.4	21.7	24.9	17.0
Literacy rate (% of those aged ten and over)	86.8	91.9	72.1	60.4	70.3	81.2	87.3	95.1	94.8	93.7	93.9	92.4
Average family size	6.1	5.2	5.1	4.7	4.5	5.0	5.0	4.9	5.4	5.2	4.6	4.8
Average family income (US$ per month)	130	155	76	69	82	76	261	336	227	227	227	227
Number of families per household	1.20	1.40	1.70	1.52	1.41	1.36	1.15	1.24	1.30	1.33	1.31	1.44

Source: Concha et al., (1997)

Table 16:
Housing conditions in Colombia, Cali and Cali's poorest *comunas*, 1985 and 1993
(%)

Indicator	1985						1993					
			Comunas						*Comunas*			
	Colombia	Cali	13	14	15	20	Colombia	Cali	13	14	15	20
Share of families living in:												
Own dwelling	67.6	68.6	56.2	42.5	63.2	42.5	63.5	57.4	59.0	58.0	58.0	57.8
Rented dwelling	23.5	27.1	40.4	51.5	32.8	51.5	27.8	35.0	32.3	34.1	33.0	33.8
Other	8.8	4.3	3.4	6.0	4.0	6.0	na	na	na	na	na	na
Share of population with access to:												
Potable water	69.7	73.0	25.2	21.1	25.4	61.6	79.6	92.9	42.5	36.9	50.1	78.2
Sewage	59.2	64.4	27.8	10.9	24.3	72.0	68.6	82.6	40.6	27.1	41.9	91.4
Electricity (at least 12 hours per day)	78.2	85.3	39.7	30.4	52.6	65.4	80.5	90.2	56.1	55.3	86.4	85.7

Na: data not available.

Source: Concha et al., (1997)

4. NON-GOVERNMENTAL INITIATIVES TO REDUCE POVERTY IN CALI

4.1 The non-profit sector in Cali

In many respects Cali is unique in Colombia in having a comparatively large non-governmental sector which has been active in social welfare activities since the 1960s. That it should have played an active and often crucial role in improving living conditions among the city's poorer groups, often complementing the role of a local state stretched to its limits while setting an example for others to follow in Colombia and elsewhere, is a result of Cali's social structure and recent history.

It is surprising to think that less than a decade ago Colombia represented a political and juridical environment where, officially, the state was the only social actor expected to actively intervene in the development process, through such channels as infrastructure works, regulation, investment, legal instruments and monetary controls. The initiatives of non-profit actors such as NGOs and citizens' groups, particularly if expressed outside the two established political parties, were perceived often with suspicion and sometimes with hostility from an establishment that saw in them the seeds of political subversion.

But decades of mounting social tensions from marginalised populations, of visible and daily demonstrations of the state's incapacity to provide the necessary infrastructure and services to keep up with demographic growth and social change, and of constant reactions against a highly centralised apparatus from distant populations, helped usher in much-needed changes. Following a process of decentralisation and a strengthening of democratic channels of representation in the 1980s and with the 1991 Political Constitution, the activities of non-profit and community organisations as contractors to the local, regional or national governments have become a matter of daily routine. They are also the harbingers of a new institutional landscape, with the potential to help consolidate participatory democracy, integrate a mass of excluded citizens and generate long-lasting improvements in quality of life.

Yet in Cali, private foundations had already been playing an important role in filling the gaps left by an inadequately equipped local government and by the, at times, even less responsive local offices of central government institutions. Theirs is a story of an enlightened group within the local élite who sought to confront the urgency created by rapid population growth and the risk of social and political disintegration. The 1960s and 1970s were an explosive time in a city marked by deep social disparities and a large influx of in-migrants from the impoverished rural areas of the nearby provinces of Cauca and Nariño. In the 1960s, private foundations were, to a large extent, a self-preservation response from the ruling élite to the real threats of a Cuban-style uprising and the political activism of left-wing parties among the discontented and rapidly growing population of Siloé, Aguablanca and several of Cali's other poor districts.

Private foundations have, nonetheless, influenced Cali's development and have been instrumental in improving living conditions among its poorest citizens. Partly through their initiatives and partly through their political and moral weight, they have helped outline directions and a social agenda for the local government to follow. A number of medical doctors from the élite, trained under the leadership of concerned professors, have been influential agents of change and managers of many of the foundations' initiatives. Some of them have also made incursions into local political life, and have brought the ethos of the foundations to local government programmes and agencies. Notable among them is Dr Rodrigo Guerrero who, for a number of years, was head of Carvajal Foundation and was elected mayor of Cali for the period 1992-1994.

Cali's élite was very open to the influx of American ideas. Many of its members had studied in US universities, often preferring these to the élite private universities in the capital city.

The availability of an English-speaking managerial class, proximity to the sea port of Buenaventura and the city's location in a fertile and prosperous agricultural area all helped the city attract multinational companies (mainly of US origin). By the 1960s, local managers were eagerly consuming the latest American ideas about management, which they often received directly from some of the thinkers of the time who were invited, all expenses paid, by the local associations of producers.

One influential figure to visit the city was Peter Drucker, who stressed the social responsibilities of an entrepreneurial class. Drucker's ideas were instrumental in helping shape the future actions of private companies such as Carvajal and in giving a new meaning to the work of its foundation. This sense of "social responsibility" marked a whole generation of Cali's small élite of entrepreneurs since the 1960s. It helped provide a rationale for the actions of their private foundations, initially "standing in" for a local government which lacked the resources to undertake social programmes on a significant scale.

Unfortunately, the severe economic recession that has hit Cali since the second half of the 1990s has not spared the programmes of some private foundations. At least one major foundation has had to cease operating because of a sudden change in fortune of the company that funded it. This is no doubt worrying, as it gives rise to questions about the high dependence of social welfare on the goodwill and management capacity of privately run organisations with little or no public accountability. It may also put into question the wisdom of making a by no means negligible component of the city's social welfare programmes dependent on the fortunes of enterprises which are so closely dependent on the city's economy.

There are three main areas where private foundations have been active in seeking to reduce poverty in Cali: housing and upgrading of low-income settlements, social services and recreation, and income generation and entrepreneurship. These have been backed by education programmes and research and dissemination, both by non-profit organisations and a few academic institutions, in particular the prestigious Universidad del Valle. As will be shown in the following sections, programmes and projects in some of these areas date back to the 1960s.

4.2 Housing and settlement upgrading

The first significant programme for improving living conditions among Cali's poor dates back to an initiative by the Catholic Church in the early 1960s.[10] The city's rapid rate of population growth in the 1950s and early 1960s (the third fastest among the country's main cities), fuelled largely by a rapid influx of in-migrants from nearby rural areas, was a matter of serious and growing concern to the ruling élite. Migrants were attracted partly by a combination of the rapid rates of growth of the city's economy and the fast process of agricultural mechanisation in the region which left many rural labourers jobless.

The political agitation that had helped ignite the Cuban revolution was all too present in the form of growing unionisation of manufacturing workers, increased activity of left-wing parties and growing political unrest, particularly in the newly created, fast-growing settlements in the west (Siloé) and east of the city (what would in the 1970s become the Aguablanca district). These were areas lacking almost totally in basic amenities. Farmland in Aguablanca was subject to natural flooding from the waters of the nearby Cauca river and had been used for rice cultivation. Siloé was subject to frequent landslides.

[10] The vast majority of Colombia's inhabitants are nominally Catholic.

Monsignor Alberto Uribe Urdaneta, then Cali's Archbishop, set about creating parishes in the new settlements. But this was no short-sighted act by a religious proselytiser. He wanted parishes to help improve living conditions, particularly in terms of access to health, education and recreation. He received the enthusiastic support of Manuel Carvajal, director of the firm Carvajal & Cia. and creator of the Carvajal Foundation. For Mr Carvajal the problem was not simply one of building the health centres but of administering them in the long run. The local government lacked the necessary human and financial resources to do so, so it was left to the voluntary sector to intervene.

Carvajal Foundation provided the funds to build, equip and manage five health centres (known as "parish centres") in different parts of the city between 1962 and 1967. They provided a range of services, including a health centre, primary and secondary schools, stores selling basic foods and household items at competitive prices, basic sport facilities and a community meeting hall. In addition to a priest and nuns, parish centres were staffed by Carvajal Foundation employees. Managers of the centres were often young medical doctors, some of whom had trained under a cousin of Mr Carvajal's, a medical doctor who was also a founder of the Universidad del Valle in the 1940s. Although no revolutionaries, the ideas of these young members of Cali's élite were strongly inspired by Christian values of social justice (Sanders, 1983a).

So important did the activities of the parish centres become that, by the late 1960s, they provided over 20 per cent of the city's health services. In the 1960s, Carvajal Foundation had a staff of nearly 500, many of whom were medical doctors and nurses attached to the centres. And although the Foundation paid for the administration of the health centres, by the 1970s fees charged to patients covered some 80 per cent of their costs. Throughout this period, Carvajal Foundation kept a low profile and wanted priests to be the visible leaders of these centres.

In 1981, Carvajal Foundation decided to divest control of the parish centres to the Church and to other institutions and to concentrate its activities exclusively in what was rapidly becoming the largest and fastest growing concentration of low-income population, the Aguablanca district. Most of the other poor settlements where the parish centres had been set up were by now established communities with adequate services and utilities. Two of the five centres no longer ran stores because supermarkets had appeared. Schools and health centres were receiving support from the municipality. The centres had outlived their usefulness, and each cost about US$ 400,000 a year to run and absorbed about 80 per cent of the Foundation's budget (Sanders, 1983a).

The unmet demand for affordable housing from a large and rapidly growing low-income population was such that, in 1978, the municipal government was examining the possibility of providing sanitation infrastructure to an area known as Charco Azul in what was then the Aguablanca irrigation district, an area covering 3,000 hectares. News of the study leaked out and part of the area was invaded by homeless families. The threat of further invasions led the municipality, through INVICALI, its social housing agency, to offer plots of land although with no services or basic infrastructure to some of the families.

In the four years between 1981 and 1985, the population of Aguablanca district grew from 28,000 inhabitants to 177,000. Growth came largely from low-income tenants living in other parts of the city who saw in Aguablanca the very real possibility of owning a piece of land, however distant it was from the city centre (Alvarez et al. 1990). In the eyes of the city's ruling élite, the threat of political subversion had returned there, with the militant presence of left-wing groups such as M19, an active, articulate and well-organised urban guerrilla group. Matters were initially made worse by the continued refusal of the local government's planning department to authorise a change of land use from rural to urban residential, thus blocking the legal supply of basic infrastructure to the area, on the (correct) grounds that the water table in the area was high and proximity to the Cauca river made it liable to flooding.

Land in Aguablanca was owned by a few large landowners who preferred to sell it at a premium to potential developers or to the municipality rather than run the risk of having it squatted upon. Despite not being officially recognised as land suitable for urban development, owners thus received a higher income for it and rid themselves of a potential source of problems. Thus, for a few years many of the individual plots were supplied (technically illegally since they lacked basic infrastructure) by INVICALI, sold by unscrupulous private developers intent on making substantial financial gains, often with the support of politicians, with the promise to buyers of supplying services in the near future, or even squatted upon with the support of parties on the left (Mosquera, 1983). Through a combination of a half-hearted action through INVICALI and total inaction by other departments, the local government managed to deflate pressure over land in parts of the city which were more desirable to middle and upper-income groups (Alvarez et al., 1990).

Carvajal Foundation made a conscious decision to concentrate efforts in Aguablanca's community centre and on its two main areas of concern, housing and micro-enterprise development, and to experiment with projects which could be replicated elsewhere. In 1981, the Foundation became a main player in the development of El Poblado I and El Vallado housing projects, which brought together a number of public and private institutions. El Poblado I was a 2,200 plot housing project on land supplied by INVICALI, but with little or no support given to beneficiaries regarding credit or construction facilities. At the time of launching the programme, there were some 17,000 people in El Poblado I, most living in temporary accommodation on their new plots (Calderón, 1997). El Vallado was planned as a 4,000 plot housing project, but no plots had been allocated by the start of the programme.

Through its community centre, Carvajal Foundation was made responsible for the sale of building materials and for community development. They teamed up with the government-owned Central Mortgage Bank (BCH), the municipality, the National Apprenticeship Service (SENA) and other agencies to provide households in the two settlements, with technical assistance and credit to build houses on plots of land with basic services. Calderón (1997) hails it as an innovative and unique case of effective collaboration by public agencies, private entrepreneurs and users themselves, a model which served as inspiration for the more ambitious Ciudadela DESEPAZ project launched under Mayor Guerrero's administration in the early 1990s (see below).

Beneficiaries in El Vallado were selected according to length of residence in Cali, number of children, non-ownership of another dwelling and availability of savings for housing. Loans were adapted to the households' needs and ability to pay. Those households who had access to the necessary skills chose to build through self-help, the cheapest alternative. Most others either hired someone to help them, bought a prefabricated house or became organised into co-ops to build a number of houses. But despite the impressive results achieved in El Poblado I, the programme, like most subsequent housing programmes in which the Foundation has been involved, excludes those who cannot show that they have a regular income and a capacity to save. They are often the poorest of the city's poor, who often have no option but to resort to squatting on environmentally vulnerable areas such as steep slopes or on the banks of the river. The municipality has a small programme of relocation of some of these households, which is described briefly later.

By the time the project started, in El Poblado I, as with so many of these processes, a substantial number of the houses were being built by their owners' own hands, buying materials piecemeal, usually a few bricks, cement bags and small amounts of sand at a time, and then building parts of their house when time and money allowed. Construction materials were bought from local shops, which would charge extortionate prices of between three and

five times those charged by shops in the city centre, a few kilometres away.[11] The Foundation provided initial help by acquiring a plot of land in El Poblado and, with funding from BCH for the buildings, set up a "construction materials bank". This model continues to this day and consists of a number of small specialised outlets of large producers of construction materials (bricks, cement, plumbing ducts, corrugated iron sheets, tiles, bathroom equipment, and so on) selling at the same prices charged by outlets in the city centre. The Foundation charges a 5 per cent administration fee on sales and also arranges for local transport by horse-drawn cart or truck through small co-ops operating in the area.

The materials bank made an enormous difference to self-help builders. It involved much persuading by the Foundation of the main suppliers or manufacturers of construction materials who had the preconceived idea that poor, self-help builders were unable to pay for their products and therefore did not represent a sizeable and stable consumer market. But the Foundation's Dr Guerrero and his team were able to show that they were wrong on both accounts. People in El Poblado had both the wherewithal and the willingness to pay for materials, while the large mass of small self-builders in the area represented a more stable and predictable demand for materials, even in slack periods, than that coming from speculative commercial developers elsewhere who were subject to the cyclical vagaries of the construction market.

A more recent incursion into housing development by Carvajal Foundation is support to self-help housing programmes. This has been done mainly through training and organisation of large-scale projects on behalf of other institutions. Since its creation in 1984, the housing programme has worked with households earning the equivalent of between one and two minimum legal salaries. In doing so, they seek to fill a gap in the stock of housing offered institutionally, as the volume of low-income dwellings sold by the municipality through its housing department was very limited, while the units offered by family compensation funds were aimed at households earning three to four minimum salaries.[12]

The Colombian government currently provides a subsidy to every eligible household of about US$ 3,000 towards payment of a dwelling costing no more than US$ 14,000[13]. One way of ensuring that the final price is held in check and that beneficiaries are in a position to repay loans is to lower costs as much as possible through self-help construction.

Carvajal Foundation's self-help housing programmes have succeeded in lowering construction costs through effective training programmes and careful management. So much so, that their model has been emulated by private foundations in Cali and elsewhere. Mr Jairo Millán, who heads the Foundation's housing programme, stresses that the major part of their efforts is spent on organising potential beneficiaries before any stone is laid. "Self-help builders are not made overnight", he says. The Foundation provides technical assistance and staff training to the funding agencies, mostly family compensation funds, which are thus able to offer housing solutions to their affiliates.

Houses in a recent project in the Ciudadela DESEPAZ development,[14] funded by Comfandi (a local family welfare fund) for its employees and affiliates, were built to fairly high standards of construction and public services at a cost of US$ 6,700 each. Careful organisation and training are crucial to the programme's success.

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[11] The price differential for many articles ranged between three times (for bricks) and five times (for bamboo, used as casing for concrete floors and roofs). The problem of hauling these goods from the city centre was made worse by the poor state of the only road, which became virtually unusable in the rainy season (Calderón, 1997).

[12] These are non-profit, private welfare institutions funded partially by mandatory subsidies provided by employers and deductions from employees' payrolls. The 65 such funds in existence in 1996 had 3.2 million affiliated members, while their various services covered more than 9.2 million beneficiaries (Villar, 1998).

[13] At the exchange rate of 2,000 pesos per US dollar in September 1999.

[14] This is the result of a large-scale, low-income housing programme initiated by the municipality under the Guerrero administration. See section on local government and anti-poverty programmes.

While training takes some three months of intensive preparation, the actual construction process typically takes four weeks. Training is only partly designed to provide users with technical construction skills. Much of the effort goes towards creating a positive community spirit, ensuring that all users set aside the necessary time (or sufficient money to delegate the work to someone else) to devote themselves entirely to the few weeks of intense collective construction, and that they will administer carefully the US$ 3,000 in subsidy they will receive. Much attention is paid to ensuring that every participant understands the importance of working in collaboration with other users as a way of reducing costs and maximising economies of scale.

The construction process is closely managed and monitored by engineers and architects from the Foundation, with assistance from students at the university.[15] They not only provide the technical expertise but must also become involved in matters of community organisation, coping with the demands of individuals and even arbitrating in disputes that might arise. They also ensure that building materials are supplied on time and in sufficient volumes so that no time is wasted in the process.

The results of so much planning and community organisation clearly paid off in the Comfandi project. As so much of the savings in costs arises from the scale economies and the effective use of manual labour donated by people who often lack construction skills, users were organised into teams covering about 20 plots. To avoid users putting more effort into their individual house than into anyone else's, they were all expected to work simultaneously on all the plots, with individual allocation of plots done randomly at the end of the construction process.

The built-up area of a finished house was 51 square metres but users could build additional space up to a maximum of 107 square metres. They are provided with a plan of their core house which shows clearly how, with expert help, it can be extended.

Notable among the foundations in Cali which have adapted this basic scheme to provide housing to low-income groups is the Holguines Foundation, founded in 1993 by a large construction company of the same name. Before the firm went bankrupt in 1998, bringing down with it the Foundation, Holguines was active in building housing and other construction projects in Cali and even in Bogotá. Holguines replicated the self-help housing scheme developed by Carvajal Foundation but on a much larger scale. In the words of one of Carvajal Foundation's own staff members, Holguines were even more successful in terms of the number of people covered and the speed at which they were provided with a dwelling. As any systematic assessment of their differences lies beyond the scope of this study, one might only speculate that this may well be due to Holguines' considerably better knowledge of the construction industry than Carvajal's.

4.3 Community service centres

"Construction material banks" provided the seed for community service centres (CSCs). CSCs rapidly replaced the old parish centres, thought to have reached the end of their useful life. The same principles that governed construction material banks were applied to other items such as basic foodstuffs, which were sold at the same prices found in the city centre and therefore lower than those offered by local retailers. Although this generated some hostility from local shopkeepers, it also helped keep in check their prices and generated a healthy competition which benefited what was rapidly becoming a large local consumer

[15] In the past, foreign students from universities such as Oxford Brookes in the UK have also occasionally been involved.

market. Nonetheless, the policy of offering lower prices and the large volume of stock kept in the centres means that, to this day, the three CSCs in Aguablanca are protected by high fences and 24-hour security guards.

To the retail functions that were the trademark of the first CSC founded in El Poblado in March 1982, soon other basic services were added. The Foundation invited some government agencies to set up offices there. The telephone company responded positively by opening an office offering local and long-distance calls. The city authorities also authorised the opening of a notary public office and a post office. In the words of Mr Diego Peláez, the Foundation's current director of the programme, CSCs became "development poles" for the settlements where they were located. However, these are the only offices offering these services to the population of nearly 400,000 in Aguablanca district. In Mr Peláez's view, the state has been reluctant to open other offices elsewhere, even in the other two CSCs run by the Foundation in Aguablanca. In 1998, one of the new entrants into the newly liberalised telecommunications market, partly Canadian-owned Nortel, showed an interest in offering long-distance services in the other two CSCs (located in the neighbourhoods of El Vallado and La Casona).

The CSCs also provide other services. El Vallado, for example, has offices of the World's Women Bank, an international NGO which provides funds and technical assistance to women entrepreneurs. It also has a community centre which provides holiday activities for children, ranging from nursery care for the youngest to computer skills for everyone of a suitable age.

In 1997, the three CSCs had joint sales of some US$ 17 million (or nearly US$ 100 for every person in the economically active population of the district). Prices of household goods and construction materials are typically 10 per cent lower than those of local retailers but an important difference with the latter is that all items purchased in the CSC must be paid fully and in cash; despite their slightly higher prices, local shops attract their clientele by offering credit and instalment facilities. According to Mr. Peláez, an opinion poll in Aguablanca district in the late 1990s showed that 73 per cent of adults in the district were aware of the services offered by their local CSCs, suggesting that the district is well covered by their services and that therefore no more can be built there.

Carvajal Foundation's CSCs are a widely imitated pioneering experiment. According to Mr Peláez, since 1986 private foundations active in other cities have sought Carvajal Foundation's advice on setting up similar centres in other parts of Colombia and elsewhere in Latin America. CSCs have now been created in Guayaquil, Ecuador ("they are even better than ours", jokes Mr Peláez) and there is great interest in Venezuela, Peru, Nicaragua and Panama, among others. Other foundations in Colombia have copied the model, but without seeking Carvajal's advice and sometimes even without acknowledging the source.
In the Foundation's philosophy, that it seeks to transmit to other foundations who request their advice, CSCs typically require financial and administrative support for a period of between 12 and 18 months, by which time they should normally reach break-even point. CSCs are not meant to be financially autonomous nor handed back to the local community to administer. They are meant to make only the necessary profit to cover operating costs and to reinvest in improving facilities.

The Foundation also discards the idea of handing CSCs over to the local government to administer. This, in their view, might lead to a loss of trust in the centres by the manufacturers or wholesalers who choose to sell their goods through them. This is because the CSCs operate a system of concessions, whereby they administer the stock supplied by producers and charge a small administration fee for this. In Mr Peláez's view, private sector firms would not feel comfortable leaving government officials in charge of their operation.

CSCs are therefore meant to be administered by an agent from outside the community, who is trusted by both sellers and consumers alike. When providing advice on the setting up of a CSC, Carvajal Foundation requires that its management be entrusted to a non-profit organisation, whose aims include support to social development programmes. In the Colombian cities where the Foundation has provided support, they have required from municipalities who request their financial support to the non-profit organisation until they reach the break-even point, but then to withdraw this support and give them autonomy. But financial support is nonetheless required from outside the community, as land and capital investments can be high. For the first two of Aguablanca's CSCs, for example, Carvajal Foundation purchased the land but for the third one, the municipality leased the land to the Foundation for a term of 20 years.

The range of services offered in a CSC does not follow a rigid format. They seek to respond to the needs of the local community, as assessed partly through the results of market research. To be financially viable, a CSC should cover a potential market of around 20,000 to 30,000 people.

CSCs are also meant to adapt in response to changes in the local community. For example, as demand for construction materials falls once a substantial majority of the community's households have built a basic dwelling to fulfil their needs, the CSC may expand their offer of services such as training, activities for youngsters during school vacations, advice and credit to small-scale enterprises, and computer facilities.

In Cali, other private foundations set up CSCs in settlements where they were active. Holguines Foundation created two CSCs to serve areas where they provided support to two large-scale housing projects in Desepaz and in the adjacent Calimío settlement.

4.4 Social services and recreation

It was stressed earlier how health care for low-income groups was, for many years, at the centre of activity of private foundations such as Carvajal. Medical doctors have played an important role in guiding the work of several of the most important foundations, and the provision of adequate health care, especially for the poor, still lies at the core of their work. This dates back at least to 1958, when one of the founders of the Universidad del Valle (Cali's oldest and main university, run by the provincial government and created with private sector support), Dr Velásquez Palau, helped set up a comprehensive improvement programe in the village of Candelaria close to Cali. Health was at the centre of the programme but it also included assistance in housing, sanitation and education. The design of the health care programme in Candelaria, which involves increasing levels of complexity from community health workers to regional hospitals, subsequently provided the foundation for Colombia's public health care system (Sanders, 1983a; Guerrero et al., 1990).

Health care remains an area of individual concern for some of Carvajal Foundation's senior staff who are themselves medical doctors. However, much of the thrust of health care activity and research in Cali now is in the hands of official institutions such as the municipality, the Ministry of Health and the University. Before intervention by the national government, due to mounting debts, the most significant support from private foundations in the area of health came from Fundación FES.[16] This private foundation was set up by a group of entrepreneurs in Cali in 1964 to support higher education. By the mid-1990s, FES

[16] Intervention consisted in separating the financial business from the foundation, which was given to the Bogota-based Restrepo Barco Foundation to run.

had become one of the largest commercial finance corporations in the country, with US$ 50 million in assets in 1996 (FES, 1996).

Between 1986 and 1997, FES ran a primary health programme in Aguablanca, which involved the participation of the municipality's health secretariat (then headed by Luis Fernando Cruz who had worked in Carvajal Foundation and who would later become its president), the University and other agencies. The programme would later be extended to other low-income areas in Cali and eight other cities, at a total cost of US$ 1 million.

Another area where private foundations have left their mark in the city is recreation. Foremost among these is the Corporation for Popular Recreation (CPR), created in 1978 under the initiative of the then mayor, Rodrigo Navia Escobar. This was in response to an opinion poll among Caleños about their perception of problems, where recreational facilities came fifth after insecurity, unemployment, cost of living and housing-public services (Sanders, 1983a; CPR, n.d.). Mr Navia Escobar, a business leader, delegated the task of responding to this particular demand to other businessmen, led by Harold Zangen who set out to create the CPR, raising funds from private sources.

The CPR was created as a mixed enterprise, with 70 per cent coming from private funds and 30 per cent from public sources. In the period 1979-1997, the CPR invested US$ 24.1 million in Cali, of which 10 per cent came from the municipal government, 4 per cent from the provincial government, 67 per cent from the private sector, with CPR contributing the rest, mainly from the proceeds of its sales. In 1997, CPR's parks and "recreational units" received an average of 686,000 visitors every month, a total of 8.2 million over the year (CPR, n.d.).

The CPR was designed to be run as a private enterprise, with profits being ploughed back into its operations. The local government's contribution is in kind, in the form of land leased for limited periods to the CPR, and the costs of utilities (water, sanitation, electricity but not telephone). In the words of its present director, Mrs Leonor Salazar Puyo, putting the CPR in charge of its open spaces was a wise step for the municipality as it ensured they were looked after properly, they were not invaded by the homeless nor used as rubbish dumps. According to her, Cali's citizens did not view with suspicion the unusually high private component of the programme because agreements with the municipality and the aims of the CPR were well publicised. For her, good marketing of a service of this kind which, in people's perception should be managed by the state on a non-profit basis, is crucial to its success.

The CPR has set up a number of parks and recreational units in different parts of Cali. Its innovative nature and long experience means that its advisory services are much in demand from other municipalities and provincial governments. In Valle province (of which Cali is the capital), for example, the CPR helped set up 43 parks in as many municipalities, some with World Bank and Inter-American Development Bank loans.

The core of CPR activities is the Parque de la Caña (Sugar Cane Park), a 15-hectare site three kilometres north-east of the city centre, built at a cost of US$ 1 million in the early 1980s. With land donated by the municipality and facilities funded mainly by the association of sugar cane producers, for many years this was the largest amusement park in the country. Its well-maintained facilities attract visitors from outside Cali and include, among others, a lake, several swimming pools (including an "Aquapark"), party halls, five basketball courts, five tennis courts and three soccer fields. An average of 120,000 people visited it every month in 1997. Each paid an average entrance fee of US$ 2.60 (US$ 1 for those not using the Aquapark), with children and large groups paying reduced fees.

But the CPR's more direct contribution to the welfare of Cali's lower-income inhabitants is to be found in the neighbourhood parks. Its 26 recreational units are located in socioeconomic strata one to three (see Section 3 above). Monthly affiliation and entrance fees vary

according to location. Users of El Vallado recreational unit in Aguablanca district, for example, pay a monthly affiliation of about US$ 4 or an entrance fee of US$ 0.60 for adults and US$ 0.40 for children. Although not high when compared with an average income of some US$ 400 for a private or self-employed male worker (see Table 10), the fact that many Aguablanca residents lack stable sources of income may explain why El Vallado unit has only 35 users who pay a monthly affiliation, whose fees cover about 8 per cent of the running costs of some US$ 3,000.[17] Like many of the smaller units in poorer districts, deficits are regularly subsidised by profits generated by Parque de la Caña.[18]

The El Vallado unit was set up with a US$ 440,000 grant from the multi-national corporation Colgate Palmolive and comprises a swimming pool, a meeting hall and some basic sports facilities maintained to a high standard. The other main recreational unit in Aguablanca district, in the Desepaz settlement, was abandoned when its source of funding, the Holguines Foundation, went bankrupt. The park was then donated to the municipality, which does not have enough funds to equip it and run it. In the past, the municipality has often sought to transfer neighbourhood parks to the CPR because they are believed to be in a better financial position to run them. As in other areas of activity of private foundations, the recession has affected the CPR's work and this has had a negative impact on its capacity to run more recreational units than it currently does.

4.5 Income generation, training and entrepreneurship

Another area where private foundations have left their mark in promoting social development in Cali involves projects for income generation and training and other forms of support aimed at strengthening entrepreneurship. Here again, Carvajal Foundation has been a pioneer in its attempts to provide effective support to low-income groups, and in its constant search for innovation and ways of replicating lessons elsewhere in Colombia and in Latin America.

In the 1960s and 1970s, Carvajal Foundation helped organise a number of cooperatives, both to provide services to the local community and to help generate income for their members. These included a number of cooperatives dealing with solid waste collection and footwear production (Calzado Libertad). For a while, the heads of the co-ops were appointed and paid by Carvajal Foundation. The co-ops collapsed in the early 1970s when Carvajal Foundation transferred control to their members. According to Dr Guerrero, the main reason for their collapse was that co-op members did not believe that co-ops should be managed by paid directors but, rather, by volunteers. This meant also that co-op heads would be drawn from among the local population and that either they lacked the skills to adequately run the co-ops or were not enticed to put in the requisite number of hours and effort to administer them properly.

Since 1977, the Foundation has developed two main programmes of support to small businesses, one aimed at "micro-entrepreneurs" and the other at local shopkeepers. They are a recognition of the importance of small-scale enterprises in the local and national economies. It is estimated that in Colombia, there are 1.5 million small businesses, defined as those with 10 or fewer workers and with assets valued at under US$ 33,000. They are estimated to generate 26 per cent of all waged employment and 51 per cent of the country's

[17] El Vallado neighbourhood (*barrio*) is located in *comuna* 15. In 1996, 77 of its 97 street blocks were classified as stratum three. However, the majority of blocks in *comuna* 15 (360 out of 619) were classified as either stratum one or two. *Comuna* 15 had a population estimated at 100,000 in 1996 (DAP, 1996).
[18] Interview with manager of El Vallado recreational unit.

jobs (ANFCDM, 1998). Moreover, the cost of generating an additional employment in a small business is considerably lower than in a large firm.[19]

By the time the Foundation launched the DESAP programme of support to micro-enterprises in the mid-1970s, little was known about the number, activities, requirements or future prospects of small-scale entrepreneurs. Their existence was widely perceived as the remnants of an unfinished process of modernisation, potential jobs that the "modern" sector of the economy had failed to create, and a burden on the national economy. US-style supermarkets and large factories producing modern gadgets were the accepted image of modern development. Even the Foundation's staff, who had visited an innovative programme of support to micro-business in Recife, Brazil, had difficulty recognising entrepreneurship in the family concerns that repaired radios, produced bricks or ran a small corner shop in Aguablanca. Somehow, the shops and workshops they saw seemed too small and too familiar to merit the label of "entrepreneur". And yet, the Foundation estimated the number of small firms in Cali at around 10,000. Without these, tens of thousands of the city's low- and middle-income households, who did not own a car in which to shop at a supermarket, would not have access to the food and basic necessities bought daily from their corner shop, could not have their fridge repaired nor could buy affordable stoves, made locally.

When they were approached by DESAP, most micro-entrepreneurs showed a keen interest in the credit denied them by formal financial institutions because of what potential lenders regarded as their lack of collateral to support a loan. Discussions with a number of small entrepreneurs led Dr Jaime Carvajal to conclude that, more than credit, they lacked the necessary expertise to run their businesses efficiently. DESAP set about providing them with training and expert advice on how to run their firms better. The reasoning behind this was that only once they understood how to run their businesses better would they be in a position to gauge their real need for credit (Sanders, 1983b).

The challenge for DESAP then, was not only to gain acceptance among the firm owners but also to train them at a pace and with a language with which they would feel comfortable. Initially, standard business administration texts (often written for the US market) were used but these soon proved unsuitable. Eventually, the Foundation developed its own manuals, with illustrations and a language that reflect everyday reality in Cali's poor districts.[20]

Carvajal Foundation's basic training courses for entrepreneurs run over seven weeks. Apart from training, entrepreneurs receive between ten and 12 hours of tailor-made advice from a business management expert on how to run their businesses. According to María Emma Jaramillo, head of the Business Development Unit, the programme must accommodate itself to the requirements and constraints of the participants. Courses run in Aguablanca cater for local entrepreneurs, mainly people from socioeconomic strata one and two. In its headquarters, in the more upmarket San Fernando District, the Foundation runs similar courses for independent professionals and entrepreneurs from higher-income strata; they are expected to pay for the full cost of training. Participants in Aguablanca's courses are expected to pay for one-third of the total cost of the training and advice package costing US$ 450, while one-third is paid for the national government and the remaining third is covered by the Foundation. At the time of field research in 1998, half the participants in the training courses were women.

[19] María Emma Jaramillo, head of Carvajal Foundation's Business Development Unit, reckons that the cost of creating one job in a micro-enterprise is about US$ 1,000 compared to up to US$ 5,000 in firms with 50 or more workers.

[20] The manuals are written in a simple language and illustrated with examples that someone with basic reading skills can follow. The cartoons that illustrate the manuals, however, fail to take account of the fact that around one-third of the population in Cali's poorer districts is black (Velásquez, 1997). Women would not seem to feature much either, when in fact many small businesses are owned and run by women, often heads of households who thus maintain their families. Despite these problems, the manuals are widely regarded as good models for practical training and have been translated and adapted in a number of countries, including Israel.

Finally, should they require it, the Foundation can act as a bridge to financial institutions. The first important source of finance for the programme came in 1979 from a US$ 500,000 soft loan from the Inter-American Development Bank (IDB), repayable in Colombian pesos 20 years later. The IDB also made available up to US$ 5 million, to be lent through similar schemes by the Foundation in other cities. Funds for the programme also came from the Foundation for Higher Education (FES), which also disbursed the loans and collected payments on them. The Foundation made a conscious decision not to become involved in any other way in disbursing or administering credits as this would detract it from its main functions.

DESAP operated on the principle that a programme of this kind had to be self-sufficient and credit was therefore not subsidised to borrowers. By the mid-1980s, DESAP was charging an annual interest rate of 23 per cent, made up of 1 per cent interest for the IDB loan, 3 per cent to FES for administration, 2 per cent as a reserve for bad debts, 12 per cent for part of the cost of the advisory service and 5 per cent to increase the volume of the fund. The terms of the loans were still fairly generous compared to other sources of commercial funding (Sanders, 1983b). Sanders has argued that "*...by developing its own loan programme and channelling it through FES, DESAP solved two of the major problems in acquiring credit in Colombia – red tape and time.*" Sanders, 1983b, page 6).

By the late-1990s, loans to small businesses came mostly from indigenous sources and were underwritten by a regional guarantee fund (CONFÉ) created by Carvajal Foundation in association with the city, provincial and national governments, other private foundations and the Cali Chamber of Commerce. This fund underwrites social development programmes in the Cauca Valley up to 50 per cent of their value, and individual loans up to 75 per cent of their value. Unlike IDB's credit, loans from this fund are offered at commercial rates.

Apart from basic management training, the Foundation also provides more advanced and specialised training for small entrepreneurs in areas such as marketing, sales and human resource development. But it has perhaps achieved a greater impact among low-income populations through its programme aimed at shopkeepers.

The shopkeeper training programme started in 1985 in Aguablanca district, at a time when the M19 urban guerrilla group was very active in the area and mistrust against the authorities ran very high. When the Foundation invited an initial group of 85 shopkeepers in Aguablanca to attend the first meeting of its kind where their services were offered, only 15 turned up. This reflected not only mistrust of outside organisations but possibly also fears that the government might identify them and prosecute them for not complying with the minimum legal requirements, including tax contributions. The induction and subsequent training of this first group produced a snowball effect and soon many more were eager to join the training programme.

The training programme arose out of a realisation by Foundation staff that small shopkeepers often got a raw deal from wholesale merchants, and that the prevalence of poor management practices was leading many into debt and eventual closure.[21] The programme involved training and credit provided by Coomicros, a cooperative funded with capital supplied by the Foundation. Trained shopkeepers were also given access to wholesale merchandise from the Foundation's own wholesale store in the community service centres. As most shopkeepers in Aguablanca have been trained, demand for the courses has waned in recent years.

[21] Many shopkeepers failed to differentiate between the family and the business budget, thus taking liberally from one source to cover expenses in the other without keeping track of the costs. Most simply had no idea what their income and expenses were, nor would they keep track of stocks.

Between 1977 and 1996, the Foundation trained 24,500 small-scale entrepreneurs, most of them in Cali and its surrounding areas. Between 1987 and 1996, it served as an intermediary in the disbursement of US$ 12.5 million to micro-businesses. In Aguablanca between 1986 and 1996, 3,750 shopkeepers were trained (representing around 90 per cent of all of Aguablanca's shopkeepers) and the value of disbursed loans was US$ 950,000 (Fundación Carvajal, 1996). The spread of similar programmes throughout the country has led to an estimated 100,000 micro-entrepreneurs trained and more than US$ 30 million made available in loans (Guerrero, 1995).
Colombia has come a long way from the time when small-scale enterprises were seen as a burden on the economy, the remnant of a primitive state of affairs that had to be somehow overcome. The government, academics, financial institutions and local officials have all long recognised the contribution of shops, local services and small industries to development and the generation of wealth and employment. The government has launched successive versions of a national plan of support to micro-enterprises. Credit and training are no longer the preserve of the lucky few. In all this, Carvajal Foundation has made a substantial contribution and its programme remains one of the most dynamic and respected in the country.

At the same time as institutions such as Carvajal were making considerable efforts to help a large number of micro-entrepreneurs, Cali's society seemed to be turning a blind eye both to their contribution to society and to the human tragedy of another group. Many garbage collectors who eked out a living working in the city's rubbish tips and selling the material they collected were being murdered by right-wing death squads who saw them as tainting Cali's image as a "clean and beautiful" city.[22] Like other individuals too poor to pay for a rented room or who, for some reason, could not find a place in society and had to sleep rough and sometimes beg in the streets, they were labelled the "disposable ones" (thus making their executions somehow appear a lesser crime).
Since 1986, Fundación Social, a private sector foundation supported by a Jesuit-owned financial services company, has been running a programme of support to informal sector garbage collectors and recyclers. In their work in Navarro, a settlement close to Aguablanca, the Foundation's initial efforts focused on restoring dignity and self-esteem to individuals who, in many respects, were considered even by themselves as marginal to society. According to Fundación Social's Argemiro Parra, this group experiences higher levels of violence than the rest of Cali society. The programme concentrated on creating a sense of community among the individuals of the group and on providing them with the means to offer their services and negotiate with the municipally owned solid waste collection agency.

After eight years, progress was significant but remained limited in scale. A number of leaders among the recyclers were sufficiently empowered to not only negotiate good terms with Cali's officialdom but also to participate in political events at a high level in the capital city, Bogotá. But the plight of the 2,000 or so recyclers in Cali remains extremely difficult and Fundación Social's efforts seem only to scratch the surface of the problem. Garbage collection and recycling is often an activity to which many turn temporarily during economic downturns, while competition from cheap recycled materials imported from abroad (such as paper from the US) is a new threat to their livelihood.

5. Poverty eradication, the local government and non-profit organisations

Private foundations have often worked hand in hand with local government. It was shown earlier how, in the face of the incapacity or unwillingness of the local government to act, the Catholic Church and the private sector started to actively intervene in seeking to alleviate poverty. Official intervention on a large scale had to wait until the 1970s, when the

[22] This was the motto put forward to describe the city by the local administration at the time.

municipality deployed its resources for infrastructure programmes in Aguablanca, the most rapidly growing part of the city and what would become by far the largest concentration of low-income inhabitants. In all this, it relied on support from the private sector, notably from the private foundations.

As many of those interviewed for this report were at pains to point out, collaboration at the highest levels of Cali society between the government, the private sector, foundations and academia was made much easier by the fact that most of them were run by a closed élite of *Caleños* who, for many years, have circulated among the highest posts (although increasingly, high posts, especially elected ones, have been in the hands of individuals who do not belong to the élite). In such an environment, it was easy to arrive at a consensus to plan ahead and relatively easy to secure sufficient resources for long-term social and infrastructure programmes.

It was in this context that the programmes of the private foundations listed earlier were conceived and flourished. Their success owes much to a small and closed élite of liberal-minded individuals who share a common vision about their role in Cali and the nature of society, even in the face of opposition from less liberal members of the élite.[23] It is in this light also that many of the programmes launched by the municipal governments must be seen. And this is particularly so in the case of programmes of administrations of mayors who are also leading members of the élite, like Escobar Navia, who was behind the creation of the Corporation for Popular Recreation, and Dr Rodrigo Guerrero, who for many years headed Carvajal Foundation and was elected mayor for the period June 1992-December 1994[24].

Dr Guerrero brought to the municipal administration lessons from the Foundation's experience and sought to replicate it on a larger scale mainly through the internationally known DESEPAZ programme. Not surprisingly, this programme had a more marked emphasis on social development and poverty eradication than those of his two immediate predecessors in the mayor's office (Velásquez, 1997).[25] DESEPAZ (this stands for Programme for Development, Security and Peace but, when read as one word, the Spanish acronym means "let there be peace") had at its core a housing programme to be built over six years, designed to provide housing and amenities to 28,000 low-income households in the Aguablanca District (Bonilla and Galeano, 1995).

The lessons from the two experiments in inter-agency coordination in the El Poblado I and El Vallado formed the basis for the housing programme, with participation from the municipality, the private sector and its foundations, and an active role for participants themselves, many of whom were expected to self-build their homes through schemes such as those described earlier. Community service centres and recreation facilities were to be given even greater prominence than in the early years of Aguablanca's growth.

Apart from the effects of the economic slowdown, the programme's progress was slowed down considerably by the rapid price rises for land in the area caused by speculators keen to cash in on the large potential demand (Bonilla and Galeano, 1995), helped at least in part by the alleged purchase of large tracts by drug bosses intent on laundering drug money.

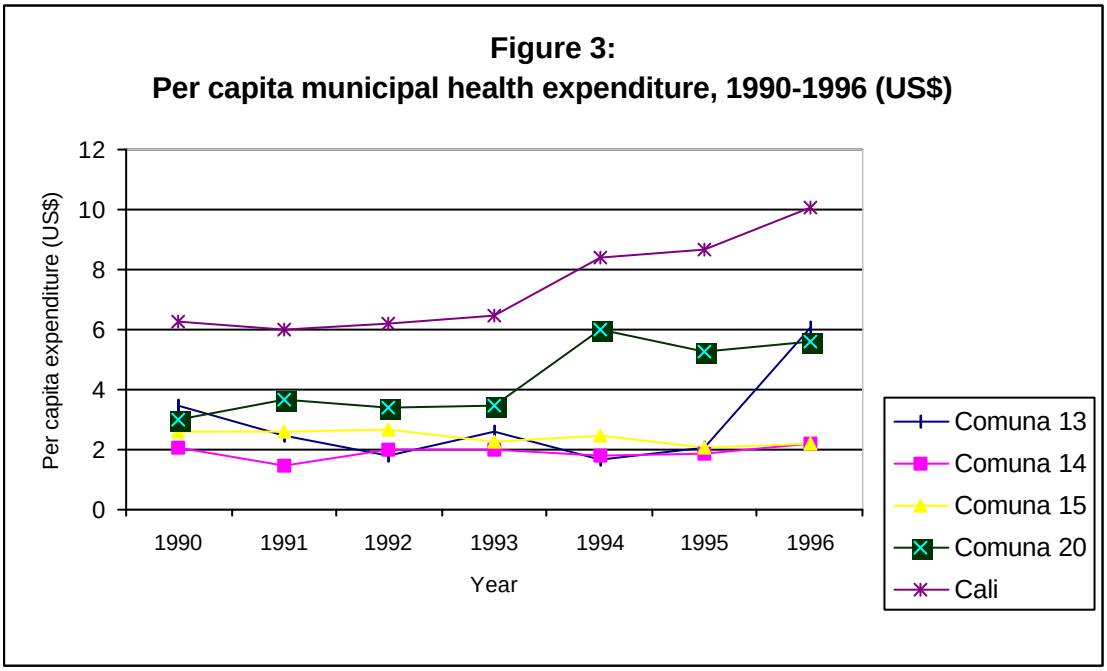
[23] Arturo Samper, former deputy head of the municipal Planning Department, points out that broad-minded, altruistic individuals are a minority within Cali's élite.

[24] They were also supported by the machinery of one of the two established parties, in contrast to less patrician "civic leaders" (radio presenters or other public figures) who rallied support around specific issues of governance that a substantial number of voters felt strongly about.

[25] Municipal mayors were elected in Colombia for the first time in 1988, initially for two-year terms, later raised by Congress to three years.

Other important elements of the DESEPAZ programme (which have received international attention by, among others, the World Bank) were institutional strengthening, the development of programmes for vulnerable social groups, citizens' education for democracy and peace, police training with respect to human rights, sports events and research on the causes of the high levels of violence through epidemiological approaches (Velásquez, 1997). The administration was able to reduce violence considerably after it realised that some factors helped trigger it. Research showed, for example, that most homicides took place in some of the poorest parts of the city, following drunken brawls on Sunday afternoons. Weapons confiscation and bans on the sale of alcohol after certain times produced immediate and significant results in helping reduce the incidence of homicides, from 2,239 in 1994 to 1,630 in 1997 (Rodrigo Guerrero, personal communication).

Figure 3:
Per capita municipal health expenditure, 1990-1996 (US$)



Source: Concha et al., 1997

Some of the effect of stressing social programmes may be gauged by the rise in per capita health expenditure which started during the Guerrero administration (see Figure 3). Of the poorest *comunas* discussed earlier, these effects appeared to be particularly evident in *Comuna* 20, where average expenditures approximated those for the city as a whole.

Although Dr Guerrero's programmes achieved prominence due to their innovative nature and their social orientation, the accumulated track record of his predecessors in the social development field is by no means negligible. As Table 17 shows, health service indicators in the city improved considerably between the mid-1980s and the mid-1990s, particularly services in low-income residential areas. The number of health posts in the city nearly trebled, while access times to them were reduced in all the poorest *comunas* shown in the table.

Finally, it is worth pointing out that any local government initiative or lack of action must be seen in the context of the resources and autonomy they have at their disposal. Until major decentralisation reforms started under President Betancur's government (1982-1986) and given decisive shape in Colombia's new Political Constitution of 1991, local governments had very limited scope for local action. Their interventions were virtually limited to physical planning and public works. Their capacity to act in other areas such as education, health, culture, policing, transport planning and housing were very limited. Even for cities the size of

Cali, all of these and many others depended on central government. In what has been widely regarded as one of the most effective processes of decentralisation put in place in Latin America, Colombia's political reforms gave local governments not only a whole new range of functions but also most of the resources to carry them through.

In that sense, Cali's municipal government has become more active than ever before in the 1990s, and the initiatives of the city's mayors (who were elected for the first time in 1988) must then be gauged in terms of the effectiveness of their use of the increasing volume of resources they received from transfers or from locally collected taxes and charges throughout this decade.

Table 17:
Health services in Colombia, Cali and Cali's poorest *comunas*, 1985 and 1993
(%)

	1985						1993					
			Comunas						*Comunas*			
	Colombia	Cali	13	14	15	20	Colombia	Cali	13	14	15	20
Health posts												
Number	2,282	28	3	1	3	2	na	71	9	5	4	4
Maximum access time on fot (mins.)	–	20	15	30	15	20		15	10	15	10	10
Health centres												
Number	668	22	1	0	1	1	na	28	1	2	1	1
Maximum access time on foot (mins.)	–	30	15	–	15	20		na	15	20	20	20
Basic hospitals												
Number	193	4	0	0	0	0	na	5	1	0	0	0
Maximum access time on foot (mins.)	–	40	–	–	–	–		20	20	–	–	–
Hospitals levels II and III												
Number	753	4	0	0	0	0	na	6	0	0	0	0
Maximum access time by car (mins.)	–	–	–	–	–	–		–	–	–	–	–

na: not available
– : not applicable

Source: Concha et al., 1997

6. CONCLUSIONS: HOW EFFECTIVE HAVE NON-PROFIT ORGANISATIONS BEEN IN REDUCING POVERTY IN CALI?

In many ways, Cali is like any other large Colombian or Latin American city today. What a visitor sees is the result of a period of very high rates of population growth in recent decades, the difficulties the local state has in providing the necessary infrastructure and the institutional responses to accommodate a large influx of newcomers, and the stark contrast between the elegant and leafy neighbourhoods on the Cali river and Aguablanca's barren landscape by the Cauca river. In the 1980s and 1990s, Cali had higher levels of income inequality than most other large Colombian cities.

And yet, Cali's economy has welcomed and accommodated vast numbers of in-migrants from different parts of the country and, as Urrea's research shows, has led to considerable improvements in their living standards. Newcomers are on average poorer than the more established inhabitants but, with few exceptions, they eventually become integrated, find employment and settle down in a dwelling of their own. Despite higher levels of income inequality, the incidence of poverty in Cali in the 1980s and 1990s was lower than in cities such as Medellín and Barranquilla. In addition, the number of people living in absolute poverty dropped both in absolute and relative terms in the same period.

When measured in terms of social indicators, access to social services and income levels, Cali's inhabitants made remarkable strides between the 1980s and mid-1990s. Vast new areas of the city which had started life as socioeconomic stratum one were reclassified as stratum three after a few years in what Urrea calls "perhaps Cali's main social achievement" (Urrea, 1997, page 130). The severe recession that ensued in the mid-1990s has made a considerable dent in this record, with countless businesses closing down and unemployment reaching record highs, among the highest in the country.

Like most other local governments in Colombia, Cali's had little autonomy and limited resources to cope with the sea change represented by the high rates of demographic and physical growth of the 1960s and 1970s. Burdened by inflexible and inefficient institutions, a planning office limited in its remit to land use zoning and the odd transport plan, and little in the way of financial and human resources, the local government was in no way capable of responding adequately to the challenge. In the closed and conservative world of Cali's élite, it fell to the Church and a few enlightened individuals to take action to help improve living conditions among the rapidly growing poor, thus averting a social and political catastrophe. It was the sense of urgency of the early 1960s and Cali's peculiar notions of élite rule that provided the spur for a new agent in Colombia's urban development, namely the non-profit private organisation.

Private foundations in Cali have left a remarkable record of innovation, hard work and effectiveness in providing the support that an inflexible, under-developed, impecunious state was incapable of providing. Starting with the doyen of these foundations, Carvajal Foundation, but with the number and activities multiplying in the past four decades, foundations have no doubt helped improve living conditions among Cali's poorest population, helped provide many of them with the tools to earn a living and build a dwelling, and helped restore the dignity to many social outcasts who would otherwise be either dead or living in precarious conditions on the streets.

It is very difficult to quantify the work of these foundations. No precise records exist for all the foundations and even where these do exist, they do not allow a detailed examination of the impact that their training programmes, their loans or their advice have had on beneficiaries.

The foundations' work among low-income communities has focused on a few areas, such as housing and settlement upgrading, recreation and social services, entrepreneurial training and credit, and supply of basic consumer goods.

One might genuinely ask to what extent the foundations' work, as described in the previous pages, may be regarded as "charity" work as opposed to "development" work; to what extent their work has consisted of hand-outs rather than tools that enable beneficiaries to change the structural constraints that bind them to a vicious cycle of poverty. One may also ask to what extent the foundations' work has been focused on people who were not so poor or who would have come out of poverty anyway even if they had not received any outside help, rather than on the poorest and more marginal individuals in society (the "disposable ones") who, despite their smaller numbers, are in a much more desperate situation.

These are genuine questions, for which there are perhaps no hard answers. It is difficult to generalise across all the foundations which have been active in Cali in recent decades. This report has only reviewed the work of the most salient ones. Of these, it can be said that although their initial work was no doubt inspired by notions of Christian charity and anxiety about an explosive political situation, their later work in training, supporting and facilitating housing construction and settlement upgrading went beyond mere handouts to locate itself in the realm of empowering beneficiaries to take greater control of their own lives, improve their living conditions and probably also enhance their chances of succeeding in a competitive environment.

More importantly, the foundations' work has shown to local government and other agents in Cali society and beyond that there are effective ways of using scarce resources in low-income areas. Unlike government agencies, foundations are not burdened with high expectations, unwieldy bureaucracy and cumbersome procedures. Their experience builds on modest but effective previous work and allows them to experiment with innovative approaches. It is the enormous creativity that was unleashed in the process that remains the main lesson to be learnt from Cali. It is a creativity that extends from the institutional set-up, to the use of scarce resources, to inter-personal relationships. And these are the notions and freshness that Mayor Guerrero and others learnt and brought to local government with some measure of success.

However, despite remarkable achievements, it is perhaps fair to say that Cali's private foundation work has left out a small but by no means negligible part of its population, the poorest of the poor, those with no stable income and often of no fixed abode. As the modest in-roads made by the Fundación Social in its work with recyclers shows, this group remains perhaps the more difficult to work with, and a distressing reality in Cali's society.

The work of private foundations of the kind examined here says more about the nature of a society like Colombia's, with its vast social inequalities, than about human inventiveness. It is to the credit of committed individuals in these foundations that they have helped improve many people's lives. But it is also true that their hard work was never intended to change the nature of Colombian society in any deep sense, in the same way that it was not intended to change prevailing structures of power, either in Cali or elsewhere. In that sense alone, their work does not act upon the deeper structural problems of development. These were largely top-down initiatives, initiated and developed by a group of well-meaning individuals, with little or no consultation (let alone active participation) with the intended beneficiaries. Greater involvement of the communities at whom these programmes were aimed in the different stages of programme design, implementation and appraisal might have given these more profound roots and given them more stability and greater independence from funding sources which were severely weakened by a recession.

In the complex social and political juncture that Colombia faces at the beginning of the twenty-first century, when the status quo is being violently challenged by forces on the right

and left of the political spectrum, as well as the devastating effects of the narcotics business, the private sector and the country's traditional élite will need much more than innovative approaches to short-term problems if a social catastrophe of higher proportions is to be averted.

APPENDIX 1: MAPS

Map 1: Municipality of Cali

Map 2: Extreme poverty in Cali by *comunas*, 1994

Map 3: Poverty in Cali by *comunas*, 1994

APPENDIX 2: LIST OF INTERVIEWEES

Liliana Bonilla, architect and urban planner

Dr Gabriel Carrasquilla, FES Foundation

Dr Luis Fernando Cruz, former municipal health secretary, current director of Carvajal Foundation

Rodrigo Cruz, private entrepreneur, board member of Holguines Foundation

Dr Rodrigo Guerrero, former mayor and former director of Carvajal Foundation

María Emma Jaramillo, director, Enterprise Development Unit, Carvajal Foundation

José Francisco Lloreda, former director of Municipal Planning Office, current director of *El Pais* newspaper

Jairo Millán, director, Housing Programme, Carvajal Foundation

Argemiro Plaza, Social Foundation

Diego Peláez, director, Community Service Centres, Carvajal Foundation

Humberto Quique, Carvajal Foundation

Marcela Restrepo, researcher, Foro Nacional por Colombia

Leonor Salazar Puyo, director, Corporation for Popular Recreation

Rodrigo Santiago, director, Parque de la Caña

Javier Sáenz, director, Social Development Unit, National Planning Department

Arturo Samper, former deputy director, Municipal Planning Office

Amparo Viveros, former director, Municipal Housing Department

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