

## *Chapter 5*

### **Conclusion: Making governance reform happen in Colombia**

*This concluding chapter summarises the analysis provided in the Review, and offers advice on a package of possible reforms to improve CoG co-ordination capacity, outcomes-based assessment, strategic foresight and audit and control functions, and strengthen multi-level governance. This chapter also offers advice on sequencing, staging and communications issues that can affect the successful implementation of Colombia's good-governance agenda over time.*

## Introduction

Governance reform is not an end in itself; it is a means to achieve public-policy results efficiently and effectively for citizens and businesses. At the end of the day, good governance is about building a better national and regional socio-economic 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. Good governance tends to translate into enhanced well-being, quality of life and standards of living for all.

Colombia has made great strides since the adoption of its Political Constitution in 1991 in modernising its governance structures and processes. The country has entered the twenty-first century as a confident, dynamic, forward-looking democracy whose citizens share a broad and deep consensus around the importance of democratic values and the rule of law – and of good governance – as tools to overcome acute poverty and regional disparities to achieve lasting prosperity for themselves and their children.

It is on the basis of this consensus that the government of Colombia has made impressive efforts at articulating and implementing vision-driven multi-year plans for the country's development. Yet the government's ability to address persistent inequality and regional disparities will depend on its strategic agility in translating the policy objectives so clearly articulated in these National Development Plans into results on the ground, measuring effectively whether national development programming and investments are in fact achieving these policy outcomes successfully in every region across the country, and adjusting course accordingly. And the government's objective of enhancing good governance by implementing strategic-state capability takes on added urgency given the persistence of these acute economic and regional issues and their impact on the long-term cohesion of the country and the prosperity of its citizens.

## Issues to overcome to make change happen

While there can be similarities in the types of “road-blocks” to reform experienced across the OECD and beyond, they are highly context-dependent. That said OECD experience highlights three general challenges common to all reform processes (OECD, 2012):

- The scale, scope and complexity of public administration make it difficult to define what is strategically critical to success and what is transactional or tactical, related to something trivial, or irrelevant. Administrative complexity can often render opaque a seemingly clear, limpid path to reform;
- The pace, visibility and dynamics of reform make it difficult to define what exactly should be done first to start, steer and sustain reform: what should be done now and what later, while distinguishing between “nice-to-haves” and “need-to-haves” on the reform agenda and anticipating obstacles and opportunities correctly as this agenda is pursued;
- Acquiring the on-the-ground know-how of reform is a significant challenge because one size does *not* fit all: it is indeed inadvisable – and for all practical purposes impossible – simply to transpose a reform approach used elsewhere, no matter how successful it was. Notwithstanding many similarities, the circumstances and conditions of reform are never the same across jurisdictions. Indeed the most important condition of success is ownership of the reform agenda by the reformer – the reformer's passion and commitment that comes from creativity and perseverance in driving reform is

as essential as the duty to lead reform that comes with the position occupied by the reformer – and the nature of this commitment will be influenced by specific national values, culture and mores in addition to administrative traditions that differ across jurisdictions...

As well, in undertaking public governance reforms, governments sometimes face additional challenges, such as a lack of societal demand for reform, perhaps even public resistance to it, or perceived issues related to “reforming the reformer”, or dysfunctional political-administrative relations within the government (OECD, 2012). While these challenges tend to be generic as they are common across OECD countries, Colombia faces specific issues, including:

- Centre-of-government institutional capacity to harness all key government actors – from Ministers to ministry regional offices – in setting and implementing national development strategy, including by strengthening the Cabinet and Cabinet-committee decision-making system and enhancing co-ordination between the “big three” CoG institutions – namely the Presidency, the Department of National Planning and the Ministry of Finance to build greater government accountability both vis-à-vis the President and Colombians;
- Ensuring that performance-assessment is outcomes-based and applying the SINERGIA measurement tool government-wide and sub-nationally to monitor efficiently the implementation of the government’s National Development Plan, and by framing the four-year planning horizon within set of a longer-term, vision-based national development outcomes for the country;
- Sustaining effective multi-level governance arrangements to address acute disparities in capacity across regions and departments – themselves tools to ensure that the government of Colombia optimises its capacity to reduce inequality and regional disparities;
- Rolling out the government’s HRM strategy in the national government and sub-national entities;
- Completing the development and implementation of the government’s ICT and E-Government strategies at the central and sub-national levels by focusing more deliberately on value-for-money and outcomes for end-users and capacity-building in the regions; and
- Sequencing reform decisions to maximise results.

### **A possible reform agenda that builds on Colombia’s successes to date**

Colombia has been implementing waves of structural reforms to the state in an effort to address profound damages by violence and insecurity, poverty and inequality, corruption and patronage. Colombia’s 2010-14 National Development Plan identifies Good Governance as a guiding principle in the implementation of public policy. As Chapter 2 outlined, the Plan includes governance reforms that build on the previous waves and take into account their impact, which was assessed by the current government upon taking office. The main objective of this current set of reforms is to strengthen institutions and ensure an adequate use of resources to provide public services efficiently and effectively, by increasing the coverage and quality of public services to citizens.

It is likely still too early to assess the impact of these reforms on governance and service-delivery nation-wide. However, the methodology adopted by the government to define this governance-reform agenda used rigorous technical studies based on international standards and the opinions of experts, as well as roundtables and workshops with different stakeholders. And it is with this governance-reform agenda in mind that the government commissioned this Review, which focused on a cluster of whole-of-government issues related to optimising strategy co-ordination, implementation and performance-monitoring in an effort to help the government build on these waves of reforms and achieve its strategic development outcomes for the country more efficiently and effectively.

### ***Improve CoG institutional arrangements***

Colombia's current CoG arrangements and Cabinet steering and decision-making mandates are structured in a way that may not be optimising 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 as outlined in Chapter 2.

The government could also consider ways to deepen its interface with Congress by engaging it more systematically in the national strategic policy-development and implementation process. One way to do this is by partnering 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 benefit from introducing 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 costs for the state, business and citizens.

An effective whole-of-government communications strategy, building on the tools the current government has already put in place, including its *Urna de Cristal* portal, 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.

### ***Improve outcomes-based assessment, engage in strategic foresight and enhance control co-ordination***

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 in Chapter 3.

Colombia has achieved a high degree of implementation of performance budgeting but there is room to improve. As performance budgeting constitutes a proven tool to link planning and strategy to budgeting effectively, thus improving the quality of public-resource management, Colombia could consider renewing its efforts to improve the current system linking budget to strategy-performance by focusing on reducing rigidities in the budget system and introducing contingency-funding, streamlining SINERGIA and applying it sub-nationally, introducing strategic expenditure reviews to define fiscal room for emerging priorities, applying medium-term budget frameworks sub-nationally, reinforcing Colombia's fiscal rule with a spending rule and applying it sub-nationally, as outlined in Chapter 3.

The development of Colombia's external and internal control institutions occurred in parallel with the government's efforts in fighting 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 broad responsibilities and complex interrelations. At its broadest level, Colombia possesses proper control institutions. However, due to a lack of horizontal co-ordination across the system at the central level, a lack of vertical co-ordination with the territorial control system and significant disparities in capacity across the territorial system, overlap and confusion can occur, creating inefficiencies in the system, possible remedies for which addressed in Chapter 3.

### ***Strengthen multi-level governance coordination***

Significant regional disparities persist despite the significant resources Colombia invests to promote regional development. This system presents several challenges:

- The first relates to Colombia's capacity to connect capital investments outlined in the National Development Plan to operating costs budgeted in the National Budget effectively, efficiently and coherently over time. For example, 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 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.
- A third challenge relates to the implementation of the National Development Plan in the regions. 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. 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 system of royalty distribution. 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.

Indeed like 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. A multilevel governance approach could help Colombia integrate SINERGIA into the 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.

Chapter 4 outlines a cluster of recommendations to “put decentralisation to work” by aligning and co-ordinating national and regional development strategies and their associated investment planning and using the Development Plan to build sub-national capacity more effectively, and by building greater central-government knowledge of regional needs and performance.

### ***Strengthen strategic human resources management***

At the government’s request, this Review addressed Colombia’s HRM reform areas in strategic workforce planning and management; strengthening the capacity for acquiring and retaining talent and improving skills and competencies; enhancing performance-orientation and building leadership; and strengthening human-resource management reform. Annex A on this subject area focuses on helping the government capitalise on its MRM strengths and continue consolidating and building on its reform efforts to date. The advice focuses on the introduction of new HRM instruments to support the government in its efforts to create a more efficient and effective public service that is forward-thinking and strategic in its outlook, with a skilled workforce that is recruited on merit and properly rewarded and motivated; that has a clear, rigorous and effective performance management framework; and that is able to deliver better public-service outcomes for the country and its citizens.

### ***Further enhance procurement capacity***

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 *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 *Compra Eficiente* and regulated by a new decree to be adopted in 2013. Annex B builds on *Compra Eficiente*’s 2012-13 Action-Plan, suggesting 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.

### ***Focus attention on e-government value and benefits***

Finally, at the government’s request, this Review provided a general examination of the Colombia’s use of ICTs in a number of selected areas. Annex C presents the government of Colombia’s approach to public-sector use of ICTs. It then offers advice to the government



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.

### **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 existing mechanisms, including the President’s annual reporting tools, to inform Congress and the public 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 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.



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