

## Assessment and recommendations

Colombia is Latin America's third largest economy as measured by GDP (2012) and is endowed with abundant natural resources (OECD 2013). Colombia's booming economy has been accompanied by a strengthening of its political institutions. Significant political reform since the early 1990s, beginning with the adoption of the Political Constitution of 1991, has facilitated the modernisation of economic activity. These reforms, together with the improved security situation, rising mining activity and strong world commodity prices, are supporting robust growth that will likely be sustained over the medium term.

Socio-economic and demographic factors are influencing Colombia's governance, as are the specific characteristics of the country's approach to governance stemming from its political history – in particular from the political fracture in the twentieth century that led to the adoption of its current Constitution. While Colombia has weathered the recent economic crisis well, its GDP growth rates may stabilise over the medium term, inequality remains acute, severe regional disparities persist, productivity remains stubbornly low and its fiscal environment could become tighter over time.

The government of Colombia's key purpose in requesting this Review is to analyse the strengths and weaknesses of the Colombian public administration in addressing these socio-economic challenges successfully, with a particular focus on issues it has identified as fundamental to becoming a more efficient, effective and responsive state, including strategic human-resources management in the public sector, whole-of-government information management systems, and procurement policies. The Colombian Presidency (*Presidencia*) commissioned this Review to obtain advice from the OECD on strengthening its *strategic-state* capability – a set of centre-of-government institutions able to set, steer and operationalise a national long-term vision-based strategy to achieve its policy outcomes related to poverty-reduction and prosperity for all efficiently and effectively. Strategic-state capacity focuses on the extent to which the central government can identify and address internal and external challenges to implementing this strategy correctly through enhanced evidence-based decision-making and strategic foresight, strengthen efficiencies in policy design and service delivery to meet these challenges, and mobilise actors and leverage resources across governments and society to achieve integrated, coherent policy outcomes that address these challenges effectively. The strategic-state concept emphasises leadership and stewardship from the centre, integrity and transparency, the importance of networks and institutions both inside and outside government, the need to draw inspiration from sub-national initiatives and from citizens, and the importance of effective implementation of strategy in support of positive outcomes for a country's economy and society.

Colombia's current government has identified Good Governance as one of its highest priorities for addressing the country's national development objectives. The current government's 2010-14 National Development Plan, *Prosperidad para Todos*, marks the first time in the country's history that governance is included as a national-development pillar to achieve the government's equity and growth outcomes for the country and its citizens outlined therein. Indeed the Plan raises significant governance implications for the

government itself and its relations with sub-national authorities and civil society, including citizens and the business community; these are addressed in this Review.

In presenting the government's policy agenda for the President's four-year term of office, the National Development Plan captures the essence of the current President's electoral platform; having been elected to office with the broad support of Colombians, this Plan therefore reflects a broad national consensus on a way forward to address Colombia's equity and prosperity challenges. This Plan's ambitious governance-reform agenda has been backed by Congress, which has granted the President the mandate to undertake it. This agenda has focused on four main areas:

- Strengthening institutions in support of social inclusion and reconciliation;
- Strengthening institutions in support of social policy and the protection of human rights;
- Institutional strengthening in support of sectors critical to the country's competitiveness;
- Strengthening the State's efficiency and effectiveness.

To date, results of this reform include the creation of the *Departamento para la Prosperidad Social* to consolidate social policy by co-ordinating whole-of-government initiatives to achieve national development and prosperity more coherently, and the creation of new government agencies in support of the government's national competitiveness objectives. These agencies seek to build technical capacity within and beyond the government and are managed in a way that seeks to maximise the government's ability to attract the best talent. Examples include *Colombia Compra Eficiente*, the agency responsible for managing the government's public-procurement activities, the subject of this Review's Annex B, the *Agencia Nacional Minera* that deals with the country's mining industry, and the *Agencia para la Defensa Juridica de la Nación*.

Governance reform is not an end in itself; it is a means to achieve public-policy results for citizens and businesses efficiently and effectively. Good governance is about building a better national and regional environment in which people can live, learn and work, in which entrepreneurs can innovate and commercialise the results of their creativity, and in which businesses can invest to create wealth and jobs. Good governance is about enhancing trust in government, its institutions, the quality of its services and decisions, because they are perceived to be made in the general, public interest.

The purpose of this Review is thus to advise the government of Colombia on how to strengthen its governance capacity to achieve long-term strategic quality-of-life, prosperity and competitiveness outcomes for Colombia's citizens and businesses across the country and deliver services more effectively and efficiently to them regardless of where they live in the country. This Review forms part of a suite of studies the government of Colombia has commissioned from the Organisation on governance, the others being a review of regulatory policy and a territorial development policy review. Such studies can be seen as complementary to this Review, deepening the understanding of regulation as a public policy tool and multi-level governance challenges.

This Review reflects the commitment to good governance that the government of Colombia is demonstrating through other endeavours, including its engagement as a partner in the Open Government Partnership (OGP). The OGP seeks to ensure a collaborative process between government and civil society as a means to benefit fully from the advantages of citizens' participation in policy-making. Colombia has been highly engaged in delivering on its OGP commitments to enhancing transparency, social participation and access to information, and to fighting corruption; these include for example the use of ICTs

(including the roll-out of the government’s *Urna de cristal* portal, an online platform to engage citizens on public-policy issues).

The government of Colombia has asked the OECD to advise specifically on the “how” of effective governance, by identifying *international good practices* that can help shape and define specific reform, and by offering *concrete advice on tools and processes* for enhancing strategic-state capacity under the themes of Centre-of-Government co-ordination, evidence-based decision-making, linking strategy to budget decision-making, multi-level governance, strategic, whole-of-government human resources management, e-government strategies to improve trust in government and strategic approaches to public procurement that focus on this activity as a strategic tool to generate employment and growth across the country. These thematic priorities reflect the government of Colombia’s current reform agenda.

## Centre-of-Government co-ordination

Colombia is a unitary state structured in the form of a Republic with a Presidential system comprising three branches (legislative, executive and judicial), autonomous organs, control organs and an electoral organisation. The Executive Branch exercises the functions of the state related to government and administration, and includes all public authorities at sub-national levels (departments, districts and municipalities). The Executive Branch is chaired by the President of the Republic. The 1991 Political Constitution defines the President of the Republic, the Council of Ministers and the heads of Administrative Departments as comprising the National Government. The Constitution specifies that the administrative function serves the public interest based on the principles of equality, morality, effectiveness, economy, celerity, impartiality and public expression through the decentralisation, delegation, and distribution of administrative powers.

The key function of Centre-of-Government (CoG) institutions is to act as a central leadership hub: its role is to lead the implementation of the national vision-based strategy and its policy and programming initiatives effectively, efficiently and coherently not only by the central administration, but with sub-national authorities and by mobilising non-governmental actors from across society in support of the government’s vision. CoG leadership is needed to champion and promote reforms, and to generate and manage interdependencies across the administration so that collaboration is the default option, not the exception. CoG institutional leadership is a concept that allows countries to benchmark national performance as a function of the agility with which central governments set, implement and evaluate the performance of national strategy in their role as stewards of their country’s growth, development, stability and prosperity over time. This strategic agility can be assessed against the nature and scope of a central government’s CoG institutional capacity to pursue its national strategic objectives and the degree to which this central government is successful in achieving the strategic outcomes it has set for the country and its citizens. All governments include CoG functions; however, institutional arrangements designed to carry them out may vary substantially from one country to another.

While CoG leadership is an institutional characteristic that is common to most, if not all, forms of government within and beyond the OECD, important variations help differentiate CoG leadership in Parliamentary systems from that in Presidential systems. In its broadest sense, the most important distinction to be made is that in Parliamentary systems, the goal of CoG leadership is to provide guidance and co-ordination to Ministers and their civil servants on strategy-setting and implementation to ensure that the government can demonstrate accountability to Parliament, from which it emanates. In a Presidential system, the purpose of CoG leadership is to generate and sustain institutional

accountability across the government while ensuring that the government can demonstrate accountability to the Head of State to whom it is responsible. Colombia's is a strong, centralised Presidential system. This Review assesses Colombia's centre-of-government co-ordination and decision-making capacity in that light.

### *The leadership role of Colombia's key Centre-of-Government institutions*

Today, Colombia's central government is made up of the President, who is both Head of State and Head of Government, ministers and the directors of Administrative Departments. The Superior Councils of the Administration manage the policy-setting, co-ordination and implementation activities of the national Executive branch. These Councils are not analogous in their make-up to Cabinet committees in OECD countries; in Colombia their membership extends beyond ministers to include directors of key Administrative Departments, the entities in charge of co-ordinating horizontal multi-sector policy development and implementation across the government.

In Colombia, the role of these Councils is to support the President and the government in formulating and implementing policy. The most important Superior Councils are the Council of Ministers (the Cabinet), the *Consejo Nacional de Política Económica y Social* (CONPES – the National Council on Economic and Social Policy), and the *Consejo Superior de Política Fiscal* – (CONFIS – the Superior Council on Fiscal Policy).

Arguably Colombia's most powerful Council, CONPES is the most important policy-co-ordination institution in the government. It is the highest national planning authority in the country and serves as the advisory body to the government on all policy related to the economic and social development of the country. It co-ordinates and guides the array of government agencies and entities responsible for the government's economic and social policy. It studies and approves documents regarding general economic and social policy development. Most importantly, it endorses for subsequent consideration and approval by Congress the four-year National Development Plan, the President's vision-based policy agenda for his/her four-year term for managing the implementation of the government's national development strategy and the capital investments required to give effect to it.

The National Development Plan is the government's policy blueprint – its instructions manual and roadmap: it legitimises any and all strategic initiatives of any consequence to be implemented by the government over the President's term in office. The executive summary of *Prosperidad para Todos*, Colombia's National Development Plan 2010-2014, states clearly that the Plan is “the map and compass for taking up and resolving the pressing needs of the country as well as taking advantage of its potential but, above all, to place the foundation that will allow Colombia to reach its goals and guarantee fulfilling the country's vision and the commitments of the government's programme, which government was elected by the people of Colombia under a historic voting percentage...”<sup>1</sup> The Plan is widely publicised before its approval; it is the subject of extensive consultations with a wide variety of stakeholders from across civil society and from the country's different regions. Congress then approves the Plan. It thus genuinely reflects a shared vision of the country.

Colombia's central government includes most of the CoG institutions that are common across OECD governments. Colombia's Presidency and its National Planning Department (*Departamento Nacional de Planeación*), the country's national planning agency, are the central government's two key CoG institutions:

- The Office of the President of the Republic – the **Presidency** (*Presidencia*) – is the central government's nerve-centre for overseeing and co-ordinating the implementation

of the President's agenda. Its mandate focuses on monitoring the formulation and execution of the government's policy priorities related to implementing the Plan, which includes managing on behalf of the President the whole-of-government performance-assessment and follow-up tool designed by the Planning Department. It therefore works closely with the National Planning Department to co-ordinate the execution of Plan-related policy priorities by the government and, with the Planning Department, works with ministers and their teams to develop and implement multi-sector, horizontal policy initiatives to advance the President's main priorities. The Presidency provides oversight to set and sequence priorities, thus ensuring a smooth whole-of-government strategy-implementation *process*, while the National Planning Department focuses on working with line ministries and other government actors to co-ordinate the implementation of the *content* of the Plan.

In its current configuration, the Presidency is made up of a series of units organised around the President's main priority themes for the country's development, as articulated in the Plan. These units report to the General Secretary/Director of the Department of the Presidency, the most senior position in the Presidency after the President and the Vice-President of the Republic. This position is critically important for both the efficient implementation of the President's policy agenda and the efficient functioning of the government. This position plays the role of:

- Chief of Staff to the Head of State, akin to that played by the Chief of Staff to the President of the United States, for example, responsible for overseeing the President's political and policy agenda government-wide, and
- Secretary to the government, akin to the role played, for example, by Canada's Clerk of the Privy Council in his/her capacity as Secretary to the Cabinet, responsible for ensuring that the government's decision-making operations run smoothly as it implements the President's agenda.

In the Presidency's current configuration, reporting to the Director of the Department are units headed by a High Commissioner or Counsellor (*Alto/a Consejero/a*), each responsible for working with the National Planning Department, relevant line ministers and their ministries, Administrative Departments and other government responsibility centres to advance government initiatives under the Plan's priority policy pillars.

- The **National Planning Department** prepares the National Development Plan and acts as the secretariat to the CONPES. Once the Plan is approved by Congress the National Planning Department co-ordinates the implementation, monitoring, evaluation and results-management of the Plan's content. It thus engages with the rest of the government and approves procedures and guidelines for the design, monitoring and evaluation of all programme and project content contained in the Plan. Similarly, the Department co-ordinates all government agencies to ensure the proper enforcement and implementation of the content of policies, programmes and projects contained in the Plan. Indeed the Planning Department's main responsibilities are to support line ministries, Administrative Departments and territorial entities in designing, monitoring and evaluating the implementation of policies, plans, programmes and projects that advance the Plan. It reports periodically to the Presidency concerning the implementation of the Plan, and advises on the elaboration of the Plan's annual report presented to Congress.

Colombia's Centre of Government faces key structural issues that influence its capacity to co-ordinate the setting, implementation and performance-monitoring of its National

Development Plan, and thus achieve its development-policy outcomes successfully. These structural issues include:

- **The role of the Council of Ministers** in co-ordinating strategy-setting, implementation and performance-assessment. Currently, decision-making power appears concentrated in the hands of the President, and through the President who chairs them, the Superior Councils. While the Council of Ministers meets regularly (although not as frequently as in OECD countries<sup>2</sup>) and its role is defined in law, it appears to exercise limited whole-of-government oversight responsibility over decision-making by the Superior Councils, and to play an equally limited role in setting the government's overall policy agenda and in ensuring that short-term political decisions reflect the country's long-term strategic development objectives. For example, once the National Development Plan has been approved by the two main Superior Councils – in particular by CONPES – and Congress has passed its enabling legislation, it would appear that individual policy decisions affecting the Plan's implementation are made by the President and implemented by line Ministers under the co-ordination of the Planning Department. CONPES thus does not appear to function as a formal committee of the Council of Ministers, nor does it appear to be formally accountable to the Council of Ministers for its decisions, as would be the case in OECD countries, even though all members of the Council of Ministers are members of the CONPES.
- **Head-of-state and head-of-government functions** within a Presidency that is reconfigured every time the President changes. Many OECD countries, whether in Presidential systems like that of the United States or in Parliamentary systems like those of the United Kingdom or Canada, combine within a single CoG institution (or a small cluster of institutions) the key functions relating to the Head of State's stewardship of the country's long-term stability and development and those relating to the day-to-day management of the government. Others divide them, as in the case of France. In all cases, however, there exists clarity – indeed a clear distinction – of responsibilities between units managing the day-to-day operations of government and those engaging in long-term strategic foresight, medium-term strategic planning and performance-monitoring for the renewal of national strategy.

In Colombia all these functions are exercised by the President. Despite implementing governance reforms that by any standard are impressive, the Presidency and the Planning Department appear structured in a way that focuses on managing and monitoring the delivery of the President's four-year agenda. Institutional capacity could thus be reinforced to ensure that a longer-term planning horizon informed by the results of strategic foresight frames the design and implementation of the government's policy agenda.

While this current structure is certainly legitimate, particularly in as strong a Presidential system as Colombia's, it may be a sub-optimal arrangement. Managing the operations of government is extremely time-consuming. Precious talent and energy currently engaged in the Presidency on the day-to-day operations of government could otherwise be focused on advising the Head of State and the Executive on long-term strategic issues affecting the country's development and their impact on medium-term development strategy reflected in its four-year plan, on means to deepen relations with the Legislative Branch and through Congress, with Colombians, on communicating strategic direction government-wide and to the country, and on ensuring a degree of continuity of purpose regarding the government's development objectives for the country through changes in the leadership occupying elected office.

At issue is not the Presidential decision-making system. At issue is whether Colombia's current CoG arrangements and Cabinet steering and decision-making mandates can be improved to optimise the capacity of ministers to contribute their knowledge, expertise and know-how and through them that of their ministries and regional offices, to make informed, evidence-based decisions that advance the President's agenda, thus increasing their accountability to the Head of State, while enhancing the government's transparency and accountability to citizens, ultimately enhancing public trust in the government's decisions. Addressing the role of the Council of Ministers and the role of CoG institutions in managing the operations of government while enhancing whole-of-government engagement in strategy-setting, implementation and performance-monitoring could help the government build upon its already impressive record of governance reform to ensure that it can maximise the impact of national development strategy on citizens and businesses over time to achieve its stated goal of prosperity for all Colombians. The government could consider formalising decision-making mandates and operational procedures for the Council of Ministers and its Committees, and building capacity within the CoG civil service to support this, as outlined below.

### Recommendations

- **Consider creating a ministerial position responsible for co-ordinating the day-to-day operations of government.** This position is in fact common in Presidential systems across Latin America and the OECD. This Minister's office could be located in the Presidency:
  - This minister – who could be styled Minister of the Presidency – could, in his/her role as advisor to the President on the implementation of the President's agenda, assume responsibility for co-ordinating the day-to-day functions of government by assuming the short-term government-operations responsibilities currently residing in the Presidency, working closely and on an on-going basis with the Minister of the Interior responsible for the government's legislative agenda and its relations with Congress on behalf of the President, and co-ordinating the preparation and implementation of a whole-of-government internal and external communications strategy.
  - Most importantly, this minister could be mandated to work on an on-going basis with the President, key ministers responsible for all aspects of the government's agenda, heads of Administrative Departments and other key government agencies to co-ordinate, sequence and otherwise manage the Cabinet decision-making process on behalf of the President to ensure the relevance and coherence of proposals being submitted to the Council of Ministers in advancing the President's four-year agenda.
  - Within Colombia's current structures, parts of this mandate are at the moment exercised by the General Secretary of the Presidency. Under this scenario, however, these functions would be carved out, formalised and streamlined under the leadership of a minister with whole-of-government oversight responsibility and accountability to the President.
  - **Assess the mandates and operating procedures of the existing Council of Ministers** and its committees, along with those of the Superior Councils, with a view to affirming, formalising and streamlining a clear division of responsibility in decision-making (based on thematic policy clusters related to whole-of-government strategy-setting and implementation, as exists for CONPES and CONFIS at the moment), and confirming a hierarchy in decision-making authority to build greater coherence in whole-of-government strategy-setting, implementation and performance-assessment. For example:
    - Consideration could be given to confirming the role of the Superior Councils as formal, standing Committees of the Council of Ministers, reporting to the Council of Ministers.

### Recommendations *(continued)*

Given the importance the government ascribes to justice and human-rights issues, consideration could be given to creating a standing committee on this cluster of policy issues;

- Consideration could be given to creating a standing committee on government operations that could assess on an on-going basis issues affecting the government’s operational capacity (in particular related to human resources management, e-government and procurement) related to the efficient and effective functioning of central and sub-national government structures.
- Consideration could be given to creating a small standing committee charged with medium-term planning and priorities, made up of the heads of the other standing committees and chaired by the Minister to the President, which could focus on linkages between strategic priorities being discussed in the standing committees and their sequencing for decision, links between strategic priorities and whole-of-government operational capacity to implement them, and whole-of-government communications issues. This committee on planning and priorities could act as the final filter between the standing committees and full Council – or not.
- **Consider formalising the mandate of the Council of Ministers – full Cabinet – chaired by the President of the Republic**, as the Executive’s final decision-making authority on whether to implement policy related to advancing the President’s agenda. Full Council could devote its attention to agenda-setting; monitoring and evaluating strategy-setting and implementation; and performance-assessment and accountability. This would leave the President as the State’s final decision-making authority on advancing the government’s four-year agenda. This would also enable standing committees to play a dual role: that of “gate-keeper” to decision-making by full Council, and decision-maker on transactional or less strategically important issues on behalf of the President and full Council.
- To enhance transparency and public accountability in co-ordinating decision-making, **consider codifying (either in regulation or in law), and making public, the mandates of committees of Council**, and distinguish between standing committees and ad hoc committees that the government could create from time to time to address core horizontal multi-sector policy issues related to implementing the President’s agenda.
- **Consider assessing the scanning, foresight, policy-development, strategic planning and performance-assessment capacity in line ministries** across the government to strengthen line ministers’ ability to contribute more autonomously (either alone or in partnership with other ministers) to national strategy-setting and implementation with a view to addressing disparities in this area.
  - In this regard, the Planning Department currently uses a number of financial and performance indicators to measure administrative, management and fiscal capacity in sub-national governments to integrate the National Development Plan into regional and local planning and deliver services effectively and efficiently to citizens. In particular, the Planning Department uses the *Integral Performance Index (IPI)*, a composite index which measures local government capacity against indicators for efficiency, efficacy, and compliance in the execution of their policy and programming responsibilities.
  - **The government could consider mandating the Planning Department to adapt this tool and apply it to central line ministries to identify weaknesses in strategic foresight, policy development, strategic planning, and performance-assessment capacity** as a means to strengthen line ministers’ ability to contribute national strategy-setting, implementation and performance monitoring.



### Recommendations *(continued)*

- In so doing, **the government could reinforce the National Planning Department Department’s** medium and long term planning responsibilities by enhancing line-ministry capacity to contribute to national strategy-setting where weaknesses exist, and **to enable the Department to focus more clearly on co-ordinating and monitoring the implementation of the National Development Plan from a government-wide perspective within a planning horizon that takes into account long-term, emerging strategic issues** beyond the four-year electorally-driven time-frame (see Chapter 3 on strategic foresight issues).

### ***Formalise CoG capacity to support the Council of Ministers and its committees***

Committee structures of this nature are usually serviced by one or more CoG institutions – usually more than one – whose civil servants play several functions simultaneously:

- *The leadership function*, which enables the CoG institution to speak for the Head of State/Government when working with Ministers who wish to propose initiatives to contribute to implementing national development strategy – this function speaks simultaneously to setting priorities government-wide and to sequencing initiatives for maximum benefit to the country.
- *The ex-ante and ex-post co-ordination function*, which enables the CoG institution to harness resources from across the government to ensure that Cabinet decisions are made coherently as a function of whole-of-government policy-setting and implementation, and that *ex-post* performance-assessment is measured against whole-of-government policy outcomes.
- *The challenge function*, which allows the CoG institution, using its own internal human resources, to harness sound evidence to question a line minister’s approach to problem-solving in whatever initiative he or she is bringing forward to Cabinet for consideration, and to measure whether the proposal takes all internal and external short-, medium- and long-term considerations into account (e.g. risk, costs, etc.) using the results of strategic foresight and a whole-of-government perspective;
- *The advisory function*, which enables the CoG institution to advise the Minister, the Cabinet committee and the Head of State/Government on the validity and utility of an initiative being submitted for consideration – for instance, is the initiative ready for consideration? Is it timely? Does it fit within the government’s overall strategy? Were proper and meaningful consultations conducted with stakeholders? Are the results of these consultations reflected in the proposal being submitted for consideration?
- *The traffic-light function*, which enables the CoG institution to advise a line minister that his/her initiative is not yet ready for consideration by Cabinet, and why.
- *The communications function*, which allows the government, through the CoG institution’s activities in this area, to report internally and externally on its government-wide strategic objectives and on the progress it is making in achieving them, thus heightening the government’s accountability to citizens.

Of course, the government of Colombia already possesses CoG institutional arrangements that perform most of these functions. However, as a means to heighten the efficiency and effectiveness with which these existing institutions support decision-making and the performance-monitoring of the President’s agenda under an expanded Cabinet-committee structure, the government could consider building civil-service capacity within the Centre of Government to support this Committees structure on an on-going basis while providing continuity in policy-setting, implementation and performance-assessment beyond the planning horizon defined by the electoral cycle, as outlined in the recommendations below.

### Recommendations

**Consider assessing the mandates and operational procedures of the Presidency, the National Planning Department, the Ministry of Finance, the Ministry of the Interior and relevant Administrative Departments (e.g. responsible for the Civil Service) with a view to:**

- **Splitting, if appropriate, the responsibilities of the position of General Secretary/ Director of the Department of the Presidency into two, creating:**
  - **A position of Chief of Staff to the President**, responsible for advising the President on the strategic, whole-of-government implementation of his policy agenda in the context of longer-term (ten-year?) planning considerations that result from strategic foresight, given the President’s stewardship responsibilities for the country’s long-term prosperity, and
  - **A position of Secretary to the Government**, responsible for co-ordinating government operations related to decision-making to implement the government’s policy agenda, and advising the President and the Minister of the Presidency (and the Chief of Staff) on content, sequencing, staging and communications issues relating to the implementation of initiatives being debated at the Council of Ministers and its Committees that aim to advance the government’s four-year policy agenda.
  - **The civil servants reporting to the Secretary to the Government could be organised into units whose purpose could be to service the Council of Ministers and its Standing Committees** by working with each other, the Presidency, relevant Administrative Departments and line ministries to prepare committee agendas and ensure that the policy initiatives being submitted to these committees are ripe for debate, properly reflect the government’s strategic priorities and can advance the government’s agenda successfully.
  - Should the government proceed, **this could mean centralising core co-ordination functions supporting Cabinet operations from within existing CoG units** (including in the Planning Department, the Presidency and for instance the legislative-agenda management unit in the Ministry of the Interior) under the Secretary to the Government. At the very least, **it could require more systematic, sustained co-ordination, led by the Secretary to the Government, between those units currently housed outside the Presidency and the Presidency itself;**
  - **The civil service reporting to the Secretary to the Government (and, if appropriate, the position itself) could be sustained beyond the planning horizon defined by the electoral cycle** to provide a degree of CoG stability and “corporate memory” for planning purposes that could be useful to incoming Presidents as they set about refining and implementing their policy agenda.

### Recommendations *(continued)*

- **In the event the ministerial position is created, the Secretary to the Government could report to that Minister.** In the event the ministerial position is not created, the Secretary to the Government could report either to the Chief of Staff or directly to the President. Over time, however, the existence of both a Minister of the Presidency and a Secretary to the Government might prove redundant (as it did in the German federal government, even though the two positions worked well together). Colombia could thus evaluate the efficiency and effectiveness of this arrangement in the event both positions are created.
- **Clarifying and codifying responsibilities assigned to the Presidency and the National Planning Department** with respect to whole-of-government co-ordination for decision-making related to implementing the President's agenda and the National Development Plan within a longer-term planning horizon, given that the DNP provides technical support to the President as well as to CONPES.

### ***Deepen executive-legislative interface on national strategy development and implementation***

The government of Colombia, especially under the leadership of its current President, has made considerable efforts to improve the Executive-Legislative interface – relations between the Executive Branch and Congress – as a means to garner support for fundamental, far-reaching reforms aimed at stabilising the country, addressing equity and regional-disparity issues and pursuing the government's prosperity-for-all agenda. Upon entering office, the current President proposed a new National-Unity (*Unidad Nacional*) approach to Congress to manage Executive-Legislative relations:

- This approach proposed a working alliance between the different political parties in Congress to support the government's implementation of its National Development Plan. This National-Unity agenda has enhanced collaboration and co-ordination between the government and various political parties, enhancing the relationship between the Executive and Congress and ensuring that both branches work more coherently together to achieve the national-development objectives set out in the government's agenda. Depending on the issue that arises and the legislative project under discussion, representatives of the government and of the political parties in Congress meet to discuss ways to proceed and ensure information-sharing.
- This approach allows for extensive public consultations on drafts of important legislation across political parties and allows them to present legislative initiatives to give effect to their own legislative agenda. Since 2010, 127 laws including 5 Constitutional reforms proposed by the government have been discussed and approved and 111 laws proposed by Congress have been discussed and approved.
- This National-Unity approach heightens the efficiency of discussion on new legislation since it facilitates quorum in the different congressional commissions and plenary sessions.

Building on this approach, the government could consider ways to deepen the interface with Congress by engaging it more systematically in the national strategic policy-development and implementation process. One way to do this could be to partner with Congress to engage citizens in exploring the types of policy options that could be selected

to address a particular strategic development issue. Indeed, the government of Colombia might consider building on its existing government-congressional interface mechanisms, which include Ministers and Directors of Administrative Departments being present at permanent constitutional commissions and in Congress’s plenary sessions, and its public-consultation mechanisms, which include public hearings and the *Consulta Previa* that engages Indigenous and Afro-Colombian communities in consultation on public policy, to adopt a more systematic approach to exploring policy options together with stakeholders early in the process, in order to achieve public policy objectives at the lowest possible cost for the state, business and citizens.

### Recommendation

**Consider building on existing consultation mechanisms to encourage more systematic, open national debate within the government and with Congress, sub-national authorities, business and citizens** on major policy issues to identify correctly early in the process challenges requiring attention and discuss possible options to address them:

- One mechanism the government could consider using is the issuance of a **discussion or Green Paper** outlining the objectives for any major policy initiative and possible options to address them. The government could ensure that the paper is drafted in plain language so that it is understandable by the general public. The government could issue the discussion paper early in the process, before it identifies its preferred policy option. Results of the consultation on the paper could be published.
- If the green paper resulted in concrete implementation proposals, stakeholder comment on the potential impact of the proposal could inform subsequent discussion in the Council of Ministers and final decisions regarding implementation.
- Another successful mechanism used not only by Westminster-tradition governments but by such Latin American countries as Chile is a “**Government Commission**” mandated to examine a national policy issue of importance to the country’s long-term sustainable development and propose options to the government on how best to address it. Such a Commission invites the general public and key relevant stakeholders to comment on the issue and on options to address it. The Commission’s ensuing report to the government reflects this engagement on the part of citizens and civil-society stakeholders.

### ***Enhance whole-of-government communications for accountability and transparency***

An effective whole-of-government communications strategy could serve to enhance trust in government on the part of citizens as well as ensuring that all government actors at both the national and sub-national levels are aware of the government’s plans and can engage in dialogue with the government on their value.

The government of Colombia has already developed elaborate accountability and reporting tools, some of which are the envy of their neighbours. These tools also include the Annual Report submitted to Congress on the National Development Plan. Recent additions include the Glass Urn (*Urna de Cristal*), one of the key initiatives of the current government to use ICTs to empower and engage citizens, enhancing political accountability (see Annex C) and the *Portal de Transparencia Economica*, the government’s portal on public spending that allows citizens to find information on budget execution by Ministries, Administrative Departments, Congress, the Judicial Branch, Public Establishments, Corporations and Autonomous Bodies

and the Electoral Control agencies. Building on these tools, the government could consider issuing annual “State of the Nation” reports as outlined below.

### Recommendations

- **Consider mandating the Council of Ministers, supported by the Presidency, to debate, approve and issue, in print and electronically, one or more whole-of-government annual “State of the Nation” reports** that embeds quantitative performance analysis within a whole-of-government policy narrative using existing reporting mechanisms, including the President’s annual report, annual public-accountability meetings (*Rendición de Cuentas*), and citizens’-feedback processes under the Agreements for Prosperity, by improving their clarity, publicising their availability and engaging citizens systematically on their contents:
  - Clearly present to Congress and citizens quantitative and qualitative evidence on progress the government has made over the preceding year in achieving the national development outcomes it has articulated for the country in its National Development Plan.
  - Use plain language and sound quantitative evidence to “tell Colombia’s story” to Colombians and the world by presenting evidence on government initiatives aimed at addressing emerging strategic national development challenges along with the results it is achieving in addressing the country’s development and prosperity.
- **Consider soliciting on-going feedback from citizens** on these reports (using the Glass Urn, for example, and the recently-instituted Citizens’ Perception Survey), to form the basis of an ongoing dialogue between the national government and citizens which could prove useful in informing the design and implementation of subsequent development plans.

## Evidence-based decision-making

Whole-of-government evidence-based decision-making can lead to greater effectiveness and efficiencies in achieving strategic outcomes. Evidence-based policy analysis is clearly informing important policy decisions being taken by the government of Colombia, notably in relation to the implementation of its National Development Plan. For example, Colombia’s national system to evaluate public-management results, the National Planning Department’s SINERGIA, is an elaborate and well-designed performance-evaluation tool of exceptional quality that has been developed to exacting standards. It is used systematically by the government to evaluate and monitor the performance of key Plan-related public policies and programmes. This system provides performance information on whether and how public-policy objectives are being reached.

That said the government of Colombia faces a series of issues relating to the use of sound evidence in making decisions with respect to strategy-setting, implementation and performance-monitoring that this Review will address:

- The ability of Colombia’s Centre-of-Government (CoG) institutions to exercise what the OECD terms “strategic foresight” or the ability to anticipate and prepare for long-term (e.g. beyond a four-year planning horizon) foreseeable and disruptive trends and meet the resulting demands on the government’s policy and fiscal capacity successfully;

- The fact that to date, while the government of Colombia is developing new strategies and guidelines to enhance confidence in, and improve the effectiveness and transparency of, the Executive Branch’s regulatory system (its “Regulatory Policy CONPES”), it does not provide for the compulsory use of regulatory-impact assessment in making decisions about regulating – notably *ex ante* the decision to pass legislation or otherwise impose a rule;
- Challenges related to linking the performance of the National Development Plan to spending-performance given rigidities in the investment budget, the split between the Planning Department, which manages the capital-investment components of spending to implement the Plan, and the ministry of Finance which manages the operating budget to implement the Plan, and the time-lag between the point at which budget-planning is finalised and the point at which performance-evaluation results are received; and
- Colombia’s elaborate and sophisticated Audit and Control system established to fight corruption, which could be further enhanced by addressing challenges related to functional overlaps between the central government’s external control entities and between its internal and external control institutions, capacity issues within its internal control mechanisms, and significant capacity issues at the territorial level.

### ***Strategic insight as a prerequisite for strategic agility***

The government of Colombia wishes to address persistent poverty, low labour productivity, acute income inequality, regional disparities and security issues, while adapting successfully to an increasingly complex global environment. To meet these challenges successfully requires strategic agility on the part of governments. Strategic agility entails capacity for, and commitment to, strategic insight, collective engagement and resource flexibility. Strategic insight requires the capacity to conduct dynamic and inter-related long- and short-term strategic planning based on whole-of-government visioning, understanding and knowledge. To achieve strategic insight, governments must actively seek and draw upon the experience and expertise of multiple stakeholders in developing a strategic vision and then operationalise that vision through the development of strategic planning frameworks.

The use of evidence-based decision-making and medium- and long-term planning and foresight reporting provides governments with the information needed to achieve strategic insight, incorporating both present and future concerns and contexts. From these efforts, governments can be in a better position to articulate a strategic vision for the country and for the government’s plans to implement it – based on available information and input from citizens, businesses and civil society, and mindful of future opportunities and risks. A strategic vision is the expression of a government’s desired or intended future for the country. Where do political leaders see their country going? What do they want their country to look like in ten, twenty or thirty years’ time? What are the top two or three meta-outcomes political leaders wish to pursue for their country and their fellow citizens on their behalf? A strategic vision thus works on two levels at once: a shared whole-of-society vision for the future of the country, and the government’s agenda on how to move the country along the path to achieving it. If communicated effectively, the answers to this type of question can be a powerful national visioning tool for providing clear strategic direction for the government if it receives buy-in from key public, private and civil-society stakeholders. Long-term strategic visions can thus serve to mobilise national debates on the country’s future. They can constitute powerful tools to engage the Legislative branch, civil-society groups and citizens on their country’s future and on their role in shaping it.

Of course, Colombia already engages in broad and deep medium-term planning. However, the ultimate success of planning in Colombia depends on the relative continuity of policies beyond the Plan’s four-year time horizon. The Planning Department has in fact managed to ensure a certain degree of continuity between successive four-year plans judging by their priority policy focus, despite the absence of a long-term planning horizon. Colombia already engages in certain forms of foresight activities that can inform the development of strategic visioning on the country’s future:

- The ministry of Finance maintains a ten-year macroeconomic fiscal projection of debt-to-GDP performance in the context of managing expenditures under the government’s fiscal rule. This medium-term fiscal framework can constitute a valuable planning tool on which to build vision-based strategic objectives for the country, since it signals the medium-term fiscal room that the government will be able to use to implement capital investments and programming expenditures in future National Development Plans;
- The current Plan already embeds four-year strategic, programme-level and performance indicators within a longer time-frame: under its follow-up systems, the Plan anticipates results out to 2032. This means that the Planning Department gives thought to long-term objectives (using a twenty-year planning horizon in this case).
- The Plan also makes reference to a strategy entitled “Vision Colombia 2019” (in reference to the two-hundredth anniversary of the country’s independence); however, it does not appear that the vision articulated in this strategy has influenced to any significant degree (beyond justice and security issues) the contents of the 2010-14 Plan.<sup>3</sup>

Hence, the central government, especially the Planning Department, tends not to use vision-based long-term foresight to inform the strategic objectives articulated in the National Development Plan. Yet in an increasingly complex globalised policy environment fraught with uncertainty, the ability of governments to anticipate future trends beyond a single electoral cycle and their possible impact on national development becomes more important. Moreover, in countries that engage in the degree of planning that Colombia does, the ability to embed medium-term objectives within a longer-term strategic vision can add a degree of stability and continuity to strategy-setting and implementation that otherwise might not be available if development plans are restricted to an electoral-cycle-defined planning horizon. The government could thus consider building strategic-foresight capacity along the lines of the recommendation below.

### Recommendation

**The Government could consider building on its existing multi-year planning toolkit – in particular the multi-year fiscal framework of the Ministry of Finance and the National Planning Department’s performance-assessment framework – to identify emerging trends and challenges, and begin to define long-term strategic objectives that take these into account within which the Development Plan’s four-year goals could be embedded.**

- Doing this effectively could require building capacity to engage systematically in strategic-foresight activities and long-term visioning to a greater extent than it does now, *inter alia* by engaging key central-government, sub-national and civil-society stakeholders in this process on an ongoing basis

### Recommendation *(continued)*

- The strategic foresight unit could be given a mandate to consult widely and regularly, and share the results of these consultations broadly in an effort to ensure that the resulting national vision clearly reflects trends and challenges that are emerging over the long term, and input from these key actors. In addition, it could work closely and on an on-going basis with all key central-government actors in this process, from DANE to the key ministries and administrative departments involved in all key social, economic and environmental policies supporting the country's development, as well as with their counterparts across sub-national governments and with key civil-society actors.
- Logically, this capacity might best be located within the National Planning Department.

The strategic foresight work would of course have to reflect the political agendas and campaign platforms of sitting and incoming national leaders, which heightens the need to ensure that whatever unit is established to engage in this work is well-attuned and capable of reflecting and integrating the key political, policy and fiscal elements of the country's domestic and external environment that will determine its development trajectory over the long-term planning horizon defined in the visioning work.

### ***Regulation and regulatory impact analysis***

Underpinning the implementation of vision-based strategies – no matter the length of their planning horizon – is the efficiency and effectiveness with which governments develop and implement rules. Rule-making and regulatory-impact analysis are first and foremost a responsibility of CoG institutions. Effective strategic whole-of-government oversight by the CoG over rule-making is central to enhancing strategic-state capability, which explains why this issue is raised here, even though a separate Regulatory Reform Review was recently conducted by the OECD at the behest of the government of Colombia. The Regulatory Review identified key issues that the government of Colombia will need to address to strengthen *inter alia* its commitment to an explicit, coherent whole-of-government policy for regulatory quality by providing active, on-going oversight of regulatory procedures to implement effective and efficient regulatory policy based on the use of evidence, including cost-benefit analyses against clearly defined policy goals, thereby sustaining high regulatory quality. Since these issues fall under the purview of CoG institutions, indeed lie at the heart of their mandate, they are being summarised here.

Regulating, along with spending and taxing, is a key tool of government. It is of particularly high importance for implementing government strategies: Well-designed legislation tends to help governments achieve policy goals; badly-designed legislation tends to undermine the operation of the economy and impede people's lives. Ill-conceived regulation can stifle innovation and entrepreneurship, reduce welfare and slow growth. Whether legislation is well or badly designed depends to a large extent on the quality and use of evidence in the rule-making process.

In Colombia, the 1991 Constitution signalled a change in the role of the State in regulating economic activity. The State abandoned its interventionist role as the sole service provider and opened the economy to private-sector participation, thereby increasing domestic competition. The government of Colombia now issues public policies and regulations influencing private-sector activity, and exercises supervision and control over their implementation. The government of Colombia has adopted several administrative reforms to establish more predictable, coherent and transparent regulatory frameworks to encourage



private participation in economic activities. These reforms were accompanied by the creation of regulatory agencies, called Regulatory Commissions (*Comisiones de Regulación*) along with a separate supervisory function through the establishment of *Superintendencias*.<sup>4</sup> The government has also pursued administrative-simplification efforts whose main goal has been to streamline and simplify regulatory formalities (*trámites*) affecting businesses and citizens. The government also introduced principles and tools to improve the quality of regulations, which have focused mainly on improving legal drafting, simplifying internal administrative procedures to improve efficiency in decision-making, improving consultations with civil society and business, and harnessing the results of these consultations to improve administrative efficiency and fight corruption, notably under its *Sirvo a mi País* initiative.

However, in Colombia, there is no single procedure to prepare regulations that can be commonly applied across the entire national administration, even if some institutions, such as regulatory commissions, have managed to establish standardised procedures that have improved over time. Publicly-available and generally-applied standard procedures to prepare regulations within the Colombian administration do not exist. In the last few years, some institutions have introduced specific requirements, such as the need to consult with affected parties or initial efforts to conduct impact assessments, to ensure that quality controls, improvements and transparent mechanisms are used in the design and preparation of regulations.

In Colombia, while there are several instruments that promote public consultation, there is no single, systematic and compulsory requirement to conduct public consultation within a given timeframe. Public consultation *per se* is not clearly defined (an important exception is the *Consulta Previa* legal requirement to consult Indigenous and Afro-Colombian groups identified above); even if institutions are required to make their draft regulations public and they must solicit opinions during a set period, they can exercise considerable discretion in terms of how this is done. In addition, there is no formal requirement for pre-consultation (i.e. consultation before an *ex-ante* impact-assessment is prepared), which is also at the discretion of the institution concerned.

There is no systematic consideration of alternatives in the process of preparing new regulations in Colombia, mostly due to the lack of training in the use of such alternatives and a legalistic approach towards problem solving, in addition to the lack of a systematic use of regulatory-impact assessments (RIAs). The use of alternatives depends on the topic that is subject to analysis and the technical capacities of the experts who are dealing with the issue. There is also no mandatory requirement to conduct *ex ante* or *ex post* regulatory impact analysis, even though there are several pilot initiatives to explore the feasibility of introducing this mechanism.

The following summarises the advice on a possible roadmap for regulatory reform that is being presented in the OECD Review on this subject.

### Recommendations

- **Preparing regulations: consider improving administrative standards and requirements to prepare regulations making them compulsory**
  - Adopt a comprehensive approach for transparency, predictability and communication in the preparation of regulations, as part of a strategy for high-quality regulation.
  - Integrate key principles of good regulatory practice in the preparation of new regulations in a comprehensive way using a whole-of-government approach.

### Recommendations *(continued)*

- **Public consultation: consider improving and standardising its use**
  - Consider making consultations compulsory for all institutions in the national administration, establishing clear methodological criteria and deadlines for accepting comments, and ensuring that public consultation is accompanied not only by the draft proposal, but by supportive documents that give information on the decision under discussion and stimulate participation, such as *ex ante* impact assessments.
  - Consultation should be made early enough in the rule-making process to ensure that it contributes to the improvement of draft laws and regulations and comments from the public are properly heard.
- **Consider integrating the systematic use of Regulatory Impact Analysis (RIA) in the regulatory process**
  - Consider promoting the use of RIA as a key tool to improve the quality of new regulations, taking into account administrative, economic, political and cultural features, while reflecting good international practice.

### ***Linking budget to strategy to optimise performance***

Improving the quality of public-finance management as a means to optimise the achievement of strategic national development objectives is a key challenge in Colombia, as it is in many countries. Colombia has implemented several reforms in this field, most notably its new fiscal rule to manage the country's structural deficit, and the *regalías* reform implementing the new royalties system (see Chapter 4) to manage the distribution of revenues from natural-resource exploitation more effectively. By improving budgetary processes and institutions, the quality of public finances is boosted. Efficiency, effectiveness and transparency are three basic objectives of modern budgeting. Fiscal rules, medium-term frameworks and performance budgeting have proved effective in achieving these objectives. Colombia's own recently-adopted fiscal rule is an illustrative good practice of this point.

For over twenty years Colombia has been developing techniques to implement performance-based budgeting and budget-management. The genesis of performance-management in Colombia is the 1991 Constitution, which established the obligation to monitor and evaluate public policy. At the beginning of the 1990s, to comply with this constitutional obligation, the government developed and implemented its National system to evaluate public management results SINERGIA (*Sistema Nacional de Evaluación de Resultados de la Gestión Pública* – see Chapter 3). Through SINERGIA, the central government conducts the evaluation and monitoring of key national policy and programming performance. This system provides performance information to assess whether the objectives envisaged by public policies and the budgets that were allocated to implement them have been fulfilled.

Over the years, SINERGIA has evolved, with its main weakness addressed. It is now a sophisticated information system. Indeed Colombia has made significant progress in an area in which OECD countries are still struggling: systematically measuring and reporting on budget performance in achieving national strategic objectives. While Colombia's system is not perfect, it is considerably more advanced than in a significant number of OECD countries. The Planning Department has played a key role in the implementation of the system. The performance system is directly connected to the National Developing Plan. Thus, it is closely in line with the political and medium-term strategy. This is an excellent

framework to develop performance management and to keep on building a performance budgeting system. Indeed Colombia, according to the PRODEV index, is well above the rest Latin America in using performance information. This is explained due to the efforts made over three decades to implement a solid system of performance information. The information is public and accessible online, which is a fundamentally positive way to improve transparency.

The key challenge is how to integrate performance information into the budget process. The use of performance information could be promoted at every stage of the budget process and could be used by all the agents involved. During the elaboration of the budget, performance information could be promoted not only when the government is preparing the budget but in Congress as well. During the budget execution, performance information should be used when the budget is amended, and should guide subsequent budget preparation, where this makes sense. This assessment of the Colombian budgetary process and institutions has identified the following hurdles to overcome if performance budgeting is to be fully applied successfully:

- Many budgetary resources are allocated by formula, especially transfers for sub-central administrations (e.g. under the “*Sistema General de Participaciones*” – see Chapter 4). In these cases, while performance can be measured (and is under the transfer system), performance information does not appear to be tracked over time, nor does it appear to influence national whole-of-government strategy development and implementation.
- Budget management is shared between two institutions: The National Planning Department is in charge of the Investment Budget and the Directorate General for the Budget in the Ministry of Finance manages the Operational Budget. Responsibility for evaluation is also split between these two institutions. While this arrangement does not necessarily preclude efficient and effective whole-of-budget performance measurement, it may complicate the implementation of performance budgeting government-wide. Broader and deeper on-going co-ordination between the *Hacienda* and the Planning Department, along with solving time-lag issues between the point at which the budget is finalised and the point at which performance information is received, could enhance performance-budgeting significantly.
- The end use of a high percentage of public resources is fixed by law. Although this practice is broadly used in Latin America, it can be a challenge for implementing performance-assessment capacity effectively. That said measuring the performance of funding in key spending areas safeguarded by law is still possible; while cutting poor spending cannot occur without legislative change, much can still be achieved to improve spending performance in these instances.
- Evaluations are a supplementary information tool that complements indicators. Therefore, evaluations may contribute significantly to improve the quality of performance information. So, it is welcome that Colombia has made such efforts over the last few years to boost the number and the quality of the performance-based indicators.
- A key challenge remains in promoting the use of performance information at the sub-national level and to boost performance budgeting. Over the last few years, the development of performance information has been focussed at central level, with limited attention paid to implementing a performance-assessment system in regional and local public administrations. It will be important to move forward in performance budgeting at regional and local level.

Colombia has achieved a high degree of implementation of performance budgeting. Indeed its performance-assessment and measurement systems are highly advanced by OECD standards. Moreover, the current government has placed a special emphasis on follow-up to budget execution. Through a budget performance dashboard (taking inspiration from a US model developed during the Clinton Administration), Ministers and Directors of Administrative Departments discuss the budget's execution on a monthly basis at the Council of Ministers in terms of achieving functional policy goals. That said in light of this assessment, there is room to improve. Measuring the performance of budget spending against anticipated whole-of-government strategic outcomes can link government-wide strategic planning to budgeting more effectively, thus improving the quality of public-resource management in terms of achieving strategic development outcomes for the country and its citizens. Colombia could thus consider building on its successes and further enhance its current system linking budget to strategy-performance.

### Recommendations

- **Consider reducing rigidities in the budget-allocation process**
  - Consider reducing rigidities in the budget system caused by the allocation of significant resources by formula. This could facilitate the broader implementation of performance budgeting while facilitating government-wide performance-assessment of budget expenditures against the achievement of strategic outcomes.
- **Consider reinforcing the fiscal rule with a spending rule coupled with contingency-funding**
  - Consider inserting a contingency fund into the budget, which could help address unexpected situations, such as natural disasters, without affecting either the Development-Plan-related programming or maintaining the country's fiscal balance under the Fiscal Rule. An explicit National contingency fund could thus facilitate the adoption of a spending rule to reinforce the fiscal rule.
- **Consider streamlining SINERGIA and enhance its application sub-nationally**
  - To implement performance budgeting in sub-national administrations, consider defining methodological guidelines to move forward, establishing a mixed working group with staff from the Planning Department and territorial administrations and continue enhancing capacity, notably through SINERGIA TERRITORIAL, to implement information system and databases at the local level within a regional approach to gathering and presenting performance data.
- **Consider introducing strategic expenditure reviews to define fiscal room for emerging priorities**
  - Consider introducing gradually a system of expenditure reviews on a scale that reflects strategic targeting: those programmes deemed to be less of a priority for advancing the government's strategic objectives could be the subject of initial reviews.
  - The reviews could use existing performance-measurement tools for multi-year budgeting and analysis, in particular SINERGIA.
  - These reviews could be used to identify multi-year envelopes within the National Development Plan with clear performance targets to be reported and re-evaluated in, say, four years.
- **Consider applying medium-term budget frameworks and the fiscal rule sub-nationally**
  - Consider extending the application of medium-term budget frameworks to territorial administrations, as they have proven to be an efficient tool for planning and budgeting.

### *Auditing and control*

In Colombia the framework governing the public audit and control system is laid down in the Constitution, which establishes external control institutions that are completely independent from the three branches of government. The differentiation between external and internal auditing is also anchored in the Constitution, which sets out the main components of Colombia's control system. At the central level, the **external control system** is made up of several bodies. The two most important ones are:

- The Office of the Comptroller General of the Republic of Colombia (*Contraloría General de la República de Colombia*) is an independent government institution that acts as the highest level of fiscal control in the country. Its mission is to oversee the proper allocation of public funds (in terms of results achieved through spending and investments) and contributes to the modernisation of the state by means of continuous improvement in fiscal management by various public entities. Its activities are overseen by the *Auditoría General de la República*, the auditor general's office.
- The Office of the Inspector General of Colombia (*Procuraduría General de la Nación*) is an independent public institution overseeing the public conduct of those officials occupying public office and exercising a public mandate, thus overseeing the correct functioning of government institutions and agencies (including the police). The Office of the Inspector General is not a judicial institution. The Inspector General is mandated to safeguard the rights of citizens, guarantee human-rights protection and intervene in the name of the people to defend the public interest.

The audits developed by the *Contraloría* cover a broad range of activities with various objectives: efficiency, economy, equity and the evaluation of environmental costs. To fulfill these objectives, the *Contraloría* executes three different audits: financial audits, management audits and performance audits. The *Contraloría* plays the traditional role attributed to Supreme Audit Institutions:

- Auditing oversight: To oversee the fiscal management not only of the Public Administration but also of individuals or entities managing funds or assets belonging to the taxpayer.
- Jurisdictional oversight: To establish where responsibility lies in fiscal management and impose financial sanctions as necessary.

The *Contraloría* also evaluates internal control quality and efficiency and assesses Colombia's National Accounts,<sup>5</sup> which are kept by the *Contaduría*.<sup>6</sup> The *Contraloría* can issue warnings regarding these activities to deter serious risk which could jeopardise public funds. Post-audits are subsequently conducted in these cases to verify actions taken. If the *Contraloría* identifies a public-management issue, the entity audited is required to develop an improvement plan. The monitoring of the plan's implementation is attributed to the entity's Internal Control Offices. The *Contraloría*, after due process, approves the audit findings. The key challenge for the government is to boost co-ordination between the *Contraloría* and other institutions, especially the *Procuraduría*, in order to increase efficiency and remove overlap in activity.

The scope of the *Procuraduría* is broad, ranging from human rights protection to guaranteeing the transparency principle in public procurement. That said while the *Procuraduría*'s preventive functions in theory take the form of advice, in practice it exercises strong *ex-ante* controls because this institution exercises strong disciplinary responsibilities. Indeed the *Procuraduría*'s preventive role may be slowing down decision-making out of fear on the part of civil servants of inadvertently contravening

a rule. In addition, current preventive controls engender overlaps in activity between the *Procuraduría* and internal disciplinary systems; this potentially wastes resources in addition to slowing decision-making.

The 1991 Constitution established for the first time the obligation to implement **internal control procedures** within public entities and shift from *ex-ante* control to selective *ex-post* audits, in line with international trends. Colombian authorities have made significant efforts to implement a solid internal control system, whose main achievement was the definition and implementation of the Standard Internal Control Model in 2005 (*Modelo Estándar de Control Interno* (MECI)). The implementation of this model has occurred at all levels of the public sector.

The scope of Colombia's internal-auditing function is the entire public sector at all levels of government, and includes not only the Executive but the Judiciary and the Legislative branches. Responsibility for establishing and developing an internal-control system lies with the high manager of each public entity. Hence, each public entity has an Internal Control Office (ICO). The ICOs are the cornerstone of the internal control system, as they are in charge of its monitoring and evaluation. In particular, their competences are:

- Auditing and supervising the internal control proceedings.
- Advising the senior management of the host entity on implementing control processes and introducing necessary correctives when required to reach the entity's goals and objectives.

The Heads of the ICOs in the central government are appointed by the President of the Republic. While this recent reform is a major step forward in making the internal control system more independent, the heads of the ICOs could in theory be removed by an incoming President. And while government-wide oversight of internal audit reporting does not occur, each entity issues its own internal audit report. The internal control system is extensively regulated in Colombia, not only because this is required by the Constitution but because there is a high degree of awareness across the public sector about the need to implement internal controls effectively to improve transparency and efficiency and fight corruption. Significant efforts have been made to institutionalise and approve internal-control regulation. That said the regulatory framework is atomised across a myriad laws, decrees, presidential directives, and so on.

At the **territorial level** external control is carried out by such institutions as the territorial *Contralorías* (in districts, departments and local municipalities), the *Veedurías* and the *Personerías*. They have a separate budget from the *Contraloría General* and full autonomy in carrying out their functions. Departments, districts and municipalities also have to organise their own internal control systems based on central-government guidelines. However, just as at the central level the size of the ICO does not necessarily determine the configuration of the ICO in relation to its host entity, local ICOs are sometimes not proportional to the size and scope-of-mandate of the host territorial administration. The budget of these institutions is financed by the budget of the territorial entity. Internal control at the territorial level is weaker than at the central level:

- Considerable efforts have been made by the central Administrative Department responsible for the civil service (the DAFP) to define methodological guides at the territorial level and offer training to territorial employees. However, while the criteria of the DAFP are binding on territorial *contralorías*, disparities in sub-national capacity in this area lead to their limited application in practice.

- The current distribution of responsibility between the *Contraloría General* and territorial *contralorías* is defined in law. In theory, territorial *contralorías* are in charge of controlling both territorial resources and national funds invested in their departments/municipalities. However, the *Contraloría General* also has the power to control these resources. In practice, therefore, this distribution of responsibility can lead to confusion and possibly to inefficiencies in the use audit resources.

Control at the territorial level is characterised as follows:

- The territorial public sector tends to be less formalised, with a comparative lack of registers, weaknesses in accountancy, fewer statistics, and so on. This is not an issue specific to the control system but it can affect its efficiency and effectiveness sub-nationally.
- At the territorial level the independence of the control entities is less than at the central level because territorial political authorities appoint the *Contralores* (from lists determined by the relevant administrative tribunals [*Tribunales de lo Contencioso Administrativo*]). Mayors and Governors appoint the heads of the ICOs, albeit for a four-year term that must differ from that of the Mayors and Governors themselves.
- There are significant disparities in size and capacity between regional *Contralorías* and ICOs because there are no regulations establishing minimum capacity requirements. Territorial entities rely on their own budgets to shape the quality of the control institutions. At the territorial level, there is a lack of technical preparation and training of local audit staff – and of the staff training the local auditors.

The key challenge is to thus ensure that as the decentralisation process proceeds, regional control institutions acquire the capacity to meet their audit and control responsibilities properly as new resources are transferred to sub-national entities – particularly under the *regalías* reform, since it implies a significant increase in public resources for many territories. The decentralisation process should be accompanied by the strengthening of control institutions at the territorial level to guarantee that the resources being expended in departments and municipalities are properly managed and achieve the policy outcomes they were aiming to achieve.

Indeed the development of these control institutions also occurred in parallel with the need to fight corruption. This overarching objective led the Colombian authorities to create a significant number of control entities and to expand their powers over time. This explains the current audit and control environment in Colombia: a significant number of control institutions at the national and territorial level operate with wide-ranging responsibilities and complex interrelations. At its broadest level, this assessment finds that Colombia possesses proper control institutions which are in many cases advanced by OECD standards. Significant efforts have additionally been made by the current government to harmonise standards, norms and procedures across the fiscal-control system both horizontally and vertically with the establishment in 2010 of the national system of fiscal controls SINACOF (*Sistema Nacional de Control Fiscal*).

However, SINACOF notwithstanding, still limited day-to-day institutional co-ordination across the system at the central level and with the territorial control system, coupled with significant disparities in sub-national capacity, can generate overlap and inefficiencies in the system. The recommendations below summarise the approach being suggested in this Review; it seeks to build on the waves of modernisation in this area that successive governments, including the current one, have successfully implemented:

## Recommendations

To address these issues, the government of Colombia could consider:

- **Improving the professionalisation of the public sector in charge of external and internal audit and control by establishing a formal, merit-based system and building professional capacity at all levels of the control administration**, by building on the current government's focus on professionalising the positions of internal control directors and updating the 2005 international control-standards model, to improve the qualification of the public controllers with a high technical profile and guarantee their independence from electoral cycles.
- **Clarifying and refining the competences of the external control institutions to make the external control system more coherent and effective.** The 1991 Constitution and relevant legislation clearly define competence in this area. However, in practice, overlaps sometimes occur, mainly between the *Procuraduría* and the *Contraloría* regarding disciplinary and fiscal findings. To avoid such overlaps the government could consider:
  - **Defining performance protocols** on how to proceed when there are overlaps and define which institution takes precedence or can claim first jurisdiction in the case of a case with multiple issues covering several institutional mandates.
  - **Enhancing the focus on performance-oriented audits**, including measuring performance against outcomes and maximising value for money, in line with trends in OECD countries.
  - **Pursuing the implementation of transparency initiatives** such as the publication of audit reports and corrective actions. The reports periodically published electronically by the *Contraloría* and the internal control units constitute a good practice that can be built upon in this area.
  - **Strengthening co-ordination between external control institutions** to achieve broader coverage in the auditing of public resources and share valuable information, both at the national and territorial levels. The *Contraloría* and *Procuraduría* could execute joint audits (with a mixed team of *contralores* and *procuradores*); the *Procuraduría* could be given the mandate to request that the *Contraloría* execute special audits.
- **Clarifying and communicating widely the processes by which the Procuraduría exercises its preventive function, linking them clearly to the objective of fighting corruption within the safeguards of the Constitution.**
- **Developing legislation on the status and functions of the Internal Controller, as a follow-up to proposals of the Institute of Internal Auditors, to regulate their competencies, powers, obligations, responsibilities, and establish an Internal Audit Service as a technical department to co-ordinate and support ICOs.**
  - This Service could **develop a strategy to harmonise the structure of ICOs to improve the effectiveness of the system; supervise ICO performance; participate in the audit-planning to establish cross-audits within the Public Administration; support the Advisory Council** by doing technical tasks; **design and implement a National Training Plan** for internal controllers (building on the current government's initiative to develop a national training guide for internal auditors with the support of the International Institute of Internal Auditors); **address technical matters and define and approve methodological guides** to standardise internal control proceedings according to international rules; **be located in the DAFP or be an independent department and take over the competencies currently carried out by other entities such as the DAFP, the Advisor Council, Ministerial Committees.**



### Recommendations *(continued)*

- The government could ensure co-ordination between this Internal Audit Service and the *Contraloría* along with its independence from internal-control bodies. It could ensure that internal auditors focus on *ex-post* control while reducing *ex ante* controls, based on international trends. It could define common methodological guidelines to evaluate the internal control.
- **Enhancing audit and control capacity at the territorial level, by:**
  - **Ensuring that the *regalías* reform can fund sub-national capacity for an effective territorial internal and external control system, and that the *Contraloría* plays a leading role in addressing disparities in capacity in the territorial *Contralorías*, particularly in light of the increase in staffing levels it has been granted for this purpose;**
  - **Developing joint audits between the *Contraloría General* and territorial *contralorías* in order to make the system more efficient.**
  - **Centralising recruitment and training of territorial controllers/audits in a national body**, for instance the Internal Audit Service, the DAFP or the *Escuela Superior de Administración Pública*.

## Multi-level governance in Colombia

“Multi-level Governance” (MLG) characterises the relationships between public actors at different administrative levels. MLG refers to the explicit or implicit sharing of policy-making authority, responsibility, development and implementation at different administrative and territorial levels. The concept of MLG was introduced to describe the governance mechanism within the European Union in the 1990s, describing the EU as a series of multi-purpose governments with several actors and level participating in the process of governing rather than a clearly ordered vertical mechanism. The initial MLG framework, based on formal interaction between established actors, has evolved to take into account less formalised relationships and conditions in which there is a relative absence of rules and regulations. This approach values networks and social-capital endowment within territories and within policy sectors.

Evidence suggests that multilevel governance arrangements are country-specific. There is no single optimal level of decentralisation, neither by public-policy sector nor for the whole public administration, since sharing and applying competencies remain strongly context-dependent and depend on many internal and external factors including the overall economic performance of the given country. However, international good practices and experiences developed and implemented in OECD countries can provide guidance and can save time, resources, and public funds related to process of finding a good level of decentralisation of state responsibilities.

In Colombia, the roles and responsibilities of the national government and the sub-national levels are defined by the 1991 Constitution – and by the 2011 Organic Law on Territorial Organisation (the LOOT in its Spanish acronym). The 1991 Constitution increased the number of relevant players – including territorial entities – within the national governance framework. This new arrangement increased political transaction costs in several policy sectors, forcing government entities at all levels to improve co-ordination and co-operation.

In addition, the 1991 Constitution enshrined many specific, previously non-constitutional aspects of policy, thus reducing the body of policy issues falling under the exclusive purview of the bureaucracy. This is particularly the case for fiscal policy, where key components of public spending, including pensions, fiscal transfers for education and health, and public-sector wages, have been “hard-wired” into the Constitution. Based on these constitutional mandates, national authorities have enacted several laws intended to enforce this political, fiscal and administrative decentralisation in favour of subnational governments. Subnational governments have thus been provided with fiscal arrangements based on devolution of taxing authority, transfers and the right to borrow, with a view to enhancing their fiscal autonomy vis-à-vis the central government. At the same time, these subnational authorities have been handed mandates in education, health management, drinking water provision, sanitation and sewage, and public infrastructure.

The 1991 Constitution thus decentralised the exercise of power – territorial levels are governed by their own authorities, they administer their own (or delegated) resources and raise taxes necessary for their operations. The Constitution does not provide details about the division of responsibility between the central government and territorial entities. In complementing the constitutional definitions of roles and responsibilities between levels of government, the 2011 Organic Law on Territorial Organisation (the LOOT in its Spanish acronym) does this:

- The LOOT outlines the legal arrangements and forms of territorial co-operation enabling land use, planning and territorial development across the country, by building on the suite of laws and regulations enacted over the two decades since the adoption of the 1991 Constitution to decentralise decision-making and service delivery at the municipal, metropolitan and departmental levels.
- It creates a governance framework in which different levels of government and different territorial entities can interact and co-operate.
- It defines the rules for decentralisation derived from the Constitution by providing a specific stable legal and policy framework without creating new government levels; in so doing, it strengthens the central government’s ability to co-ordinate the implementation of decentralisation across the country.
- It sets out rules for a series of associative territorial arrangements, thus expanding the forms of territorial organisation already identified in the Constitution.

One of Colombia’s main governance challenges in pursuing its development strategy is building a collective commitment to the country’s development on the part of public-sector stakeholders at all levels by aligning national and sub-national policy agendas. There are several mechanisms and tools that – while respecting territorial-government autonomy – align the policy and investment agendas of sub-national entities with those of the national government:

- The National Development Plan articulates a broad framework to co-ordinate capital investment across levels of government. Each local government, department and municipality has to produce a development plan that is linked to the policy interventions of the Plan aimed at implementing the national development strategy across the country.
- The General System of Royalty Payments offers an example in which investment decisions of departments and municipalities are co-ordinated by institutions in which the central government plays an important role.

Colombia's territorial governance structures are based on departments and municipalities. Each of these levels is required to design and implement a territorial development plan that translates the National Development Plan to meet local needs while harnessing local development potential. However, in some cases, policy challenges require co-ordinated action between different departments or municipalities to be more effective. The necessity of horizontal co-operation among territorial entities was initially recognised in the 1991 Constitution, which lists several possibilities to promote policy co-ordination at the local level. The current legal framework embeds these instruments within a broader perspective and adds new instruments to promote territorial partnerships among sub-national entities. Some of these co-ordination tools have already been taken up, while others have yet to be implemented. Sub-national governments can be peers and allies in the delivery of centrally-designed public policies; the case study on Barranquilla clearly demonstrates this (see Annex 4.A1 at the end of Chapter 4). To achieve this result, the central government could invest more in capacity-building at the local level.

Acute regional disparities still persist despite the significant resources Colombia invests to promote regional development. These disparities stem as much from the country's geography, which has impeded efficient communications, travel and trade between regions, as from its history, including the displacement of significant numbers of people by armed insurgencies, and its patterns of economic development in which certain regions have benefitted more from natural-resource extraction than others. Colombia's current approach to regional development and to addressing regional disparities, while constituting a vast improvement over its traditional system, presents several challenges:

- A first challenge is generated by the split between operating costs (transfers, local taxes, etc) and capital investments (transfers, royalties, the National Investment Budget, among others). The current split between the National Planning Department (which manages capital investments) and the Ministry of Finance (which manages operating expenditures) challenges Colombia's capacity to connect capital investment to operating costs effectively, efficiently and coherently over time. Capital investment in infrastructure also increases operating costs. In fact, building a school in a given region does not guarantee better accessibility to education for the local population if there are not enough teachers and the associated services required to support it, such as transportation networks and services or health care.
- The second challenge stems from the first, and relates to underestimating total operating costs over time due to pursuing a sector-specific "silo" approach to regional development. A risk in the current system is that territorial entities keep producing basic single-sector public goods that may have a limited impact on operating costs – but end up having a marginal impact on economic development. Recent research conducted by the OECD on factors affecting regional performance demonstrates the need to implement *integrated* policy packages to support territorial development. In fact, the focus on a single factor, say on transportation infrastructure in poor and remote regions, can generate unexpected distortions in their economy.

Moreover, regions at a different level of development need a different basket of public goods to advance along their growth path. The need to co-ordinate operating cost and capital investment increases with the complexity of public goods public authorities have to deliver to support development. Producing roads, for instance, generates limited operating costs. But, once a region has a sufficient endowment of transportation infrastructure, policy should move to the production of other – more complex – public goods such as education or health care, which have an impact on

operating costs. Accordingly, in Colombia transfers from the central government to sub-national levels should not happen without corresponding operational funding. This will require strengthening co-operation and co-ordination between DNP and the Ministry of Finance (*Hacienda*), and involving the DAFP to ensure that sub-national authorities can count on an adequate administrative capacity to carry out their mandates and raise new revenues to do so.

- A third challenge relates to the Plan and, in particular, to the process that underpins it. In fact, the strategy-development process is at least as important, if not more so, than the strategy itself. From the point of view of municipalities and departments the Plan is a menu of policy interventions that they must adapt to their specific context and local assets in order to obtain resources from the National investment Budget. This requires considerable effort on the part of territorial entities which, in many cases, have limited capacity to implement them effectively.
- A fourth challenge relates to the efficient use of the SGR funds themselves. Although the 2011 and 2012 reforms have the potential to raise productivity, spur regional growth and reduce income inequality, close attention will need to be paid to the degree to which royalty-transfers are actually achieving the policy outcomes envisaged by the reforms. For instance, earmarking a share of the royalties to the science, innovation and technology fund may indeed spur innovation-driven growth; however, it may also hinder a more effective allocation of resources since other spending areas may have higher social rates of return, at least in the short term. The allocation of public funds to specific investment projects may also hinder effective spending in the absence of close co-ordination among projects approved for each department or municipality. In addition, the economic impact of spending royalty revenues largely depends on regional institutional capacity.

The central government could thus focus on building collective commitment at the sub-national level to work together and with the central government to pursue common national development objectives in a coherent and co-ordinated fashion. The central government could also support sub-national administrations in their efforts at mobilising key local private-sector and civil-society stakeholders around a common regional-development agenda which itself meshes with the government's national development strategy. This is clearly what occurred in Barranquilla over the last decade as illustrated in the case-study, with impressively positive results for the metropolitan area's competitiveness and its residents' well-being:

- Barranquilla's vision for a better life for its residents was articulated and implemented because of a combination of factors that contributed to its success:
  - commitment on the part of local public authorities to work with the central government to achieve common development objectives;
  - local public-sector commitment to work with the private sector and civil society in the region to articulate and implement this vision, and
  - sustained engagement with community and business groups in pursuit of the vision.
- This case study shows that this kind of recipe can achieve impressive development results, while building lasting democratic institutions that enhance trust in government to work in the public interest.

In addition, as in most OECD countries, Colombia faces the challenge of transforming a large quantity of information about socioeconomic trends into knowledge about policy

impacts and their relationship with policy outcomes. Over the last 20 years Colombia has engaged in the creation SINERGIA, its advanced system of whole-of-government monitoring and evaluation. SINERGIA (and most recently SINERGIA TERRITORIAL) organises a large set of indicators to monitor and evaluate policy interventions nationally and regionally.

A multilevel governance approach could help Colombia integrate SINERGIA (and SINERGIA TERRITORIAL) more fully into the national development policy cycle. For instance, to improve the use of SINERGIA and of the evaluation system in general, territorial entities could become key partners in monitoring and evaluation activities, and in policy making. Organising national statistics within a territorial framework could provide sub-national governments with intelligible information about their needs and their performance. Based on this, (some) sub-national governments might also engage in creating *ad hoc* indicators for use in the monitoring and evaluation system. Issues concerning the creation of territorial indicators and a set of regional performance indicators are discussed below. Indeed multi-level governance as a whole can benefit from the use of sound indicators, which can reduce information asymmetries between levels of government and constitute a way to share good practices, help the central government transfer knowledge across sub-national authorities, and encourage better policy performance. The use of performance indicators can improve policy performance in several areas, including in strategy-design, policy-implementation, accountability, knowledge-generation, and creating a common framework for dialogue.

The effective implementation of performance indicators poses challenges: information does not automatically improve policy performance. It is important to select appropriate indicators and to validate and distribute the information. At the same time, the capacity to use information in an effective and timely way has to be developed. And weak local capacity can limit the benefits of performance-measurement and reduce the usefulness of the system. This makes stakeholder-training and the acquisition of the necessary technologies at the local level especially important.

Chapter 4 in this Review presents a series of recommendations in an effort to address the range of multi-level governance issues presented above as a means to support the government in building collective buy-in to national development objectives and optimising the impact of its decentralisation agenda on addressing poverty and regional disparities as part of its strategy to achieve prosperity for all Colombians. They are summarised in the box below.

### Recommendations

**The government could consider:**

- **Clarifying the rationale underpinning decentralisation as a means to harness this agenda as a tool to build collective commitment and mobilise key public-sector and civil-society stakeholders at all levels across the country to work together to achieve national development objectives.**
  - The government could “put decentralisation to work” by working to align policy and public-investment agendas at the national and regional level through a set of commonly-designed policy interventions to achieve commonly-defined development outcomes
  - This can be done by building on such existing co-ordination tools as the *Contratos Plan* and the good-government triangles (see Chapter 4) and providing territorial

### Recommendations *(continued)*

entities with technical assistance and capacity-building support; helping sub-national public authorities harness local efforts in the private sector to work on a common development agenda; promoting transparency and integrity at the local level to improve institutional trust and reducing the disconnect between operation costs and capital investment, which impinges upon the capacity to engage in the production of advanced public goods at all level of government.

- **Co-ordinating national and sub-national development agendas by increasing investment in capacity-building at the sub-national level through the National Development Plan and the General Royalties System**, so that local and regional authorities can contribute meaningfully to national strategy design, implementation and performance-monitoring, thereby ensuring that national strategy reflects regional needs more clearly, builds on regional strengths and assets and harnesses local efforts to achieve regional and national development objectives:
  - Sub-national capacity-building could be defined as a mainstream objective within the Plan and specific operating funds could be allocated to engage in technical assistance and capacity-building in territorial bodies. This could increase in importance, since the central government, through the NDP and the General Royalty System, is relying more and more on territorial communities to identify development opportunities in their regions.
  - Operational funding within the programme envelopes in the Plan and in the General Royalties System could provide assistance in the form of training and information and communication technologies to municipalities and departments to identify worthwhile projects and to advise on their implementation. This assistance could be co-ordinated to optimise its impact on a sustainable basis.
  - Monitoring and *ex-post* evaluation of projects could be strengthened. Although resources in the National Planning Department devoted to monitoring projects have been increased, more could be assigned given the mounting number of projects and the high level of specialisation required. Care should be taken, however, that administrative costs do not become excessive.
  - The share of royalties transferred to each region could include an incentive mechanism in which regions would receive more funds the faster they progress in achieving key indicators such as unmet basic needs, student performance or kilometres of paved roads.
- **The government could consider ways to improve knowledge on the needs of territorial communities and the performance of regional policy, for example by:**
  - Improving evidence-based policy-making capacity, as well as transforming territorial entities into active agents in monitoring and evaluating regional policy.
  - Integrating SINERGIA fully into the multilevel governance policy cycle and the current government's decentralisation agenda by making territorial entities key partners in SINERGIA's monitoring and evaluation activities.
  - Organising national statistics within a territorial framework could provide sub-national governments with intelligible information about their needs and their performance. Sub-national governments could also engage in creating *ad hoc* indicators for use in the monitoring and evaluation system, thus enriching the entire system through knowledge-sharing. The National Development Plan is already producing key national information using performance statistics produced by DANE. Labour statistics already provide information

### **Recommendations** *(continued)*

about local trends; they could be improved by including information on the territorial organisation of labour and commuting flows. This data could be used to start a functional classification of Colombia's territory and its regions, capable of differentiating between urban and rural areas, for example. This, in turn, could foster better policy design for densely and sparsely populated areas.

- Creating outcomes-based indicators on regional performance, since a large part of Colombia's public expenditure occurs at the local level. To do so, the government could consider using incentives to engage sub-national governments in the design and implementation on an ongoing basis of a regional indicator system that links regional performance to development outcomes.

## **Human resource management**

The 1991 Constitution acknowledges that a competent civil service is a fundamental underpinning for development. As a result, Colombia has introduced a series of reforms to improve its system of public governance. It has adopted new systems of administrative development and administrative information, democratisation and social control, internal control and quality systems, and public management incentives. The current National Development Plan also identifies HRM as a key priority in its Good-Governance agenda, itself a key pillar of its national development strategy. Hence the attention paid to HRM issues in this Review, as requested by the Colombian authorities.

A key lesson from decades of reform in OECD countries is that HRM reforms are an essential part of a broader public administrative reform aimed at improving public governance. They should not be approached as a stand-alone modernisation initiative. HRM is an instrument for a better functioning government and should be based on an overall view of how government should be improved.

### ***Colombia can capitalise on its HRM strengths***

In recent years Colombia has made substantial progress in institutionalising the public service and putting in place essential foundations on which additional reforms can be based. There is a clear political will to have a merit-based system in the Colombian public service, as reflected in the principles underpinning the career public service as expressed in the Constitution, the number of vacancies opened to competition and the methods introduced for recruitment to public management positions. The ongoing efforts to establish a culture of public-service integrity and performance while cutting down on bureaucracy are commendable. There is a clear commitment to transparency and openness in the management of the public service, to creating a culture of equity and equal opportunities, and to building capacity, particularly in senior management and in the central human resource management body.

Colombia is well placed to build on what is already working well and to address challenges in HRM. There is strong political will and a high level of commitment to implement further human resource management reforms in order to advance the government's search for flexibility, accountability and capacity in the public service. Colombia could continue its reform efforts aimed at consolidating and building on good practices that are already in place by introducing new human resource management instruments.

### ***Focus on building capacity to manage staffing levels more strategically***

In Colombia, total government employment (employment in general government and public corporations) accounted for just 4.7% of total employment in 2008, compared to about 22% for the OECD average. Government employment in Colombia is extremely small compared to OECD countries and well below other Latin American countries such as Argentina, Chile and Mexico. While the government has maintained good control over workforce numbers, there is likely to be pressure to expand and restructure the workforce to meet new priorities as Colombia continues to develop its economy and society and the public sector takes on new roles. Any future growth of the government workforce will need to be well planned and closely monitored to ensure that costs are controlled and that expansion of employment delivers improved capacity and results. In this context, it will be important for the government to continue to improve its information on workforce numbers and to develop information on production costs of public goods and services relative to the GDP, which is currently unavailable.

### ***Improve and stabilise the government's merit-based recruitment system***

Colombia has made strong efforts to ensure that the public service is staffed by career civil servants who are recruited on merit. The principle of merit is firmly enshrined in the Constitution and in public management legislation. Oversight and recourse mechanisms ensure a transparent system and leave little room for patronage. This is a major achievement compared to the situation a number of years ago and there appears to be strong trust that recruitment to the career public service is based on merit. The difficulties are more on the operational side. While the basic principles set out in the 2004 legislation which regulates the public employment system are sound, putting the new recruitment system into practice since 2005 has proved difficult and has not produced the results that were hoped for. Filling positions within a reasonable time with staff that have the right competencies was cited by the managers interviewed for this review as their biggest challenge.

The need to improve the recruitment system is appreciated. In this regard, having an independent National Civil Service Commission (NCSC) in charge of recruitment provides a strong guarantee of merit and probity. The NCSC has made major efforts to ensure the application of the merit principle. However, in practice, its operations in this regard have become overwhelming for the NCSC and have resulted in the Commission becoming less efficient. The NCSC's effectiveness could be considerably enhanced if it were to take on a more strategic oversight role, backed up by law, with responsibility for ensuring merit in staffing the public service, similar to the way public service commissions operate in a number of OECD countries, while giving up its day-to-day responsibilities for managing selection processes for positions across the civil service. This could raise the status of the NCSC and enable it to focus on setting principles and guidelines, carrying out audits and investigating suspected breaches of merit, while stepping back from involvement in operational matters.

### ***Develop strategic workforce planning and more flexible workforce management***

At present, workforce planning in Colombian government organisations is largely input-based and focused on requests for new hiring to meet changing needs and new priorities, to which the Ministry of Finance reacts in the context of its accountability for the control of the budget. The focus is on controlling the size of organisations, monitoring compliance and providing staff in priority areas and this will continue to be important. However, the dialogue between the responsible central agencies and other government organisations



regarding workforce planning is not yet sufficiently based on a strong analysis of the workforce numbers, structures and competencies required to deliver their objectives or on a discussion about choices and trade-offs. The development of a central workforce database is a welcome and essential step towards a more sophisticated system of workforce planning which will support the government's search for efficiency in the management of the workforce, both individual organisations on a whole-of-government basis. Once the central database on staff numbers is fully in place, additional steps will need to be taken to develop strategic workforce planning, moving incrementally as better tools are put in place. The DAFP's new public-service planning and management tool, SIGEP (*Sistema de Informacion y Gestion del Empleo Publico*) is one example of these tools.

As much of the delivery of public services, especially health and welfare, is decentralised to the regional and municipal level, it will be important to develop workforce planning capabilities in services that are delivered at regional and municipal level. As the government has already determined, priority could be pursued on health in support of the efforts being made to regularise health service employment and improve the organisation of public health services.

### ***Improve core components of staff management***

The government's aim of having a well selected, trained, and evaluated workforce could be reinforced by systems of competency management and job profiling, which are key instruments for strategic human resource management. Competencies can provide a common and a well-integrated foundation for recruitment, job profiles, performance management, training and workforce planning. The government should accelerate the preparatory work that has already begun on competencies. Improving recruitment methods would be a good entry point for establishing competencies in the management of staff. Another key step would be to replace the inflexible system of post description manuals with a system of competency-based job profiling which would support a merit-based recruitment process, help to reinforce performance management and enable more flexible management of the workforce. Competency management can also be a very effective instrument for recognising and valuing diverse backgrounds and experiences as important criteria in staffing the public service.

Leadership and management competencies of public managers will be critical in taking forward the government's National Development Plan and public sector reforms. Many OECD countries have found it indispensable to identify specific leadership and management competencies and to invest heavily in well-structured training and development programmes for managers at all levels. A more structured approach that builds on the significant advances already made by the Colombian government in the implementation of a competencies-based civil service is needed to ensure that managers are well equipped to provide the necessary leadership for the government's reforms.

### ***Develop better instruments to motivate staff and strengthen performance management***

A number of reforms have taken place to strengthen performance management in the Colombian public service. Most recently the NCSC was given responsibility for enhancing performance management and organisations were granted more flexibility to design their own performance evaluation instruments. The fact that all staff and managers are subject to performance appraisal is in itself a notable achievement. The challenge now is to make the performance management system work more effectively and to reinforce it with additional instruments where needed.

The culture of performance management is not yet strongly embedded across the public service. Nevertheless, there are pockets of good practice which show what can be achieved. More generally, however, there is a widespread issue of inflated performance ratings, despite a perception expressed by managers interviewed for this Review that high performance ratings do not reflect the reality of staff performance on the ground. Moreover, although there is legal provision to dismiss staff for poor performance, it is very rarely used. Improving performance management is a complex and multi-faceted issue. Although beyond the scope of this Review, a necessary tool for effective staff-performance management is a system of organisational performance management. This is not yet firmly established in Colombia, although the recently-implemented system of management agreements is an important step.

### ***Clarify the political-administrative interface and manage senior managers as a group***

Over the past two decades, OECD member countries have focused a great deal on senior management to ensure leadership and management capacity, essential for the reputation and performance of government organisations. Colombia has also taken steps to strengthen management by improving recruitment to public management positions and through management training. Nevertheless, the group of senior managers is undermanaged compared to many OECD member countries. The fact that discretionary appointments can be made down to mid-level management positions blurs the interface between the political and administrative systems.

All management positions in the Colombian public service, as well as certain other positions which are considered to be positions of trust, are subject to free appointment and dismissal. While the transparency of the hiring process for public management positions has been improved and a strong effort is being made to identify competent candidates, the system is not yet fully merit-based as these jobs are not subject to open competition. While this system provides flexibility in staffing the senior public service, it means that there is no cohort of permanent, professional civil servants at senior or middle management levels. This undermines continuity in public-service management and is bound to weaken impartiality as the boundary between political appointments and professional managers remains unclear. That said the current government recognises that it has to address key structural issues, including delays and mismatches in selection processes and difficulties in dismissing employees who have acquired public-service career rights, in order to complete the transition to a more fully merit-based system.

### ***Improve compensation and recognition***

Although reforms of the compensation system are not the most pressing matter, there are several steps that could be taken over the longer term to provide additional instruments for the control of pay costs and to enable the use of compensation as a management tool. Compensation levels in the public service appear to be more than sufficient to attract and retain staff at less qualified grades. However, there seems to be a pay gap with the private sector for more highly qualified specialists that can make it difficult to recruit and retain the right staff. It will be important to develop tools to compare and monitor compensation levels between the public and private sectors so that pay policy can become an effective instrument of human resource management.

### ***Strengthen and communicate core public-service values more clearly***

The experience of OECD countries shows that on-going attention to core values is essential for successful and sustainable reforms. Colombia could continue to strengthen the fundamental public service values of merit, probity, political neutrality and legality by giving expression to them in all aspects of public service human resource management. A solid foundation for the traditional core values will enable newer values such as efficiency, performance, diversity and service to citizens to be promoted, without undermining the essential underpinnings. Vigilance will be required to ensure that the inevitable tensions between traditional and new core values does not result in any erosion of the values of merit, probity and legality as public managers and staff are encouraged to pursue greater efficiency and performance standards.

### ***Strengthen HRM capacity government-wide to support reform***

For the system of human resource management to evolve in the directions developed in this review, building strong capacities in HRM will be essential. At present, responsibilities for HRM are allocated among several different central bodies in a way that makes it difficult to achieve sufficient co-ordination. It would be advisable to consolidate DAFP's responsibilities for HRM matters and to develop its strategic capabilities. DAFP could take on a lead role in designing and overseeing the implementation of HRM reforms. DAFP can also add significant value by developing frameworks and tools to support ministries and other organisations in improving their HRM. The corollary of this is that DAFP could become less involved in detailed operations, regulation and compliance. However, this change will need to be gradual and should only happen as new management accountability mechanisms, HRM policy frameworks, standards and monitoring mechanisms, and an updated mandate for the NCSC are put in place to replace detailed central controls.

### ***Build the case for, a roadmap to implement, and a menu to sequence reform implementation***

The extensive set of recommendations to the government is presented in considerable detail in Annex A to this Review. They are summarised briefly in the box below. In this early stage of reviewing what reforms might be needed, Colombia could concentrate on building the case for reform and creating a sense of ownership and support. This is the first stage in any reform process. It will also be essential to identify and engage with key stakeholders at an early stage. Consideration could also be given to organising public debate and consultation. Such approaches help to plan reform strategies and avoid damaging confrontations.

Decisions about the sequencing of reforms are extremely important. A careful assessment will be needed of what can be achieved through management reforms and where legal changes may be required. Many of the issues identified in the Review can only be addressed effectively by integrated reforms in several areas and this will require careful analysis of interdependencies and sequencing. Piecemeal reforms should be avoided. A reform roadmap could thus be developed to guide the sequencing of reforms.

The territorial aspects of workforce management should be a key consideration in decisions about how best to sequence and target reforms. Given the importance of sub-national levels of government in delivering public services, it is essential that regional and municipal administrations be part of the HRM reform strategy.

### Recommendations

- ***As a first step, the government could:***
  - **Build the case for a roadmap to implement, and a menu to sequence HRM reform, and communicate this plan widely**
  - **Clarify the political-administrative interface**
  - **Strengthen and communicate core public-service values, while ensuring that senior managers collectively communicate these values government-wide**
- ***Over the short term, the government could focus on:***
  - **Strengthening HRM capacity government-wide to support reform**
  - **Strengthening the role of the ESAP, Colombia’s national civil service school, in this area and in providing tailored on-going training for civil servants at all levels of the government’s hierarchy while mandating it to work with the DAFP and the other relevant key actors on an ongoing basis on strategic, whole-of-government HR planning and management.**
  - **Improving the merit-based recruitment system, by**
    - **Ensuring that the National Civil Service Commission (NCSC) takes on a more strategic oversight role, backed by law, for ensuring merit in staffing the public service, while handing over day-to-day operational responsibilities to the DAFP and other appropriate bodies.**
    - **Reviewing institutional arrangements for oversight and recourse. In recasting the NCSC as the statutory merit assurance body, the government could also to set up an internal appeals process in regard to recruitment.**
    - **Aligning more deliberately recruitment methods with the competency needs of organisations government-wide.**
- ***Over the medium term, the government could implement incrementally, building on initial success:***
  - **Strategic government-wide workforce planning at all levels of government**
  - **Capacity to manage staff flexibly and manage staffing levels more strategically at all levels of government**
  - **More effective fiscal, policy and administrative instruments to motivate staff and strengthen performance management at all levels of government**

## Public procurement

Procurement reform in Colombia is an important component of the governance-reform agenda set out in the National Development Plan aiming to enhance the quality of public-service delivery as well as transparency and accountability in government spending. In order to ensure that procurement is used strategically to pursue key government objectives, the government of Colombia could, over the medium term, invest in:

- **Assessing the trade-offs of using procurement as a policy lever to pursue wider economic, social and environmental objectives: for example by measuring the opportunity costs of buying at increased cost versus implementing direct social programmes to achieve similar policy results.**

- Developing policy guidance for articulating the main objectives pursued through public procurement and providing guidance to procurement officials on how to reflect these considerations in their daily purchasing decisions: For example, to promote green procurement the Presidency of the Republic, the Ministry of Environment and *Compra Eficiente* could join forces to develop guidelines for procurement officials to assist them in integrating green considerations for key sectors in a transparent and effective manner.

As part of its objective to transparency and accountability, it will also be essential for the Colombian government to identify and manage pro-actively integrity risks in public procurement. The experience of OECD countries shows that procurement is particularly vulnerable to corruption because of the financial interests at stake and volume and size of business opportunities for suppliers. Accordingly the government could also consider undertaking an evaluation against the OECD *Recommendation on Enhancing Integrity in Public Procurement* as part of a wider Integrity review of the public service.

That said the government asked that this Review focus on key reform areas in support of optimising the organisation, operation and capability of the government's new central procurement agency **Colombia Compra Eficiente** (*Agencia Nacional de Contratación Pública – Colombia Compra Eficiente*), established in 2012; tapping into the potential of new technologies to enhance transparency and ensure an evidence-based approach to procurement reforms, in particular through the electronic procurement platform; and achieving efficiency gains across levels of government, in particular through framework agreements recently placed under the responsibility of *Colombia Compra Eficiente* and regulated by a new decree to be adopted in 2013. Building on *Colombia Compra Eficiente's* 2012-13 Action-Plan, both short-term and long-term actions to help procurement move away from a strict law-compliance approach to a more outcome-oriented and commercial approach can be considered. This includes a focus on using framework agreements as a way to tap into the potential of aggregating demand and on the development of an electronic platform to promote standardisation of procurement practices. The summary of the advice is presented in the box below.

### Recommendations

- **The government could ensure that *Colombia Compra Eficiente* pursues a commercial orientation**
- **The government could launch an awareness campaign on *Colombia Compra Eficiente's* role and benefits, to help establish business relationships with end-users and familiarise them with *Colombia Compra Eficiente's* role and with the framework agreements concluded by it, so that the buyers will want to use them and the suppliers will want to participate in *Colombia Compra Eficiente's* procurement procedures.**
- **The agency could set up a help-desk to guide buying entities, answering questions on the application of the procurement rules and methods.**
- ***Colombia Compra Eficiente* could chair a network of procurement professionals to share experience and lessons learned.** The network could serve as a consultation platform on changes to procurement procedures as well as on the achievement of procurement objectives, for example about value-for-money initiatives, support to SMEs or other issues.

### Recommendations *(continued)*

- **Colombia Compra Eficiente could provide training** for central and sub-national procurement officials
- **The agency could co-operate with anti-corruption oversight institutions**
  - More formal/systemic co-ordination and co-operation between authorities could help to identify risks of corruption throughout the procurement cycle and enhance, in particular, prevention of irregularities. Compra Eficiente could assist in facilitating contact between procurement officials and corruption and collusion authorities, exchanging information with them and making sure that they exchange information among themselves.
- **The agency’s electronic platform could provide for e-bidding and interface with other electronic tools**
  - This would be valuable for efficiency reasons as well as for making data easier to analyse. Integrated e-procurement systems have been established successfully in OECD countries.
- **The agency could introduce electronic contract-management and business-intelligence features.** The electronic platform could be enhanced in order to:
  - **Enable electronic contract-management**, including communications, invoicing and payments during performance and up to the close-out of the contract.
  - **Have business intelligence features**, thus aggregating numbers, duration and amounts of contracts per product and per service as well as per buyer and supplier and being able to generate reports and statistical analysis, i.e. ensure a “spend visibility”.
- **The agency could insure that information from the platform helps adjust public policy**
  - Information obtained through the electronic platform can help monitor the effectiveness of government policies and evaluate the need of adopting new or adjusted measures and/or continuing, amending or abolishing policies. For example, green procurement is an emerging priority for the government.
- **The agency could focus on setting up its framework-agreement pilot-project successfully**
  - Framework agreements can be concluded with a single supplier (single-member framework agreements) or with many suppliers (multi-member framework agreements), and could avoid covering a wide range of products or services, as this would lead to shutting suppliers not participating in the framework agreement out from the market and may be detrimental to job growth and competition. The same applies to a very long duration of a framework agreement: it would close off that part of the market from competition and secure a market share for specific suppliers.
  - Based on the results of the pilot phase, the framework agreements could be extended to more products and services
  - The agency could consider making framework agreements mandatory for more end-users

## ICTs and e-government

The use of new technologies and information systems can play a key role in leveraging innovation, productivity and growth, as well as in heightening the efficiency and effectiveness of the public sector in designing and delivering public policies and services to citizens and business. This is widely recognised in Colombia’s current government; in this regard, much has already been accomplished.

Key progress in the last decade includes increased internet penetration to a level that is now beyond the average for Latin American and Caribbean countries even though the level of investment in 2010 was lower than in countries with a similar GDP. That said Colombia faces important challenges in developing an inclusive information society and in nurturing supply and demand in an internet economy. To sustain and improve progress made in implementing and managing the use of information systems and ICTs, governance could be further improved, nationally and across levels of government. The government has recently made specific efforts to ensure such improvements of its national governance framework. This includes establishing the National Commission for Digital and State Information in 2012 and appointing a national Chief Information Officer. It is also planning a national CIO network. These measures are likely to contribute to more effective co-ordination and implementation nationally, although additional steps could be taken to institutionalise and extend national steering, while committing and engaging local communities.

The government of Colombia has also made significant progress in the area of government openness through the adoption of ICTs. This commitment can be illustrated in enabling factors, such as enhanced internet accessibility, as well as through improvements in the perception of government effectiveness and accountability, the government's commitments to the Open Government Partnership and its adherence to the OECD Anti-Bribery Convention. The *Urna de Cristal* provides a multi-channel, citizen oriented platform for communication with the government and about the government. A number of important public sector reforms (such as the anti-bureaucracy reforms) have been conducted through largely participative processes, facilitated through a systematic use of new media and technologies. Despite such considerable efforts, Colombia still seems to remain behind international peers in other areas, including rule of law and combating corruption.

Challenges also relate to stimulating the use of ICTs in the public sector (such as for the development and uptake of coherent and accessible online services). The government of Colombia has achieved progress in promoting ICTs in the public sector nationally. Colombia has articulated a strategic direction for the application of ICTs in the public sector, focusing on the use of ICTs for inclusive growth and social development. The government has already accomplished impressive results. However, governance of the use of information systems and ICTs could be further improved, nationally and across levels of government.

At the government's request, this Review provides a general examination of the Colombian government's use of ICTs in a number of selected areas. It presents Colombia's approach to public-sector use of ICTs. It then offers advice to the government of Colombia on how to enhance its approach to addressing a selection of key challenges, including how to govern the use of ICTs; how to manage projects in order to focus on the added value of ICTs; and how to use ICTs to open up the government. The summary of this advice is presented in the box below.

### Recommendations

- **The government could focus its efforts on strengthening public ICT governance and commit all levels of government to results**, by considering:
  - Further improving and strengthening the *co-ordination capacity* of the Ministry of Information Technology and Communications – this will be particularly important for the newly appointed national CIO – and ensuring that the Ministry focuses *inter alia* on developing whole-of-government information-systems *interoperability*;

### Recommendations *(continued)*

- Ensuring that the *mandate, composition and instruments* of the members of the National Commission are adequate to ensure broad political and administrative commitment to its decisions as well as to their implementation;
  - Ensuring compliance with national guidelines and recommendations through a clear *alignment and co-ordination* of the approval mechanisms in the numerous national ICT investment funds.
  - Considering the need for *mandatory requirements* across all levels of government, for example regarding the use of joint standards or infrastructure components.
  - *Phasing in standardised procurement agreements on ICTs* to ensure coherence and consolidation of standards and accelerate interoperability, for example through a “comply or explain” model;
  - Facilitating and accelerating coherence and local commitment to online service delivery; *engaging local representatives* from the different levels of government could be considered in relevant bodies, formalised dialogue meetings or through horizontal bodies exchanging experience and practices;
  - Building sub-national capacity to adopt and deliver ICTs and online services effectively, efficiently and coherently.
- **The government could support a stronger focus on governance to achieve impact and outcomes in its management of e-government programmes by considering:**
    - The definition and adoption of mandatory standards, systems, guidelines and solutions to enhance *interoperability* to achieve full strategy implementation across the entire government;
    - Specifying further the *mechanisms for prioritisation and implementation of its interoperability framework*;
    - The development of *national public-service architecture*, grounded in the existing Colombian ICT infrastructure, defining horizontal and vertical roles to deliver online components and services.
    - Aligning policies and budgetary processes further, improving the *incentives* to achieve impact in the different sources of funding;
    - Introducing the systematic use of *business cases* to guide the implementation of projects;
    - Accentuating further the need of *increasing the uptake* of the online services provided to ensure their impact on citizens and businesses;
    - Focusing follow up mechanisms on programme *output* and *outcomes*, directing attention to where the highest impact can be achieved;
    - Ensuring *relevant evidence* to support the assessment of progresses in terms of impact of ICTs and information systems, and identification of areas of stalemate – and the *quality* and *reliability* of the underlying data.
  - **The government could support open decision-making and engage users in service delivery through the use of ICTs by considering:**
    - Further continuing the improvement of online services and service delivery through *partnerships* with citizens, business and academia to increase impact, including existing *physical access points* and *mobile* platforms to reach out to citizens;



### Recommendations *(continued)*

- Engaging citizens online as well as offline, ensuring clear communication on how the public authorities will *inform, respond and react* to the input of the citizens; and furthermore considering the use of online and mobile platforms to *guide local priority-setting*, nurturing users’ capacities and interest for digital channels through direct engagement, for example in budgeting or local planning;
- *Continuing and reinforcing* the efforts to foster transparent government institutions, improving their ease of use and their accessibility, while also pushing for increasing openness outside government, particularly in *Congress*.

## Considerations regarding staging, sequencing and timing reform-implementation

Structural reforms lie at the heart of OECD work. Over the years the OECD has collected and analysed data, peer-reviewed the policies of member countries, identified good practices and given advice. It has worked with both member and non-member countries to advance reform and has articulated strategies for designing the most effective policies concerned with, among other things, growth, development, jobs, taxes, education, competition and, more recently, innovation. The potential for structural reform to enhance long-run productivity and growth has been highlighted by a large and growing body of OECD work.

Increasingly, though, governments underline that effective policy is not only about “where to go” but also about “how to get there”. In response to these signals, in 2007 the OECD began to look systematically at the political economy of reform and to discuss this dimension in Committees and the OECD’s Centres of Government working group (see Chapter 2). Almost all OECD countries face medium- and long-term structural challenges in the context of global imbalances, climate change and population ageing. The recent financial and economic crisis has underscored the relevance of governments’ capacities to realise structural reforms, and the need for better governance including better regulation, co-ordination and decision-making based on sound evidence, clearly point in the same direction.

While the content of reforms may differ from country to country and from domain to domain, the institutional and governance aspects are possibly even more country-specific. The OECD certainly acknowledges that the political economy of reform is not a subject that lends itself to “one-size-fits-all” toolkits. That said the OECD has been involved in many reform attempts across the decades; it thus realised that it can identify lessons that can be drawn from this experience and offer advice to member-states on making reform happen. This resulted in 2010 in the publication of *Making Reform Happen, Lessons from OECD Countries*, which synthesises lessons learned from waves of structural and institutional reforms implemented by member-States to address medium-term growth and sustainability challenges.

One issue raised regularly in debate on public-governance reform (and highlighted in *Making Reform Happen*) is the relative merit of quick “big bang” actions and more gradual, incremental progress. One argument in favour of big-bang reforms is that resistance to further activity might be overcome by using windows of opportunity and packaging diverse changes in a single, politically attractive package. Arguments in favour of incremental reform suggest that dialogue and the development of competencies, while enabling feedback on previous measures, reduces the risk of failure.

For the government of Colombia, as elsewhere, the choice between these two approaches is a question of political judgement that is context-dependent. That said there are eight broad lessons that the OECD has identified from its work in this area that might serve the government of Colombia as it sets its course to pursue its good-governance agenda under the current National Development Plan and as it sets out to craft its governance-reform agenda for its next Plan:

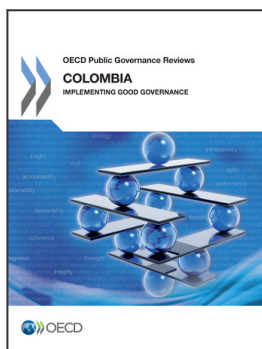
- **Set priorities.** Reforms often have many dimensions, with differing degrees of priority. Choose wisely, based on evidence and how best to achieve policy objectives.
- **Create a clear roadmap.** The government needs to be clear about the path it will follow and about how best to sequence key steps along the way.
- **Clearly identify “winners” and “losers” of a reform initiative.** “Losers” need to be acknowledged and their losses taken into account.
- **Follow up implementation.** Capacity for reform implies the ability to sustain it over time while assessing progress regularly.
- **Maintain flexibility in implementation.** The system has to remain flexible and adjust reform paths to evolving conditions?
- **Focus communication on the outcomes of reform.** Citizens are generally not very interested in public governance reform – unless it affects such fundamental services as health-care and education. Communications should therefore focus on improvements and positive, outcomes-related impacts.
- **Exploit windows of opportunity.** Crises offer opportunities to innovate and fix problems. Identify and seize opportunities to address deficiencies.
- **Leadership.** Virtually all assessments of public governance reform stress the importance of strong leadership. Many also point to the need for government cohesion in support of reform: if the government does not speak with a single voice around a reform proposal – and speak forcefully in its favour – it will send mixed messages around the government’s commitment to it. Leadership is as collective as it is individual.

A robust communications plan could be prepared that presents to Congress and the public a detailed timeline for rolling out the next big components of the government’s good-governance agenda. The government could announce that over a multi-year cycle, it will use its existing mechanisms, including the President’s annual reporting, to inform the Congress and the public annually on progress in implementing reform – and most importantly on the impact these reforms are having on the nature and scope of decision-making. The government could also commit to report at the end of the multi-year cycle on the impact these reforms are having on the well-being of Colombia’s citizens and businesses.

The next phase of the Public Governance Review of Colombia is the development and roll-out of a reform-implementation programme of SAN-A work. The OECD will work with the government of Colombia to develop this implementation framework and accompany the government as it rolls it out over the course of 2013 and 2014.

## Notes

1. Departamento Nacional de Planeación, 2011, p. 3.
2. Since February 2013 (after the assessment conducted by the Peers for this Review was completed), the Council of Ministers has begun meeting every week.
3. Except in the Justice and Security areas.
4. Some ministries and regulatory commissions have implementation and supervisory functions. In most cases this function is reserved to *Superintendencias*.
5. *Balance General de la República*.
6. The *Contaduría General de la Nación* (CGN) is a public institution regulate by the Constitution which is in charge of the preparation of the National Accounts, submitted it to the Contraloría and presented it to the Congress.



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