



Going Digital in Colombia

OECD Reviews of Digital Transformation

2019

Going Digital in Colombia analyses recent developments of the digital economy in the country and makes recommendations to improve policies for the digital transformation.

GOING DIGITAL: AN INTEGRATED POLICY APPROACH IN THE DIGITAL AGE

Digital transformation affects many aspects of the economy and society in complex and interrelated ways. Silos are disintegrating and hard borders are becoming less relevant. This means that **governments must re-think about how policy is developed and implemented.**

The **Going Digital integrated policy framework** cuts across policy silos to fully realise the potential of digital transformation and address its challenges. It includes seven building blocks – **access, use, innovation, trust, jobs, society** and **market openness** – that are supported by **quantitative indicators** and **practical policy guidance.**

The Going Digital integrated policy framework brings together the policies that governments must consider in order to **shape a common digital future** that **improves lives** and **boosts economic growth** and **well-being.**





Colombia has been growing fast and converging to higher living standards since the early 2000s. Growth rates have been among the strongest in the Latin America and Caribbean (LAC) region and much higher than the OECD average.

Notwithstanding this remarkable progress, Colombia is facing a number of challenges:



Productivity remains low, with large differences among sectors, firms and regions.



Skills are lower than in most OECD countries.



High informality in the labour market lowers incentives to innovate and reduces the tax base to finance public policies.

ENHANCING CONNECTIVITY

Despite fast growth over more than a decade, Colombia has the lowest number of fixed and mobile broadband subscriptions per inhabitant in the OECD. Broadband speed is lower than the OECD average, while prices tend to be higher. To improve connectivity and foster competition, the Colombian government should:

- Auction the spectrum in the 700 megahertz band as soon as possible.
- Design the auction as to improve coverage while increasing competition.
- Review import duties on handsets and lower the tax burden on telecommunication operators.
- Preserve the independence of the new “converged regulator” for the telecommunication and broadcasting sectors together.

INCREASING ADOPTION AND USE OF DIGITAL TECHNOLOGIES

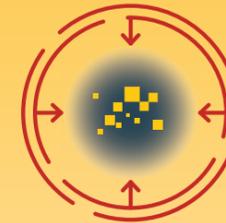
Despite persistent differences in Internet use, there is evidence that information and communication technologies (ICTs) policies have been successful in reducing the digital divide in Colombia. Further actions are necessary to foster effective use of digital technologies by individuals, firms and the government:

- Consolidate too many small-scale programmes promoting ICTs use among firms.
- Facilitate access to loans at a preferential rate for ICT investments by micro, small and medium-sized enterprises.
- Better target public funding for Internet centres in poor and remote communities.
- Secure funding for the Computadores para Educar programme while improving targeting and co-ordination.
- Exempt electronic payments from the tax on financial transfers.
- Strengthen cybercrime prosecution and online dispute resolution tools.



FOSTERING DIGITAL INNOVATION

Colombia has introduced policies to promote a range of ICT companies and facilitate the adoption of their innovations. However, available supports to firms are complex and scattered among many programmes with overlapping aims. To boost the effectiveness of these programmes, the government should:



- Ensure greater stability of funds for the newly created Ministry of Science, Technology and Innovation.
- Strengthen local governments’ capability to use public funds for innovation effectively.
- Develop an integrated view of innovation and promote a greater role for businesses.
- Strengthen the links between research and firms, in particular on big data and the Internet of Things.
- Assess and streamline programmes to support entrepreneurs and start-ups.

DEVELOPING SKILLS AND THE LABOUR MARKET FOR THE DIGITAL ECONOMY

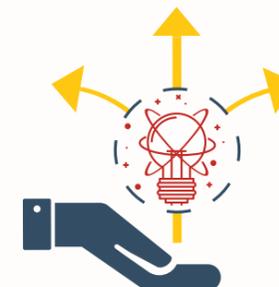
Colombia is making progress in adapting its educational system and labour market for the digital transformation, though significant challenges remain. Further actions are necessary to:



- Open lifelong learning opportunities to working-age individuals seeking employment.
- Increase the supply of ICT specialists and develop the ICT Certificate.
- Improve the accreditation system and extend it to all higher education institutions.
- Provide more timely information on the labour market through the Labour Observatory for Education.
- Streamline regulations on online job platforms to improve data sharing with labour authorities.
- Continue using big data to improve job matching, simplify businesses’ and workers’ registration and reduce tax evasion.

SEIZING NEW GROWTH OPPORTUNITIES FROM DIGITAL TRANSFORMATION

Digitalisation in services is creating new opportunities for Colombia to boost productivity and foster diversification of production. Several policy initiatives should be pursued further:



- Develop a more favourable regulatory environment for professional and financial services, including crowd-funding and Fintech.
- Foster the use of digital technologies to promote trade, including in agriculture and mining.
- Reduce non-tariff barriers by speeding up border procedures through the use of digital tools.
- Enhance interoperability of personal data protection regulations to facilitate cross-border transactions.



COLOMBIA NEEDS A NATIONAL DIGITAL STRATEGY

TO INCREASE THE EFFECTIVENESS OF DIGITALISATION POLICIES, COLOMBIA NEEDS:

Clearer long-term **priorities**



A **stronger focus** on **larger scale programmes**



Better integration with other policies

TO ACHIEVE A WHOLE-OF-GOVERNMENT APPROACH, COLOMBIA SHOULD:

Strengthen the role of the **Intersectoral Commission for the Development of the Digital Economy** as the co-ordinator of the **National Digital Strategy**.



Develop a National Digital Strategy through a **multi-stakeholder process**, followed by a **public consultation**.



Finance digitalisation policies out of the **general government revenue**.

Assess whether a **tax on telecom operators** is the most effective means to achieve universal access.



Refocus the objective of the ICT Fund (FONTIC) on **universal access and service**.

