Colombia has a vision for production transformation

The context

Only 3 years of negative growth in 111 years of economic history

Growing investment shows rising confidence in the economy

Colombia is the world’s 4th largest coal exporter, 2nd largest coffee and cut flowers exporter, and Latin America’s 4th largest oil producer

Declining oil prices have reduced government revenues, of which oil accounts for 20%. Colombia received about USD 1 billion in oil revenue in 2016, compared with USD 6 billion in 2014

Colombia in numbers

Colombia’s GDP has been growing

- 4.3% on average annually in the last decade.

GDP per capita (PPP) has grown from USD 8 400 in 2005 to USD 14 200 USD in 2016 at an average growth rate of 5%, 2 percentage points higher than the average Latin American growth.

- 48 million inhabitants, slightly more than Spain (46 million).

Mineral products make up nearly half of Colombia’s exports (48%), followed by vegetable products (16%).

Colombia’s top exports destinations are the USA (34%), Panama (6.3%), the Netherlands (4.0%), Ecuador (4.0%) and Spain (3.8%).

As of September 2016, FDI had risen to

- USD 10.2 billion, up from USD 9.3 billion over the same period in 2015.
Colombia has a vision to transform its economy. The Productive Development Policy (PDP) is a step forward in identifying policies and tools for transformation. The PDP has been designed along three principles:

- **Regional differentiation**, prioritising specific sectors in different regions, based on each region’s comparative advantages, demand, and productive capacities, as identified through a participatory process.
- **Evidence-based policy-making**, encouraging pilot programmes and the scaling up of successful experimentations.
- **Stakeholder coordination** among national and subnational government, the private sector, and academia, to address the financing gap for production transformation, provide services to firms, and present regulatory reforms to simplify business development.

**The process:**

1. **Pre-identify sectors with potential**
2. **Open dialogue with regional actors to prioritise sectors**
3. **Identify market and government failures**
4. **Develop action plan to solve identified failures**
5. **Approve regional agendas**
6. **Implement policy instruments**

**Colombia’s tools and process for production transformation**