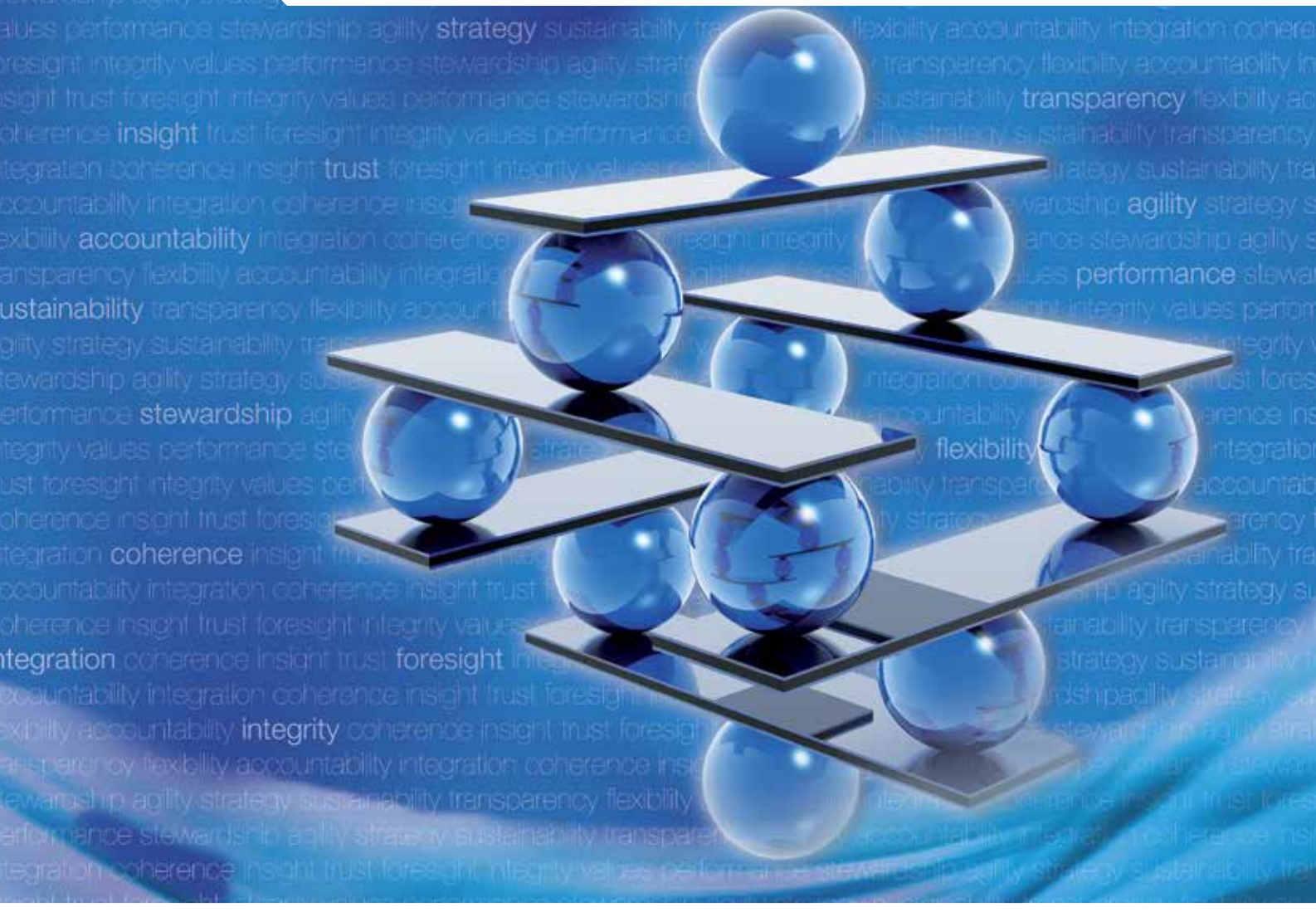
OECD Public Governance Reviews

COLOMBIA

IMPLEMENTING GOOD GOVERNANCE



OECD

OECD Public Governance Reviews

Colombia: Implementing Good Governance



BETTER POLICIES FOR BETTER LIVES

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Foreword

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.

The purpose of this Review is thus to advise the government of Colombia on how to improve its governance capacity to achieve long-term strategic quality-of-life, prosperity and competitiveness outcomes for Colombia's citizens and businesses everywhere in the country and deliver services more effectively and efficiently to them regardless of where they live in the country. In the context of its request to be considered for accession to OECD membership, this Review forms part of a suite of studies the government of Colombia has commissioned from the OECD; the others include a focus on regulatory reform, territorial development policy and environmental-sustainability policy.

This Review reflects the government of Colombia's commitment to good governance, as do other initiatives in this area, including the government's decision to join 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; these have included the use of ICTs, enhancing access to information, increasing monitoring and accountability, improving transparency and the fight against corruption along with efficiency and service-delivery to citizens, among others. Some of these issues are linked to the areas under study in this Review.

The government of Colombia has asked the OECD to advise specifically on the "how" of effective governance reform, by identifying *international good practices* that can help shape and define specific reforms, 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.

While this Review does not address every aspect of these themes – for instance, it does not examine issues related to the constitutional division of powers between levels of government or the ideal spatial parameters of its sub-national administration, nor does it address Rule-of-Law issues – it does suggest ways to improve the central government's capacity to identify correctly and address internal and external challenges by enhancing evidence-based decision-making, making efficiency-gains in policy design and service

delivery to meet these challenges, and by mobilising actors and leveraging resources within the central government, across governments and in civil society to achieve integrated, coherent policy outcomes that address these growth and equity challenges effectively as it pursues its development vision for the country.

The closure date for the content reflected in this Review was May 27, 2013, the point at which the draft was approved by the OECD's Public Governance Committee. The findings presented in this Review flow from the standard OECD peer-review methodology of Secretariat analysis of country-provided information and data based on detailed questionnaires and extensive interviews with key country-based central and sub-national government officials, theme-based analyses provided by external academic experts, and comparative good-governance practice linked to the challenges identified in this Review provided by the Peer Reviewers associated with this Review and gleaned from previous work conducted by the Secretariat in Colombia and other countries.

Follow-up to this Review will take the form of an Implementation Plan that will be jointly developed with the Colombian authorities and will be rolled out under the terms of a Colombia-OECD partnership over the course of 2013 and 2014, in the context of the decision by the OECD Council of May 30, 2013 to invite Colombia to join the Organisation.

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The strategic orientation of the Review was guided by Martin Forst, Head of Division, Governance Reviews and Partnerships Division. Carlos Conde, Deputy Head of Division, Governance Reviews and Partnerships Division, supervised the Review process, including the fact-finding missions, and provided significant comment on all chapters. María Paula Gutiérrez acted as research assistant and contributed substantively to Chapter 1. Significant substantive contributions were made by Elena Martin Cordova (budgeting and audit/control issues) and Jacobo Garcia Villarreal (regulatory issues).

This Review benefited from the wise counsel of an unprecedented number of OECD member-country Peer Reviewers. For the main body of work on centre-of-government co-ordination, evidence-based decision-making and multi-level governance, the Peers were:

- Estonia: Mr. Heiki Loot, Secretary of State, Head of Government Office, Government of Estonia;
- Germany: Mr. Matthias Freundlieb, Deputy Director-General, Federal Chancellery, Government of Germany;
- Spain: Ms. Elena Martin Cordova, Fiscal Advisor, Economic Bureau of the President of the Government, Government of Spain;
- United Kingdom: Ms. Elisabeth (Liz) McKeown, Deputy Director and Deputy Chief Economist, Cabinet Office, Government of the United Kingdom.

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- Chile: Mr. Alejandro Weber, Sub-director, *Dirección Nacional del Servicio Civil*, Government of Chile;
- Mexico: Mr. Raúl Arceo, Head of Unit, Human Resources Policy, Secretary of the Public Service, Government of Mexico
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For the work on e-government, the Peers were:

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For the work on public procurement, the Peers were:

- Italy: Mr. Luca Mastrogregori, Head, E-procurement strategies, CONSIP S.p.A., Central Purchasing body, Italy;
- Portugal: Mr. Paulo Magina, Member of the Board, eSPap – Shared Services Entity for the Public Administration, Central Purchasing body, Portugal.

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Executive summary

Colombia has undergone profound change since proclaiming its Political Constitution in 1991, and has made significant progress in implementing successive waves of a good-governance agenda with initiatives that aim to strengthen its institutions and promote sustainable, inclusive growth in all regions of the country. In pursuing this agenda, the current Government of Colombia requested that the OECD conduct a Public Governance Review to offer advice on how Colombia can address its governance challenges effectively and efficiently over time.

This Review thus advises on the "how" of effective governance reform, by identifying international good practices that can help shape and define specific reforms, and by offering concrete advice on tools and processes for the government's objective of enhancing its strategic-state capability, that is its capacity to:

- Set, steer, implement and monitor the performance of national strategy across the central government;
- Co-ordinate effectively with sub-national authorities in setting, implementing and monitoring the performance of national strategy; and
- Effectively link strategy implementation to budget decision-making using robust evidence-based performance-assessment tools.

At Colombia's request, this Review also focuses on whole-of-government human resources management, public procurement and e-government strategies.

This Review notes Colombia's reliance on a strong multi-year planning system focused on development and reducing disparities over a four-year planning horizon, and has developed robust audit and control institutions that are constitutionally protected in their fight against corruption. The use of performance information by Colombia through its SINERGIA performance-assessment tools is well above the Latin American average. Colombia's national budgeting has been modernised, and its new Fiscal Rule constitutes a good practice that meets OECD standards.

- Colombia could build on its national budget-modernisation successes by improving national and especially sub-national execution capacity.
- Colombia's Centre of Government could institutionalise systematic regulatory impact assessment and governance related to regulation and rule-making that meets OECD standards and practices, as recommended in the recent OECD Regulatory Reform Review of Colombia;
- Colombia could enhance co-ordination to reduce overlap and duplication between internal and external audit and control institutions across the central government while building this co-ordination capacity sub-nationally.
- Colombia could focus on enhancing its sub-national performance-assessment capacity.

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. The Centre of Government's strategic agility in managing an efficient and effective public administration that delivers sound policy and services to citizens and business in support of the country's security, growth and prosperity, is key to ensuring that Colombia can advance its long-term development, cohesion, competitiveness and prosperity agenda.

- Centre-of-Government institutional capacity for co-ordinating day-to-day government-wide operations of government and linking these to the pursuit of medium and long-term strategic objectives could be strengthened.
- The mandates and operating procedures of the existing Council of Ministers could be assessed to build greater coherence and sustainability in whole-of-government strategy-setting, implementation and performance assessment.
- An effective whole-of-government communications strategy could be enhanced to develop greater levels of accountability and transparency to build greater trust in government.

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. That said whole-of-government evidence-based decision-making framed by a meaningful planning horizon that, for example, takes long-term socio-demographic and fiscal trends into consideration can lead to greater effectiveness and efficiencies in achieving strategic outcomes. The government could consider building strategic-foresight capacity into its existing multi-year planning toolkit to define long-term strategic objectives, both sector-based and multi-sector, within which the Development Plan's four-year goals could be articulated and pursued. Colombia could thus seek to ensure that the results of strategic foresight inform its four-year planning by taking into account emerging issues and trends identified over a planning horizon that extends beyond that of the electoral cycle.

One of Colombia's main governance challenges in pursuing its national 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. Acute regional disparities still persist despite the significant resources Colombia invests to promote regional development. To optimise the achievement of co-ordinated national and regional development policy outcomes, the Review provides insight into how the central government could improve its engagement with sub-national authorities to enhance the impact of national socio-economic development policies on regional economic performance. 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 and regional development objectives in a coherent and co-ordinated fashion.

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 in order to capitalise on the country's human resource management strengths. Colombia could focus on building capacity to manage staffing levels more strategically, and improve and stabilise the government's merit-based recruitment system. The government could further develop its strategic workforce planning capacity and more flexible workforce management. Colombia could work on improving the core components of staff management and develop better instruments to motivate staff and strengthen performance management.

Procurement reform is an important component of the governance-reform agenda set out in the National Development Plan, and aims to enhance the quality of public-service delivery as well as transparency and accountability in government spending. The Review addresses key reform areas in support of optimising the organisation, operation and capability of the government's new central procurement agency, *Colombia Compra Eficiente*. The Review advises Colombia to pursue both short-term and long-term actions to ensure that *Colombia Compra Eficiente* adds a more outcome-oriented and commercial approach to its current exclusive focus on strict law-compliance, building on its 2012-13 Action Plan.

Much has already been accomplished by Colombia's current government in the use of new technologies and information systems. Building on such efforts could allow Colombia to match OECD standards and practice in such areas as combating corruption and stimulating the use of ICTs in the public sector (such as for the development and uptake of useful, accessible and affordable online services). Governance of the use of information systems and ICTs could be further improved nationally and across levels of government to achieve value-for-money and user-uptake goals more efficiently and effectively.

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 s*trategic-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…"[1] 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 Planeacion*), 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[2]) 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.[3]

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*.[4] 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 us 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 *Auditoria 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,[5] which are kept by the *Contaduría*.[6] 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 *Personerias*. 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 adhesion 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 ofSAN-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.

Chapter 1

Contextual factors influencing governance in Colombia

Colombia is Latin America's third largest economy as measured by GDP (2012) and is endowed with abundant natural resources. Significant political reform since the early 1990s, beginning with the adoption of the Political Constitution of 1991, has facilitated the modernisation of economic activity. While the country 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. This chapter provides an overview of Colombia's economic, demographic, policy and fiscal challenges and opportunities, themselves influenced by the country's history and its recent political evolution. It highlights the need to improve its governance capacity to enhance the country's prospects of achieving "prosperity for all", the current government's medium-term strategic priority.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Introduction

Colombia's socioeconomic performance reflects a strengthening of its political institutions and of its governance framework. Colombia is now Latin America's third largest economy as measured by GDP (2012); the country's national output reached a 5.9% annual growth rate in 2011 (OECD 2013). This performance was spurred by significant political reforms begun in the early 1990s following the adoption of the Political Constitution of 1991. These reforms have facilitated the modernisation of economic activity and more efficient royalty-sharing from the country's abundant natural resources. Together with the improved security situation and the on-going Peace Process, rising mining activity and strong world commodity prices, governance reform is supporting robust growth that may well be sustained over the medium term.

Colombia's current governance arrangements are based on the full separation of the three branches of government, a commitment to a liberal-market economy, and the leadership role played by the Executive branch in articulating and implementing reform to improve the responsiveness of government to the needs of citizens. The policy reforms that are currently being carried out by the national government as presented in the government's 2010-14 National Development Plan *Prosperidad para Todos* (Prosperity for All), raise significant governance implications for the government itself and its relations with sub-national authorities and civil society, including citizens and the business community. 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. Indeed governance reform is not an end in itself; it is a means to achieve public-policy results for citizens and businesses efficiently and effectively.

Colombia is a complex country that faces specific challenges related to its recent history, its topology and its ethno-cultural composition, and to current macroeconomic and fiscal trends. Accordingly, this introductory chapter focuses on three main axes:

- The political history that forged Colombia's current approach to public governance – including its emphasis on strong, centralised presidentialism under the aegis of the country's Political Constitution – whose aim is to heighten the efficiency and effectiveness with which the country can achieve prosperity for all its citizens;
- The specific regional and demographic composition of the country that sheds light on why effective control over the country's territory has traditionally been so challenging, why successive governments have focused on improving transportation infrastructure to meet this challenge, and why the current government is focussing on decentralisation as a means to address persistent poverty, inequality and regional disparities to achieve prosperity for all Colombians; and
- The current economic context in which the government has defined and is implementing its development strategy. The OECD's 2013 Economic Assessment of the country offered policy advice in addition to analysing the internal and external economic factors affecting growth and development. This chapter summarises them in an effort to highlight their governance implications – implications that frame the remaining chapters in this Review.

History's influence on present-day governance in Colombia

Colombia's recent progress has been remarkable considering the roots of the country's political culture: that of a strong, centralised presidentialist form of government whose capacity to integrate political opposition into national decision-making was until the end of the twentieth century decidedly limited. The country's history illustrates a political path-dependency that did not necessarily point to the outcome of the liberal, market-driven democracy that is Colombia today. That said since its independence from Spain, Colombia has demonstrated an unflagging commitment to constitutional supremacy. This commitment to the rule of a Basic Law and to the legitimacy of the institutions of the Colombian State is deeply engrained in Colombia's national political psyche and has helped define it from the beginning: Colombia remains the only country in South America never to have been governed for any meaningful period by a military dictatorship. Indeed on the occasion of the promulgation of Colombia's first Constitution, General Francisco de Paula Santander, a military leader of the independence movement who dedicated his efforts to creating the institutions of the emerging republic and ultimately served as President of Colombia (1832-37), famously stated: "*Colombianos, las armas os han dado la independencia, las leyes os darán la libertad*" ("Colombians, arms have given you independence, laws will give you freedom").[1]

Colombia has faced dramatic challenges related to its capacity to govern its own territory. Until recently, Colombia's State was perceived as struggling in its efforts to maintain effective control over its geography and fight armed guerrillas and drug cartels. Efforts by recent Colombian governments to improve capacity to fix these scourges have framed national development priorities and shaped current approaches to modernise the country's governance arrangements to implement these priorities effectively. This next section outlines those elements of Colombia's political evolution that help explain the country's strong Presidentialist form of government as well as the political reckoning that led to the 1991 Constitution and the instauration of a market-driven liberal democracy.

Roots: a Constitution, strong Presidentialism and the exclusion of opposition from decision-making

In 1819, the Battle of Boyacá ended Spanish rule over what was known as the *Virreinato de Nueva Granada*. The period between 1820 and 1830 marked the emergence of *Gran Colombia*, the nation envisioned by Simon Bolívar and comprised of present-day Colombia, Venezuela, Ecuador and Panama. However, great differences in the economic and social structures of the various components of Gran Colombia caused it to fall apart by the end of 1830: Ecuador proclaimed its own independence, as did Venezuela with the establishment of its own Constitutional Congress.

The 1821 Constitution set the pattern for Colombia's basic laws throughout the 19th and 20th centuries:

- The Constitution established the office of President to serve a renewable four-year term, a bicameral legislature and a judiciary whose members were appointed by the executive and legislative branches of government. Although partly based on the United States Constitution, it did not adopt a federal structure of government. The heads of regional administrations were appointed by the President; these regions had no autonomous legislatures.
- The Constitution of 1832 established the Republic of Colombia after the secession of Venezuela and Ecuador, and with it rules of citizenship, civil and political

rights, and the separation of the three branches of power. This Constitution further centralised executive power, thus creating the strong presidential tradition that has survived in one form or another to this day.

Over the first half of the nineteenth century the country's economy and social structure did not change significantly, accentuating the conservatism of the governing classes. Two main factions, Liberals and Conservatives, emerged in the 1830s and 1840s. Political discourse did not divide over economic policy where there tended to be bipartisan consensus, or over the centralised nature of the state apparatus, upon which views were also generally shared across the spectrum. Rather, division emerged on matters related to the power and influence of the Catholic Church. Liberals favoured the separation of Church and state, freedom of religion, secular education and the reduction of the Church's economic power. Conservatives, on the other hand, considered Catholicism and the Church to be the elemental foundation of the country's social order. This division led to civil war between 1839 and 1842.

Having emerged victorious, Liberals then dominated Colombia's political life for the next thirty years – and excluded their political opponents from all forms of national decision-making. During this period, the Liberals implemented a more federalist political structure. The Constitutions of 1853 and 1863 reduced the power of the executive and established permanent elections and the supremacy of parliament. Indeed the Constitution of 1863 consolidated popular sovereignty in its preamble. It established federalism with autonomous, elected regional legislatures, reduced the term of the President to two years, and consolidated individual civil rights including absolute freedom of speech.

The Liberal Era brought about an increase in foreign trade and a rise in exports. Indeed growth in exports of the country's natural resources – especially gold and agricultural products – created the optimism and material resources that reinforced the Liberals' dominion over the country's national political life. Large coffee farms emerged along with the colonisation of Colombia's indigenous peoples, particularly in Antioquia and the western regions of the country.

By 1885 however, Colombian exports were decreasing dramatically and the national economy was faltering. Significant growth in imports contributed to a liquidity crunch and high domestic interest rates, causing a severe recession. Spikes in unemployment led to social unrest and riots in cities and regions across the country. Division within Liberal ranks deepened, while an emerging national élite representing different interests from the Liberals, from landowners to businessmen, began to impose itself, arguing in favour of consolidating and recentralising power.

The economic crisis created the Conservative-led Regeneration movement, first elected in 1885 and in power uninterrupted until 1930, whose economic and administrative programme was implemented through the Constitution of 1886, which survived until 1991. This period, like the Liberal period before it, was characterised by the exclusion of political adversaries from national discourse and decision-making. However, unlike the previous period, the 1886 Constitution restricted individual rights and the guarantees established in the 1853 and 1863 Basic Laws. Freedom of the press was curtailed, opponents of the government were imprisoned and suffrage, although reserved on paper for literate citizens with economic property, in practice was permitted for members of the ruling party only: between 1885 and 1904, the Liberal party elected exactly two officials to the House of Representatives, and none to the Senate. The 1886 Constitution:

- Re-centralised the State by replacing the 1853 federal structures with centrally-administered sub-national units called *departamentos* (from now on referred to as departments) whose heads were appointed by the President of the Republic;

- Greatly strengthened the office of the President and the Executive branch, and centralised the Armed Forces. The State was given legal instruments to intervene in economic life. The term "administrative decentralisation" was used to describe a strong central power exercised through the State's regional structures;
- Restored the power of the Church, leading to the signing of a Concordat between Colombia and the Holy See in 1887. This would have a significant impact on public policy and politics in general for generations: the Concordat placed the Church (and not the State) in charge of regulating birth, education, marriage, culture and death.

This political environment sparked a second civil war (the War of a Thousand Days, 1899-1902), greatly slowing economic growth and the pace of the country's modernisation at the dawn of the new century. While no clear winner emerged, the war established the precedent for what turned out to characterise Colombia's national political life well into the twentieth century: "political exclusion as a catalyst for armed conflict" (LaRosa and Mejía, 2012, p. 125).

The Thousand Days war culminated with the secession of Panama. On November 3, 1902, the Panamanian elite, reacting to a deepening separation from its counterpart in Bogotá, declared their region's independence from Colombia. Perceiving Panama's secession as an indicator of Colombian vulnerability, both Conservatives and Liberals focussed on the need for bipartisan compromise. The loss of Panama thus ushered in a new era in Colombia's development. Between 1903 and 1946 the country integrated into world markets as coffee production was consolidated. New political actors (in particular labour unions) appeared, resulting in a broadening of political and social rights (Palacios and Safford, 2002). From 1930 to 1946, unions and workers' rights received greater recognition, which led to significant changes to the 1886 Constitution and more balanced power-sharing between the executive and legislative branches of the state.

That said this particular brand of centralised presidentialism sustained a political environment in which "party-led management of the state became the factor that most directly contributed to chronic violence" (LaRosa and Mejía 2012, p. 85). The two parties each saw monopolising control over the functions of the state as the most effective way to run the government. Thus, holding on to power meant excluding the other party from national decision-making, a tradition now a century old. Even though formal civil war had disappeared by the middle of the twentieth century, party-driven political violence continued to characterise the Colombian political system well into its second half. This played out over the entire mid-century period, known as *La Violencia*. And the centralised presidentialist model survived the to-and-fro of Liberals and Conservatives struggling to keep power:

- The event that sparked *La Violencia* was the assassination of a popular Liberal leader on April 9, 1948 in Bogotá, along with the violent riot that followed, with citizens believing that the wealthy conservative establishment was preventing the people from having a real voice in politics and society. This period of sporadic political violence in Bogotá and in the regions was also characterised, perhaps not surprisingly, by the disintegration of intra-party unity in both camps.
- Although the *Violencia* defines the period 1948-60, its roots go back to the 1930s and the onset of agrarian conflict resulting from central-government policies that favoured large-scale land-owning producers over agrarian and indigenous groups (LaRosa and Mejía 2012). The limited reach of the ruling political class in Bogotá could not prevent social and political conflicts in the remote regions of the country. The *Violencia* demonstrated the enormous gap between urban and rural Colombians, as well as between the wealthy and the poor.

Out of this chronic instability was born the *National Front* in 1958, a political arrangement between Liberals and Conservatives to implement a National action plan to stop the violence. The *National Front* lasted till the mid-1970s. During this period:

- The presidency would simply alternate between the two parties. This arrangement also reflected an institutional agreement between "the political and business elites and the Catholic Church hierarchy to overcome by measured steps the authoritarianism and violence of the preceding period" (Palacios 2006);
- Relations between the State and the business elite were strengthened. The presidency grew stronger while the legislative branch lost credibility;
- The State became the key source of patronage. Throughout the country, all positions in the three branches of government would simply be distributed between the two parties.

By the mid-1970s, notwithstanding (or perhaps because of) the centralised nature of political authority, Colombia's entire political system had reached a crisis of legitimacy. The denial of political participation to groups falling outside liberal and conservative orthodoxy paved the way for groups on the left to pursue political relevance by taking up arms to achieve power outside the electoral system. This in turn led to the emergence of armed paramilitary militias on the right, in opposition to the insurgents. This crisis of legitimacy was exacerbated by financial scandals and the emergence of drug trafficking. The clientelist and corrupt political dynamic of the *National Front* and the impact of the Cuban revolution on the left's consciousness in Bogotá and around the country contributed to the wide-spread legitimisation of left-wing guerrilla movements, two of which, the FARC[2] and the ELN,[3] still exist today. The ELN was created in the early 1960s by a group of university students, while 1964 marked the birth of the FARC, a rural-based agrarian movement borne out of frustration with the failed struggles of the 1930s and 1940s.

By the late 1980s, Colombia was a failing state. Actors populating the country's national political stage included drug traffickers, paramilitary groups and corrupt public officials (LaRosa and Mejía 2012). Indeed the power of the paramilitary was growing, with an agenda that went beyond controlling local activity. Drug cartels were winning political power with seats in Congress and consolidating influence among business people, politicians, and government officials (LaRosa and Mejía 2012).

The push for fundamental reform and greater socio-political inclusion in Colombia was driven by the country's student movement. In 1989, three opposition candidates for the presidency were murdered, including the Liberal candidate who likely would have won. As a result, popular pressure for constitutional reform dramatically increased. Students organised themselves into a movement known as the Seventh Ballot, so called because they campaigned during congressional elections at the end of that year in favour of the election of a Constituent Assembly to draft a new constitution. Support for this was to be expressed using an unofficial "seventh" ballot that would be attached to the six ballots for parliamentary and municipal elections to be held early the following year.

Even though that ballot held no legal weight, the students managed to garner approximately two million votes in favour of summoning this National Constituent Assembly (LaRosa and Mejía, 2012). The result served as a striking indicator of public discontent with the political regime. The ballot result had turned into an official plebiscite: it led to an official election in December 1990 to designate the Constituent Assembly (Cárdenas, Junguito and Pachón, 2006).

The drive for a new Constitution was framed by three elements: the exacerbation of clientalism and the fragmentation of party representation; the deterioration of public order

due to the violence generated by delinquency, illegal armed groups and drug trafficking; and Colombia's now-oppressive economic structure that had generated huge disparities in income and high levels of poverty. In addition to students, academics and representatives from business and the traditional political élites, this elected Constituent Assembly ended up including "indigenous peoples, unionists, former guerrillas, and spokespeople of the new social religious movements" (Palacios, 2006). From it emerged a new Constitution designed to "legitimise the state through a system that was more participative and decentralised; more oriented toward social justice; more transparent and less corrupt" (Palacios and Safford, 2002).

1991: The break from path-dependency and the democratisation of Constitutional Presidentialism

It would be difficult to overstate the momentous nature of this watershed moment in Colombia's history. The change that the passage of this constitution wrought in the country's political elites caused the country as a whole to stare down the political decision-making patterns of its past and in one fell swoop adopt pluralistic democratic institutions, liberalise the national economy to ensure the primacy of markets, and engage in meaningful decentralisation to give voice to citizens in every region so that all can contribute to national development. The resulting Political Constitution of 1991 proposed a social state based on guaranteed rights and the Rule of Law:

- It emphasised the participation of social sectors that had previously been marginalised by the bipartisan system along with a renewed dynamic between the three branches of government. The excesses of centralised presidentialism were tempered through a strengthening of the legislative branch and of the judiciary. The creation of new political parties was encouraged.
- The new Constitution focused on addressing the then-endemic corruption and clientalism that characterised relations between the public sector and civil society. It recognised ninety-nine specific rights and introduced the importance of protecting the environment. The right of redress against administrative and judicial decisions was enshrined. Access to citizenship was made easier, with citizenship identified as the most important criterion for the right to vote, be elected and hold public office.
- The reform transformed Colombia's national territorial make-up, turning large portions of land with low population density into departments. Fiscal support for municipal autonomy and decentralisation was enshrined. Indeed the Constitution legally recognised the ethnic and cultural diversity of the nation with the creation of indigenous territorial units under the *Law of Afro-Colombian Communities* that established a national electoral district for this group.

The 1991 Constitution established the Constitutional Court with judicial-review powers to ensure policy and legislative compatibility with the Constitution. In Colombia, this institution plays a crucial role since many policy issues have been elevated to the rank of constitutional law, including public-sector wages, mortgage interest rates, and pensions, among others. The 1991 Constitution established socio-economic rights and a series of judicial mechanisms and institutions to give effect to them including, in addition to the Constitutional Court, the Office of the Inspector General (the *Procuraduría* – see Chapters 2 and 3), the right to writ of protection, and the right of popular action.

Importantly, the 1991 Constitution reduced in relative terms the traditional powers of the president. Prior to 1991, the president could avoid Congress altogether by declaring

states of exception, during which he could rule by executive decree and suspend laws he considered incompatible with his policy direction for the country. The 1991 Constitution regulates and restricts the president's use of these states of exception; it gives Congress a more prominent role in law-making. Likewise, it establishes that department governors are to be popularly elected instead of being appointed by the president.[4] The Office of the National Attorney General is now an autonomous entity that no longer operates under the direction of the government.

Although Congress and the Constitutional Court are now central to determining which policy becomes law and whether legislation conforms to the Constitution, the president's power and independence remain nonetheless considerable given his first-mover advantage, his influence over individual members of Congress and Colombia's tradition of personality-driven presidential elections (Eslava and Meléndez, 2009). Cabinet members and the heads of all autonomous agencies are designated by the President as head of the Executive branch. And while the 1991 Constitution focuses on generating a balance of power between the Branches, it confirms the right of the Executive to introduce legislation related to the structure of ministries, salaries of public employees, foreign exchange, budget, external trade and tariffs, and national debt, among other areas (Cárdenas, Junguito and Pachón, 2006).

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 vast sectors of the national economy to private-sector participation, thereby increasing domestic consumption. From that point onwards, the government focused on designing and implementing policies and regulations to frame private-sector activity, establishing more a predictable, coherent and transparent regulatory environment to encourage private, market-based economic activity.

The first decade following the adoption of the 1991 Constitution was marked by initial reforms that focused on giving legislative effect to its new public-governance framework. Thus, the first waves of reforms focused on strengthening the role of the Legislative branch and clarifying the role of the President and the Executive branch, introducing major regulatory reform and privatising many key areas of the economy, while beginning the process of streamlining government. This first decade also saw initiatives to modernise and extend the reach in the provision of basic public services to Colombians, initial initiatives to decentralise the public administration as a whole by strengthening regional and local democratic decision-making and providing revenue-generating capacity to sub-national authorities, and establishing internal and external audit and control institutional arrangements within the central government to fight corruption.

The political history of Colombia can thus help frame an assessment of the central government's current governance-reform agenda – an agenda that has been articulated and is being implemented against the backdrop of a strong, centralised Presidentialist system – albeit a fully democratic one. So too can an understanding of the country's geographic and demographic characteristics. This next section highlights the key elements in these areas that can help explain the government's current priorities for governance reform.

The impact of geography and demography on Colombia's governance

Colombia's geography and its demographics also influence the central government's national governance-reform agenda as it seeks to achieve its development objectives for the country. For instance, Colombia's geography can explain why exercising control over the country's entire territory has been such a challenge, whether in addressing the impact

of natural disasters on citizens and communities, or in the fight against the insurgencies and the drug cartels, and why transportation infrastructure is so critical both to ensuring this control today and encouraging growth and development in all of the country's regions. Indeed Colombia is ranked at the top of the global list of countries whose geography makes them the most challenging to govern.[5]

A disconnected geographic space affects territorial control and service-delivery

Colombia is located in the north-western portion of South America and has coasts on both the Atlantic (Caribbean) and Pacific oceans. It ranks fourth in the world in terms of biodiversity and its climate ranges from tropical to glacier. Colombia's five regions – the Caribbean (north), the Pacific (west), the Andean (centre), the Amazonic (south) and the Oriental Plains (east) – are distinct and disconnected geographically from each other due to mountains and jungle. Nearly 33% of the territory is mountainous due to the Andes range running down the centre of the country. The other 67% is constituted by valleys, high plateaus, and low plains (Muñóz Cardona, et al., 2007, p. 19). This topology restricts connectivity within the country.

Population is unevenly distributed across Colombia, and there are large parts of the country with very low densities (Figure 1.1). While this highly diverse geography has enriched the country from an environmental and biodiversity perspective, it has played a key role in limiting communication between populations, and in making it difficult for the central government to reach certain regions. This geography defines the government's transportation-infrastructure agenda, as it has for generations, and materially affects the quality and quantity of key public-services, including education and healthcare, due to the high cost of building such infrastructure as hospitals and schools in remote areas. This geography also limits the central government's capacity to meet the needs of local populations affected by natural disasters – earthquakes or floods – in remote areas cut off from transportation infrastructure.

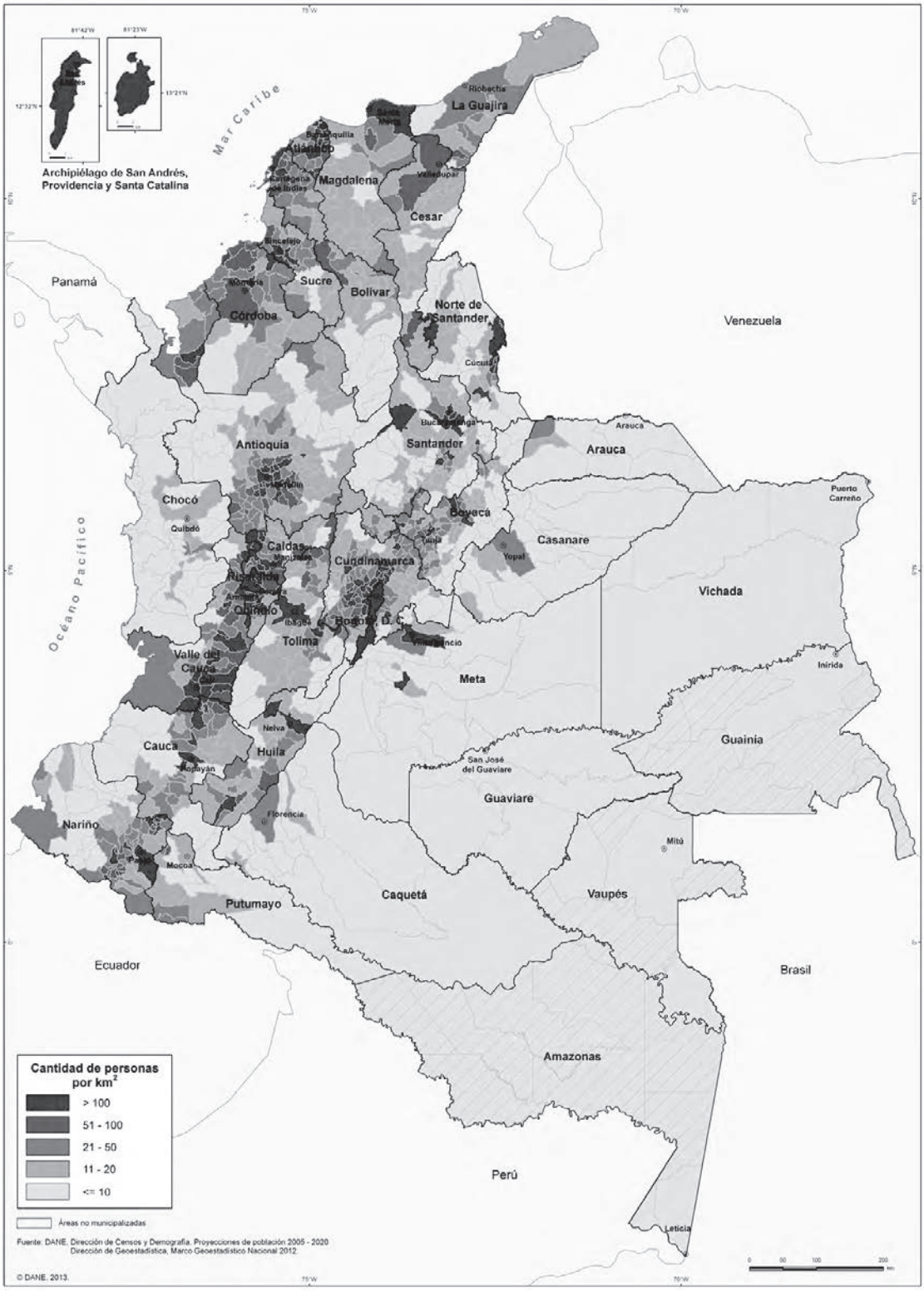
Place-based ethno-cultural diversity highlights the focus on reducing regional disparities

The specifics of Colombia's regional structure and the ethno-cultural concentration of minorities in certain regions of the country – and the correlation of these factors with poverty, inequality and pronounced regional disparities – explain in part why the government of Colombia has defined as a national priority in its fight against inequality the need to decentralise decision-making and give voice in national discourse and decision-making to minority groups and economically disadvantaged regions.

In demographic terms, Colombia is a young, pluri-cultural and multilingual country. The 2011 census reports Colombia with a population of over 46 million people. A high percentage of the country's population is under the age of fifteen (28.2%), compared to the OECD average of 18.4% (OECD 2013). Colombia counts 87 indigenous ethnicities, including three differentiated groups of Afro-Colombians. The 2005 census reported Afro-Colombians as representing about 10.6% of the total population, and indigenous people at about 3.4%. There are 64 Amerindian languages spoken as well as *bandé*,[6] *palenquero*,[7] and *Romaní*.[8]

Indigenous peoples are grouped into over eighty different ethnicities living in 754 indigenous reserves, concentrated in the south-eastern and north-eastern parts of the country as well as in departments along the Pacific coast. After independence, some of

Figure 1.1. **Population density in Colombia**



Source: DANE 2013.

the indigenous communities adopted farming, grew economically dependent on small parcels of land or became tenant farmers. The twentieth century was thus marked by the indigenous peoples' struggle against rural poverty and their political mobilisation to defend their land and farming traditions. The expulsion of indigenous peoples from their lands in the Andean and Caribbean regions, exacerbated by large-scale farming and mining projects, spurred the migration of indigenous communities to regions such as the Orinoco and Amazon River basins in the south-east, the rainforest areas of the Pacific, and the eastern plains (LaRosa and Mejía 2012).

Colombia has the third largest population of African descent in the Americas after the United States and Brazil, a legacy of the colonial slave-trade. Following the abolition of slavery by Congress in 1851, freed slaves settled in the mining areas of the Pacific and in the Caribbean cities along the north coast (see Figure 1.1). Today, the Afro-Colombian population is concentrated in the departments of Chocó, Valle and Cauca on the Pacific coast, the Archipelago islands of San Andrés, Providencia and Santa Catalina in the Atlantic Ocean, and in Bolívar on the Caribbean. In recent years, this group migrated toward urban centres not only as a result of the country's general urbanisation process but as a consequence of forced displacement caused by confrontation with guerrillas and the expansion of illicit crops in the south-western regions of the country.

Colombia today remains fragmented in four populated regions: the Caribbean coast, Antioquia, the Cauca, and the Andean region (see Figure 1.1). Ethno-cultural differences continue to define the country's inhabitants and their degree of attachment to the country's political culture and institutions. This fragmentation dates from the first days of the republic. It is accentuated by the geography of the national territory; it also paved the way to strengthening regionalisms and regional identities that were the source of traditional internal conflict.

The traditional urban-rural split illustrates an ethno-cultural overlay…

In the first half of the 1800s, most of the population was rural, yet urbanisation began accelerating in the 1930s. At that point no Colombian city had half a million inhabitants. By 1958, two cities had more than two million people, and two had over one million. The growth of cities created new urban hierarchies and new oligarchies, while weakening the links between the regional ruling classes and the *notable* of smaller towns (Palacios, 2002). As cities became centres of power, wealth and culture, gaps in living conditions increased within them, as well as between regions, between classes, and between cities and the countryside. The consolidation of the state and of capitalism in urban centres greatly enriched a few people and impoverished many others. Yet, a significant increase in the size of the middle class occurred due to the development of the service sector and waged labour, along with the professionalisation of white-collar workers.

Today, Colombia's urban population is mainly composed of *mestizos* (mixed-race persons) and whites. This generates a political distance between this majority and the indigenous and Afro-Colombian populations (LaRosa and Mejía 2012). Political struggle for greater recognition for the indigenous and Afro-Colombian population reached its zenith in the second half of the twentieth century. This process culminated in the codification of special rights for these groups in the 1991 Constitution. This codification also illustrates the central government's current focus on ensuring that these groups are treated equitably by the state, notably in terms of access to public services.

… and highlights gender inequality

Women suffer from lower activity rates and earn lower salaries than men, most notably in urban areas. While the participation rate of women in the labour market has been increasing – rising from 47.3% in 2002 to 51.4% in 2010 – it remains inferior to that of men, at 74%; women earn on average 20% less than men for similar work (National Development Plan 2010-14). And there is the need to improve outcomes in such areas as acute and persistent intra-family violence, discrimination in wages, recognition of unpaid work and its contribution to the economy, support for single-mothers as heads of households, and so on. For instance:

- Men and women have been affected similarly by forced displacement caused by conflict. However, since 2005, women have been experiencing higher expulsion rates.[9]
- Although the representation of women in Congress has been rising, it still only averages 15.8%. While this figure is close to the average for women holding elected office in Colombia, it is still below the OECD average of 24.4%. At the regional level for the period 2008-11, figures show that women's participation in governorships was 3.1%, in city halls 9.5%, in departmental assemblies 18.2%, and in municipal councils 14.5%.

The government of Colombia's current National Development Plan (see remaining chapters) emphasises the importance of gender-equity as an integral part of the government's national development strategies aimed at reducing poverty, regional disparities and generating equal opportunities for the population as a whole regardless of where they live. In this connection, the government approved in March 2013 its *National Public Policy on Gender Equity* and its *Comprehensive Plan to Guarantee Women a Life Free of Violence,* and established a Gender Council on Economic and Social Policy (Gender CONPES) to co-ordinate programming efforts across different central-government agencies and ministries in such areas as women's access to income, justice and higher education. This commits an investment of almost USD 2 million on improving the lives of Colombian women. The government is also focussing on establishing zero tolerance toward violence against women.

In addition to the historical, geographic and demographic factors influencing Colombia's governance, key economic challenges affect both the scope and implementation of the government's current governance-reform agenda. This next section presents these challenges as contextual factors affecting this agenda.

Macroeconomic challenges: Poverty, inequality, poor productivity, regional disparities

The OECD Economic Assessment of Colombia (OECD, 2013) found that the Colombian economy weathered the global economic crisis well:

- After a sharp deceleration in 2009, output recovered rapidly to reach a growth-rate of 5.9% in 2011, despite severe flooding in late 2010 and the loss of the Venezuelan export market as a result of a series of disputes between the two countries.
- Growth was sustained by the booming mining sector, with commodity exports and investment boosted by the sharp rise in commodity prices. The mining sector grew by more than 14% in real terms in 2011.
- The non-tradable sectors have also been buoyant, particularly transport, financial services and construction. In contrast, manufacturing and agriculture have lagged

behind, pointing to a three-speed economy, with mining pulling ahead, non-tradable goods faring well and non-mining tradable sectors suffering.[10]

- Inflation has been brought down within the official target range of 2-4% since mid-2009 and, at 3.1% in September 2012, is very close to the 3% long-term central bank target. Core inflation (excluding the most volatile goods and services prices), at 3.7% in September, 2012, now stands above the headline rate (Table 1.1).
- Total employment increased by almost 15% between 2009 and 2012, driven by solid economic growth. More than 2.5 million jobs were created, in particular in services (retail trade, hotels and restaurants as well as finance, insurance and real estate). This is also reflected by a sharp reduction of unemployment rate that went from approx. 15% in 2001 to approx. 10% in 2012.
- On the demand side, private consumption and investment contributed solidly to growth between 2010 and the first half of 2012. The reduction in the unemployment rate has boosted household confidence which, combined with historically low real interest rates and strong credit growth, has supported private consumption.

While economic growth has slowed somewhat, short-term projections remain positive: in 2012 the GDP growth rate was 4%, a substantial figure considering regional and international economic dynamics (Ministry of Finance, Colombia, 2013). Domestic demand should remain buoyant (Table 1.1). Though mining investment has recently weakened in the wake of tumbling commodity prices, large public construction projects should maintain momentum. In particular, the government plans to invest in road, railway and port infrastructure, to continue reconstruction caused by the damage of the 2010 floods, and to build houses for vulnerable households. Consumption will continue to benefit from low real interest rates, job creation and household confidence. Activity will also get a boost from the free-trade agreement with Colombia's largest trading partner, the United States, which came into effect in May 2012. The launch of the Peace Process is also likely to boost consumer and investor confidence over the medium term.

The OECD Economic Assessment found that the Colombian economy faces three main medium-term challenges. First, reducing poverty and pronounced inequality; second, boosting productivity growth, and; third, reaping the benefits of the commodity boom while paying attention to medium-term risk caused by external factors:

- Important sections of the labour force remain underutilised and the informal sector is large. The education system performs poorly in raising human capital and promoting social mobility, which can reduce income inequality.
- Infrastructure and other elements of total factor productivity need to be improved to enhance the quality of life, reduce business costs and expand markets, thereby increasing productivity growth.
- The resource boom is likely to last for some years and is a blessing; however, it poses social, economic and environmental policy challenges. The boom has boosted foreign investment, economic growth and government revenues. Yet, the rising terms of trade and related capital inflows have contributed to a sharp appreciation of the exchange rate, undermining the competitiveness of other sectors. In addition, mining activities put pressure on the environment. They are also often highly capital intensive and tend not to create many jobs, and thus may harm income distribution.[11]

Table 1.1. **Short-term projections for Colombia (main indicators)**

	2010	2011	2012	2013
GDP	4.00	6.60	4.00	2.80[a]
Final consumption	5.12	5.41	4.81	3.46[a]
Gross fixed capital formation	7.70	18.18	5.83	3.9[a]
Consumer price index	3.17	3.73	2.44	2.16[c]
Current account balance (% of GDP)	-3.10	-2.80	-3.10	-3.30[a]
Unemployment rate (average, %)	11.78	10.83	10.37	10.73[b]

Notes: a. First Trimester.
b. Average until May.
c. Annual, May.

Source: Banco de la república, DANE, Banco Mundial. OECD Secretariat calculations based on Colombia's National Statistics Department (DANE), and Bank of the Republic of Colombia and World Bank data.

To ensure balanced growth, it will be crucial to increase the ability of the economy to adjust to the higher terms of trade. This will require a more inclusive economy, where people can benefit from the commodity boom. The key macroeconomic challenges of poverty, inequality, lagging productivity and persisting regional disparities, as well as the medium-term impact of external risk on Colombia's economic performance, are discussed in the following sections.

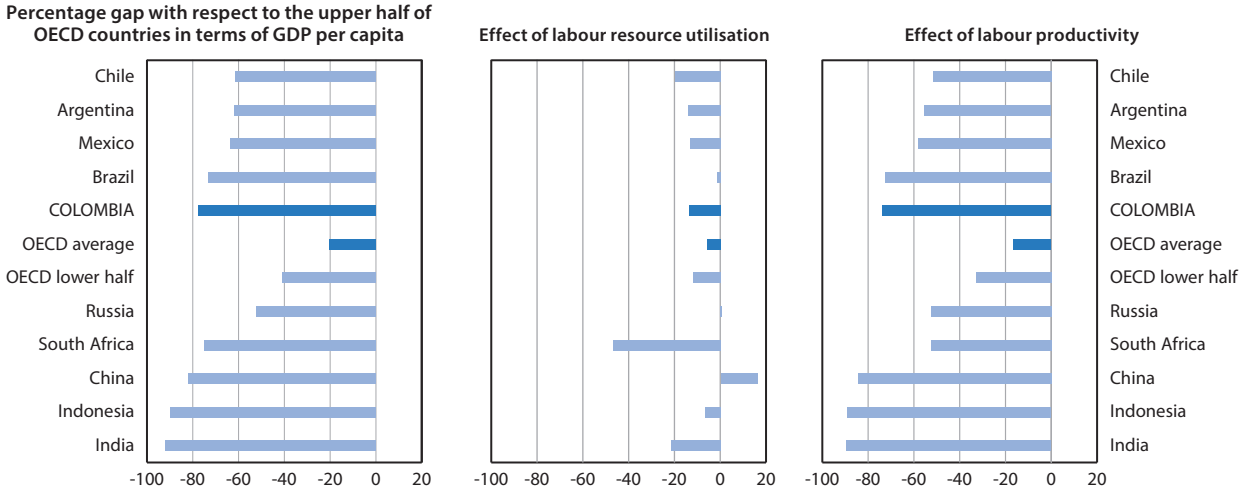
Poverty and Income Inequality

Colombia is an upper middle-income country; however, its per-capita income is 70% below the OECD average and below that of many emerging economies, such as Brazil, Russia and South Africa. The OECD Economic Assessment found that low labour productivity explains most of this gap (Figure 1.2). In particular, low labour productivity connects with the informal economy. The large informal sector has particularly low productivity, and bringing this activity into the formal sector is therefore key to raising aggregate productivity. Raising productivity will thus require reducing informality via labour and product market as well as reforms that reduce costs associated with formal employment and create a more flexible labor market, increasing the quantity and quality of education, developing transport infrastructure and improving access to finance, while making progress towards enhanced security across the country and reducing corruption. These interventions will require strong governance institutions capable of creating integrated policy packages and of leading their effective implementation-co-ordination.

Colombia remains one of the most unequal countries in the world (Figure 1.2). The country has successfully reduced absolute poverty since the mid-2000s, yet large income inequality is still one of the key national challenges, and income redistribution based on the tax and transfer system is very small. That said recent tax reforms aim to improve income distribution, building on progress that is already being made:

- Colombia has become one of the Latin America countries that has reduced poverty most significantly. Since 2012, the government has achieved such progress that Colombia is no longer part of the group of countries with the worst disparities in the region (prior to 2012 Colombia was ranked the third country in the region with the most inequalities). In 2012 the income of the bottom 20% of the population grew by 13.2% while for the top 20% it grew by 2.3%.

Figure 1.2. **The sources of real income differences in Colombia 2008-10**



Source: OECD (2013), *Economic Policy Reforms 2013: Going for Growth*, OECD Publishing, Paris, http://dx.doi.org/10.1787/growth-2013-en, and data provided by Colombia's National Statistics Bureau (DANE).

- Since 2010, 1.7 million Colombians have left poverty, including more than 700 000 people that have overcome extreme poverty. Extreme poverty has been reduced by two points between 2011 and 2012. Colombia's Gini coefficient decreased by 2.1 points between 2011 and 2012; the country is ranked second in the region in improving its income distribution after Ecuador.
- With the Oxford Poverty and Human Development Initiative and the United Nations Development Programme, the government of Colombia created the Multidimensional Poverty Index, which integrates indicators for education, childhood and youth conditions with those associated with access to labour and employment, health-care, housing and other public services. This composite index pointed to a reduction of poverty of 3.5 points between 2011 and 2012. According to this Index, during these two years 1.27 million people have overcome multidimensional poverty. These results were achieved thanks to growth in income, reduction in unemployment and the movement of workers into more formal labour arrangements (between 2010 and 2012 more than 2 million jobs were created).

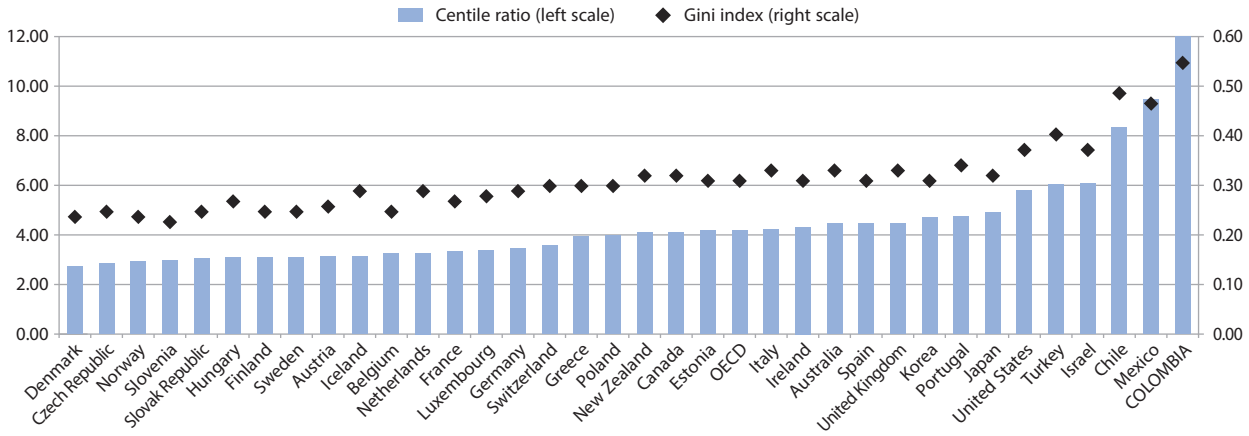
The 2013 OECD Economic Assessment found that in Colombia, labour-market driven income inequality is large, with high unemployment playing a role. In spite of a steady decline since the early 2000s, at 10.8% in 2011, the unemployment rate was well above the OECD average. The majority of those working are employed in informal and low-productivity activities, and a third of the employed declare being under-employed. Women and the young are particularly exposed to the risk of unemployment, and the less qualified account for most of the informal workers. Moreover, the wage dispersion is very wide among those working, reflecting a high education and skill premium. And many of those employed (about one third in 2012) also reported being under-employed. In addition, among those working, many are employed in the informal sector, often occupying low-productivity jobs and benefitting little from social protection. They are thus at a high risk of poverty when losing their job or when ageing.

Labour costs are high in the formal sector, pushing people with low productivity into the informal sector or into unemployment. Colombia has one of the highest minimum wages in relation to the average wage in the world. The ratio of minimum wage to average

wage is beyond 70%; this compares with the OECD average of approx. 40%.[12] As regional differences in incomes are high, the uniform national minimum wage is at or above median incomes outside the capital. This is likely to have contributed to the high informality in the poorer regions. Yearly adjustments of the minimum wage are set by the Constitution to match at least the past year's inflation, *plus* productivity gains. Adjustments in the minimum wage have sometimes been used as a political instrument, with very large increases in real terms in some pre-election years. As a result, the minimum wage has increased in real terms by about 20% since the late 1990s.

Figure 1.3. **The divide between the rich and the poor is pronounced**

Household equalised disposable income: gap between the 10th and the 90th percentile and Gini index in the late 2000s



Note: Data for France and Ireland refer to the mid-2000s instead of the late 2000s. Data for Colombia are for 2012.

Source: OECD Income Distribution and Poverty, OECD Social Expenditure Statistics (database), DANE (Colombia's National Statistics Bureau) for Colombia.

Economic growth has helped secure a considerable drop in absolute poverty, whether measured in monetary or broader terms (see Box 1.1). However, declines in disposable-income inequality and relative poverty have been more modest. Income inequality and poverty, measured both in relative and absolute terms, remain extremely high by OECD standards. Reducing them is one of the government's priorities.

Box 1.1. **Poverty: Measures, incidence and recent developments**

Poverty reduction is one of the three pillars of the current government's National Development Plan 2010-14 "Prosperity for All". To monitor poverty, evaluate public policies and assess progress in reaching the Millennium Development Goals, the government has developed improved measures of poverty. Indicators of monetary poverty and multidimensional poverty are the most important.

Alternative poverty measures across OECD countries and in Colombia

- The relative merits of alternative poverty measures have been debated over the past fifty years. Poverty can be measured in absolute terms – a cut-off income line below which individuals are not able to afford a bundle of predefined basic goods – or in relative terms – with the relative poverty line defined as a percentage (usually 50% or 60%)

Box 1.1. **Poverty: Measures, incidence and recent developments** *(continued)*

of median income. In addition, Sen (1983) argues that the right approach for assessing the standard of living is to focus not on basic commodities or utility but on capabilities or functionings. In OECD countries, a consensus has slowly emerged favouring the use of relative poverty measures, the United States being a notable exception (Pisu, 2012). In Colombia, the government has developed various poverty measures which help in understanding and addressing poverty, with a focus on absolute poverty and on multidimensional deprivation, which is close to Sen's approach.

Recent efforts to better measure poverty in Colombia

- In 2011, Colombia adopted a new methodology to measure *monetary poverty*. Recently, new statistics establishing poverty and extreme poverty lines have been published. An individual is considered "poor", if he/she lacks the income required to cover a basic family food basket and other basic needs (e.g. healthcare expenses, education, clothing, etc.), and as "extremely poor" if he/she lacks the income to consume a minimum number of calories. The method is as follows. First, current per capita expenditure is computed, adjusted by a spatial price deflator to account for regional differences in the cost of the family basket.
- Households are then ordered by this measure, and an iterative method is applied to select the reference population (percentiles 30 to 59). This defines the basic family consumption basket. The extreme poverty line is obtained following a normative adjustment to the minimum calorific needs. The poverty incidence is computed using a methodology developed by ECLAC for all Latin American countries to enhance the comparability of poverty measures across the region.

This new methodology offers an up-to-date and more precise measure that allows for better comparability with the measures of other Latin American countries. Its advantages include updating continually consumption habits and using a better measure of income. In Colombia, official statistics show that absolute poverty fell sharply from 49% in 2002 to 34% in 2011. Extreme poverty also decreased, dropping from 18% to 11% over the same period. In spite of these remarkable improvements, rural poverty remains more than twice the urban rate. The government aims to reduce the poverty rate to 32% and the extreme poverty rate to 9.5% by 2014. Yet, income provides only a partial measure of poverty and individual wellbeing (Stiglitz et al., 2009). In an effort to go beyond income, the Colombian government adopted the *Oxford multidimensional indicator of poverty* in 2011. The following 5 dimensions and 15 variables are covered by the National Planning Department (DNP): *i)* household educational background (e.g. educational attainment, illiteracy); *ii)* childhood and youth characteristics (e.g. school attendance, repetition, access to early childhood services, child labour); *iii)* employment (e.g. long-term unemployment, formal labour); *iv)* health (e.g. health insurance, access to health care services conditional on need); and *v)* access to public services and dwelling conditions (e.g. access to treated water, sewage disposal, quality of floor and exterior walls, and overcrowding). An individual is considered poor if deprived of at least 33% of these 15 variables, taking into account their relative weights. The indicator portrays the incidence, intensity, severity, and nature of deprivation. This poverty rate shrank by half, from 60% in 1997 to 29% in 2011, mainly thanks to wider healthcare coverage, increased school attendance among 6-16 year-olds, better access to early childhood services, and reduced long-term unemployment. The rural/urban gap is higher for the multidimensional than the income approach, partly reflecting the critical lack of infrastructure (in particular water provision and sewage), low education achievement and the prevalence of informal employment in rural areas. In 2011, 300 000 people moved out of multi-dimensional poverty and the government aims at reducing the incidence of poverty further from 29% to 22.5% by 2014.

Political violence has contributed to poverty

Political violence, both from guerrillas (especially the FARC) and former paramilitary groups, has contributed to poverty, especially in rural areas. The persistent risk of expropriation has reduced investment incentives and has thus trapped rural households into low-productivity activities and poverty. Political violence has also led to a massive displacement of people – 3.7 million (8% of the total population) over the period 1997-2011 (*Acción Social*, 2012). These people, mostly peasants, have lost their land and income – asset losses represented 3% of GDP (Ibáñez and Velásquez, 2009).

Forced to move to large cities, displaced people face tremendous difficulties in finding employment since their qualifications and education level do not match demand for labour in urban areas (Ibañez and Moya, 2009a and 2009b). The vast majority of displaced people thus suffer from poverty (Fernández et al., 2011). In 2008, 98% of them lived below the poverty line and 74% below the extreme poverty line (Garay, 2008). While policies targeting the displaced population have long been scant, the government is providing increasing support through targeted cash transfers and in-kind support (in particular education and health). The 2011 Victims and Land Restitution Law is a cornerstone in this regard, but will have a high fiscal cost (COP 54 billion over the period 2012-21; or 8.9% of 2011 GDP).

Illiteracy is still high despite spending on education and training

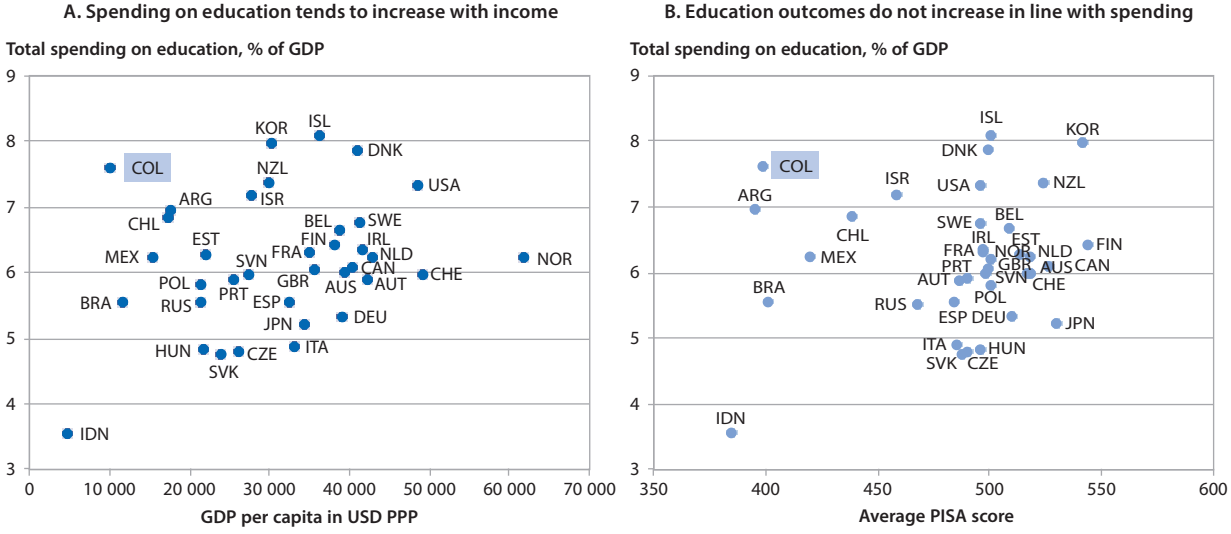
Illiteracy is a key contributor to inequality in Colombia. Universal access to secondary education remains a key challenge in Colombia. Low literacy and poor education reduce social mobility and are factors that contribute to poverty and inequality. In Colombia, the unemployment rate of those with secondary education is lower than for those without (14.2% and 5.8% in 2011, respectively); and those with little or no education are predominantly employed in the informal sector (OECD, 2013).

The coverage, quality and relevance of tertiary education could be enhanced. The gross enrolment rate is low (39% in 2011), the dropout rate is above 40% and overall quality is poor, particularly for technical programmes. Colombia ranks below other Latin American countries, such as Argentina, Brazil, Chile and Mexico, in top world university rankings. Furthermore, tertiary institutions collaborate little with businesses in designing curricula and establishing core competencies, limiting the relevance of the skills developed by their programmes to the needs of the labour market.

Colombia has made significant efforts to address these issues. The government of Colombia is focusing on increasing public expenditure on education. As a result, from 1985 to today, net enrolment in primary schools has increased by over 25%, reaching 97% of Colombian children; the survival rate to Grade 5 has grown from 67% to 88% and gross enrolment in secondary school has risen from 73 to 91% (UNESCO, n.d).

Total private and public spending on education as a share of GDP, at 7.6% in 2011, is higher than the OECD average (6.2%) and higher than in most emerging economies (Figure 1.4). Yet educational outcomes remain poor. PISA scores are well below the OECD average; the unemployment rate of those with secondary education is higher than for those without (14.2% and 5.8% in 2011, respectively); and those with no or little education are predominantly employed in the informal sector. Educational failure imposes high costs on society: it limits the economy's capacity to grow and innovate, damages social mobility, and reinforces income inequality.

Figure 1.4. **Colombia spends more on education but gets less in return than many other countries**



Sources: OECD (2011a), *PISA 2009 Results: What Students Know and Can Do: Student Performance in Reading, Mathematics and Science*, Vol. 1, OECD Publishing, Paris; OECD (2012), *Education at a glance – OECD Indicators*, OECD Publishing, Paris; World Bank (2013), Database, *http://data.worldbank.org*.

Lagging productivity and regional disparities

Poor productivity limits Colombia's growth rates

Colombia's income level is roughly a third of the OECD average, mainly due to differences in labour productivity. Despite growing at twice the OECD rate over the past decade, GDP per capita remains 80% below that of the upper half of OECD countries. This represents the largest gap among the five largest economies in Latin America (the others being Argentina, Brazil, Chile and Mexico). All economic sectors exhibit low labour productivity in comparison to OECD countries, and the least productive sectors, including agriculture and retail, are the ones that generate the most employment (DNP, 2011). There is also a 14% gap in labour utilisation, largely because of the high unemployment rate.

Productivity growth rates have also been among the lowest in Latin American and OECD countries over the past two decades (Agosin et al., 2009), and the explanation for this weak performance is broadly based: in seven of nine sectors average yearly labour productivity growth was lower than in both Latin American and OECD countries.

Low levels of productivity and poor productivity growth rates in Colombia can be explained by a variety of structural factors. A breakdown of the gap in output per worker with respect to the United States shows that it can be explained (Daude, 2012) by differences in human capital, physical capital and total factor productivity (TFP):

- Despite large improvements in education coverage, years of schooling and student performance account for 22% and 15% respectively of the labour productivity gap. Furthermore, 45% of companies refer to an inadequately-educated workforce as a major obstacle to their growth (OECD, 2012a).
- Investment in physical capital has historically been low compared to developed countries, to the point where the inadequate supply of infrastructure is currently considered the second most problematic factor in doing business and investing in Colombia (WEF, 2012). The biggest gap is in the quantity and quality of transport

infrastructure. Moreover, a number of factors have contributed to low overall investment rates over the past decades, which has translated into low productivity. The most important include low and costly access to financing, insecurity and substantial worker and business informality (Meléndez and Harker, 2009; DNP, 2011; World Bank, 2010). Investment in research and development has been particularly low. That said, as a consequence of the recent Royalties System Reform, 10% of royalties from the extractive industries are to finance Innovation and Development investment projects. In 2012 this reached nearly USD 500 million.

- Decreasing total factor productivity (TFP) has been at the heart of slow productivity growth. A long-term breakdown of the growth in GDP per worker in Colombia shows that slow growth since the 1980s is due largely to a deteriorating TFP rather than to a deceleration in the accumulation of physical and human capital. TFP's disappointing performance can be attributed to increases in crime and insecurity rates (Cárdenas, 2007), as well as low innovation, failure to provide essential public goods properly (e.g. infrastructure) and other factors, including corruption and insufficient access to finance (DNP, 2011). These factors more than offset the positive effect of reforms in the early 1990s on productivity, including the reallocation effect of lower barriers to trade (Steiner et al., 2009). That said improvement in the security situation in the 2000s contributed to a recovery of TFP and did provide impetus for investment to increase.

Acute regional disparities exacerbate the effects of low productivity

In addition, differences in per-capita income levels between regions are significant when compared to regional differences across OECD economies. Indeed inequality can be even higher between municipalities in Colombia. For example, the Gini index for the average GDP per capita across municipalities in Cundinamarca, the Department which includes Bogotá and one of the richest in Colombia, is close to 0.5. A reduction in the poverty gap between the poorest and wealthier regions can help address some of the underlying factors that have kept those regions under civil conflict and violence, allowing the country to grow sustainably.

In this regard, the government's recent Victims and Land Restitution Law, which looks to return people displaced by violence to rural areas, can contribute to reducing the pressure on large cities with insufficient employment opportunities and high congestion, and to opportunities for development in other areas. This law aims to establish judicial, administrative, social and economic, individual and collective tools, for benefit the victims so that they receive attention and reparation as a means to contribute to reconciliation.

Most of the regions' GDP per-capita gap is due to low labour productivity. This dispersion across Colombian departments has remained essentially the same over the past decade, with the main exception being commodity-producing departments where highly productive commodity sectors have emerged but have created little employment. Furthermore, regions with low productivity levels suffer from the same bottlenecks that explain Colombia's lag with respect to OECD countries:

Finally, the quality of transport infrastructure differs greatly across regions. High regional discrepancies in the quality of roads mean there are significant opportunities to raise competitiveness simply through the rehabilitation and maintenance of existing roads in low-performing regions. Better access to transport infrastructure in poorly connected areas can promote national and international trade and tourism (CEER, 2007; Ramírez and Parra-Peña, 2010).

Increasing risk of a deteriorating fiscal balance

Fiscal stability is both a priority and a challenge for the government of Colombia. Evidence suggests that Colombia's fiscal policy, while having recently improved significantly in large part due to the adoption of its Fiscal Rule (of a standard that can be deemed an OECD good practice – see Chapter 3), has been at best neutral or even slightly expansionary. According to IMF calculations, Colombia's structural fiscal balance deteriorated in 2011 by about 0.5% of GDP. Existing data on the central government and the non-financial public sector suggest that the commodity boom and the business cycle have boosted tax revenues:

- Central government revenues rose to 15.3% of GDP in 2011, up from 13.8% in 2010. About half of this increase reflects the rise in tax revenues and dividends paid by the public oil company (Ecopetrol).
- The 2010 tax reform, which aimed at improving tax compliance and closed some tax loopholes, and the temporary increase in the wealth tax to finance the consequences of the flood damage have reduced the deficit.
- Overall, the deficit of the non-financial public sector declined from 3.1% of GDP in 2010 to 1.8% of GDP in 2011, despite emergency spending amounting to about 0.5% of GDP in the wake of the late 2010 flood damages.

Prudent debt management practices have reduced exchange and interest-rate risk borne by the government, which has boosted market confidence. In fact, previous commodity booms in Colombia destabilised the economy, resulting in a decline in economy-wide savings and large current-account deficits that were followed by pronounced downturns (Echeverry et al., 2011b). As the commodity boom is likely to last, it is likely that the peso will be permanently stronger, meaning that the private sector – and governments – will have to adjust to it, including its impact on domestic employment, consumption patterns, inflation and income inequality over the medium term. So far, the government has been able to handle these trends. Reliance on foreign markets has declined while debt maturity on the external debt has increased, reducing refinancing risks. As a result, the rating of Colombia's foreign-currency bonds was upgraded to investment grade by all three rating agencies in 2011. In addition, the government's plan to tighten slightly on the fiscal side, as foreseen by its new fiscal rule (see below and Chapter 3), will reduce inflationary pressures somewhat and relieve pressures on the exchange rate.

However, challenges remain. While currently broadly appropriate, monetary policy should remain vigilant to risk associated with the economy overheating, especially if recently adopted macro-prudential measures do not help contain the boom in consumer and housing loans mentioned above. Moreover, coping with future spending pressures from aging, meeting the government's poverty-reduction targets, improving infrastructure and public services – often delivered by sub-national governments – as well as adjusting to potentially volatile and declining commodity resources over the longer term, will require more attention to managing the country's fiscal balance.

The government's fiscal framework projects a decline in the already low public-spending ratio – structural spending by the central government would decline from 18.4% of GDP in 2012 to 16.1% in 2023. This seems extremely challenging given public pressure for more and better services and the government's own policy agenda to reduce poverty and inequality. Indeed achieving the government's objectives of increasing the quality of public services, developing the country's social and physical infrastructure and addressing poverty will require raising the public-expenditure-to-GDP ratio gradually over time.

Meeting spending requirements while reducing the spending ratio will therefore call for ambitious reform to boost public spending efficiency while meeting public service and equity objectives. These issues are of crucial importance over the medium term and are raised again in Chapters 3 and 4.

Conclusion: Governance reform can help Colombia implement its policy agenda successfully

The government of Colombia has identified the need to reduce poverty, inequality and regional disparities as its most important development priorities. Indeed much of the policy-reform agenda outlined in the Economic Assessment figures prominently in the government's 2010-14 National Development Plan. Many of these challenges have significant governance implications: more and better infrastructure in transportation, health and education, improving educational outcomes, strengthening the social safety net and enhancing income redistribution to fight poverty and inequality and meet the needs of the most disadvantaged while paying special attention to the needs of ethno-cultural and regionally-based groups. Good governance – including the state's ability to set, co-ordinate, implement and monitor the performance of strategy to implement the Plan – is therefore key to ensuring that the government of Colombia can achieve its policy objectives efficiently and effectively:

- These meta-challenges are by definition complex; they require a multi-sector, coherent approach to policy design and implantation, which can best be achieved through strong co-ordination by fit-for-purpose centre-of-government institutions that have the capacity – and the legitimacy – to mobilise actors across government at the national and sub-national levels and in civil society in support of designing, implementing and monitoring the performance of strategy that aims to address these challenges.
- Governance reform can also affect the implementation of the policy agenda relating to improvements in services to citizens – whether in health, education or transportation – because these services are delivered by sub-national levels of government. This implies a renewed focus on multi-level governance and the effectiveness with which policy and service-design and delivery are aligned vertically.
- Governance reform can also enhance the government's ability to find fiscal room to pay for these needs, which implies a renewed focus on budgeting for results and decision-making that focuses on maximising value-for-money in the management of public resources.

Good governance includes optimising the use of public resources, including financial resources. New public investments in education, health and transportation infrastructure, along with whatever social-programming and victim-compensation requirements will be needed to implement the Peace Process fully could require additional public spending, even though the Process may also eventually lead to a peace *dividend* – lower defence and security spending over the longer term. The low level of public debt and rising fiscal revenues associated with the commodity boom create some degree of freedom in the short- to medium-term. This may not be enough, however, to cover spending needs, thus placing a premium on ensuring that public money is spent as effectively (in terms of achieving its policy goals) and efficiently (in terms of avoiding losses and waste) as possible.

Optimising fiscal efficiency and effectiveness raises fundamental governance issues, including the need for robust performance-measurement and reporting capacity and the

ability to engage in strategic operational reviews of programme spending as means to identify low-priority programming that could be altered or discontinued to create fiscal room to meet high-priority and emerging spending needs (see Chapter 3).

Countries that are meeting macro, national policy challenges successfully have done so by maximising their public sector's resiliency and nimbleness in the face of increasingly complex policy challenges generated by a constantly changing environment. This requires maximising strategic-state capability. This Review thus assesses a cluster of key governance issues as a means to offer advice on ways to enhance the government of Colombia's strategic-state capability – that is its capacity to articulate a broadly-supported long-term vision for the country's development, identify emerging and longer-term needs correctly, prioritise objectives, identify medium- and short-term deliverables, assess and manage risk, strengthen efficiencies in policy design and service delivery to meet these needs effectively, and mobilise central and sub-national government actors and leverage resources across society to achieve integrated, coherent policy outcomes in support of this vision for the country's development and prosperity:

- The government's capacity to set, steer and monitor the implementation of its national development strategy through agile centre-of-government institutions. Chapter 2 assesses the strategic agility of these institutions against the development-policy objectives the government has set for itself in its 2010-14 National Development Plan;
- The government's capacity to measure and otherwise assess performance in implementing its development strategy. Chapter 3 of this Review examines the government's use of sound evidence to measure progress in implementing its policy agenda. In particular, it will assess linkages between budgeting and strategy implementation as well as the nature and scope of its arrangements to audit and control spending and investment aimed at implementing its development strategy, *inter alia* with a view to suggest ways to build greater fiscal room to address emerging national infrastructure and social-programming priorities to reduce poverty, inequality and regional disparities;
- The government's capacity to implement its decentralisation agenda with sub-national authorities in a way that optimises the achievement of its objectives to reduce poverty, inequality and regional disparities across the country. Chapter 4 examines Colombia's multi-level governance arrangements in this light.

Notes

1. Santander was known as the *Hombre de las Leyes* ("the Man of Laws"). His quote is inscribed above the entrance to the building that hosts Colombia's national courts (the Supreme Court of Justice, the Constitutional Court, and the Council of State) in the centre of Bogotá.
2. Revolutionary Armed Forces of Colombia.
3. National Liberation Army.
4. A constitutional reform in 1986 had already removed the president's power to appoint mayors.
5. *Indice mundial de fraccionamiento geografico (2012)*.
6. Language spoken by the Raizal community in San Andrés, Providencia, and Santa Catalina.
7. Language spoken by the community of San Basilio de Palenque in the department of Bolívar.
8. Language spoken by the Rom.
9. *Observatorio Nacional de Desplazamiento Forzado* (2010).
10. The rapid expansion of the mining sector and surging terms of trade are driving important structural changes. The rising terms of trade attract resources into the mining sector, and the change in relative prices squeezes the competitiveness of the non-mining tradable sector (Corden and Neary, 1982; Ismail, 2010). In addition, the rise in income associated with the commodity boom fuels domestic demand, putting pressure on prices, in particular those of the non-tradable sector.
11. The government's recent royalty-distribution reform (see Chapters 3 and 4) aims to generate a more progressive income distribution.
12. Mondragón-Vélez, Peña and Wills (2010) argue that the increases in non-wage labour costs and in the minimum wage between the 1990s and 2006 have both excluded low skilled workers from the formal labour market and triggered a move from the formal to the informal labour market, increasing the relative size of the latter. Furthermore, the deleterious effects on formal employment are reinforced by non-wage labour costs, which, at 82% of wages, are high by OECD standards. Incentives to pay social security contributions are reduced by the universal coverage of core public services, such as health care. Those working in the informal sector now have access to a subsidised system which is as generous as for those in the formal sector, although the latter pay a 12.5% health contribution on their wages.

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Chapter 2

Centre-of-Government co-ordination in Colombia

This chapter examines the role of Colombia's Centre of Government (CoG) to implement and steer strategy, and highlights the impressive progress made in modernising both its institutional arrangements and its strategic approach to governance. The chapter examines the strength and agility of Colombia's CoG institutions to lead the implementation of its National Development Plan. It highlights recent successes at governance reform, underscoring the need to improve whole-of-government co-ordination capability further by formalising capacity at the level of the Council of Ministers and the Presidency.

Introduction

This chapter assesses Colombia's Centre-of-Government (CoG) co-ordination capacity to address successfully the main challenges the country is facing as identified in Chapter 1 and in the government's own policy agenda as presented in its 2010-14 National Development Plan, including the President's good-governance agenda as a key component of this Plan. In this regard, the OECD's assessment of Colombia's CoG co-ordination capacity draws upon more than two decades'-worth of international experience in this area (see Box 2.1). This chapter focuses on selected priority governance-reform areas that the government of Colombia has deemed fundamental in this Plan to becoming a more efficient, effective and responsive state, including strategic human resources management (HRM) in the public sector, procurement and whole-of-government information management systems to adopt information and communications technology and roll out e-government and on-line services to citizens and business. These priority areas constitute the subject of discreet assessments conducted by the OECD at the request of the government of Colombia. The results of these assessments are embedded in this and subsequent chapters in this Review; they also constitute stand-alone case-studies presented in the Annexes to this Review.

Box 2.1. **The OECD Network of Senior CoG Officials**

- The OECD created a network of Senior CoG officials in the 1980s; it began meeting annually in the 1990s as a kind of "laboratory" to exchange information and practice relating to the functions of CoG institutions. These meetings serve three main purposes:
  - Review issues of how to make the centre of national government work more effectively;
  - Achieve a more in-depth understanding of decision and policy-making systems in the host country.
  - Work on broad governance issues fundamental to achieving economic and social public-policy objectives more effectively and efficiently.
- While these discussions have not resulted in the identification of any single set of OECD practices in this area, at least not ones that could be described as anything approaching an "OECD approach to CoG good-governance", the knowledge accumulated over two decades about CoG arrangements and what tends to work best in given situations can be valuable in assessing CoG agility in public governance reviews carried out by the OECD. This is the case for the Colombia Review.

Source: www.oecd.org/governance/networkofseniorofficialsfromcentresofgovernmentcog.htm.

This chapter presents an overview of the government's CoG structure and co-ordination mechanisms, including recent reforms in this area, as well as of recent developments in public employment, procurement policies and e-government roll-out. In so doing, the chapter assesses Colombia's approach to CoG co-ordination, taking into account the prominent role played by government-wide planning in Colombia and the role of the Presidency and the National Planning Department in leading the setting, implementation and performance-monitoring of these whole-of-government multi-year development plans.

The 1991 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 general interest and is developed based on the principles of equality, morality, effectiveness, economy, celerity, impartiality and public expression through the decentralisation, delegation, and distribution of administrative powers. The Constitution thus establishes that government institutions need to co-ordinate actions to ensure that the State can carry out its mandate.

1991-2012: Modernising and streamlining government to respond to the needs of Colombians[1]

As highlighted in Chapter 1, the 1991 Constitution establishes Colombia's current governance structure and system of checks and balances between the Executive, Legislative and Judicial branches. The two-centuries-old tradition of a strong presidency and Executive, now embedded within a renewed Legislative branch and a stronger judiciary framed by the Rule of Law, remains the cornerstone of contemporary governance. To give effect to this constitutional framework, Colombia has been implementing successive waves of structural reforms to the State since the passage of the 1991 Constitution in recognition of the need for more modern institutional capacity as well as to address the damages to the State's legitimacy caused by a legacy of corruption and patronage that persisted after the 1991 Basic Law was enacted.

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 vast sectors of the national economy to private-sector participation, thereby increasing domestic consumption. From that point onwards, the government focused on designing and implementing policies and regulations to frame private-sector activity, establishing more a predictable, coherent and transparent regulatory environment to encourage private, market-based economic activity.

1991-2002

The first wave of reforms during the initial decade after 1991 thus focused on giving legislative effect to the public governance framework set out in the new Constitution. This first wave of reforms focused on:

- Strengthening the role of the Legislative branch and clarifying the role of the President and the Executive branch;
- Introducing major regulatory reforms and the privatisation of many key areas of the economy, while beginning the process of streamlining government. These reforms were accompanied by the creation of regulatory commissions (*Comisiones de Regulación*) and supervisory authorities (*Superintendencias* – see Chapter 3) to regulate market-based economic activity. In 1996, legislation was enacted to reduce and rationalise public spending and streamline the operations of the public administration.
- Initial initiatives to modernise and extend the reach in the provision of basic public services to Colombians;
- Initial steps to strengthen collective-bargaining rights and the role of public-sector trade unions in national decision-making (see Box 2.2);
- Initial initiatives to decentralise, by strengthening regional and local democratic decision-making and providing revenue-generating capacity to sub-national authorities; and
- Establishing internal and external audit and control institutional arrangements within the central government to fight corruption.

Box 2.2. **Protection of Public-sector Collective-bargaining Rights in Colombia**

- The 1991 Constitution protects "Collective-bargaining laws regulating labour relations", including with public-sector employees. To give effect to this provision, Congress enacted legislation in 1997 ratifying ILO Convention 151 of 1978 on the "Protection of the Right to Organise and Procedures for Determining Conditions of Employment in the Public Sector" and legislation in 1999 ratifying ILO Convention 154 of 1981 on the "Promotion of Collective Bargaining".
- This legal framework generated work to implement other ILO conventions. Colombia's Decree 535 of 2009 established the administrative framework governing labour negotiations in the public sector, including capacity to assess demands made by trade unions during negotiations and capacity to give effect to decisions made as a result, including the requirement to issue a rationale for rejecting a labour demand. However, this Decree did not establish or regulate deadlines to reach a settlement nor did it establish a dispute-resolution mechanism to settle differences arising from negotiations.
- Work was therefore launched to amend the Decree to include the establishment of bodies to regulate claims submitted by public-employee unions, with mediation powers in case of disputes. Thus, the Government of Colombia issued Decree 1092 in 2012 by which it established the conditions for negotiating trade-union demands and the parameters and the procedure for carrying out these negotiations, including guaranteeing trade-union related leave to relevant employees during the negotiations period. This Decree allows the parties to appoint a mediator from a single list of mediators managed by the Ministry of Labour, enabling the mediator to propose solutions and/or submit recommendations to settle disputes.
- This Decree has led to teaching workshops around the country, with the active participation of various institutions of the Colombian State as well as representatives of trade-union organisations, which bring together civil servants from national and territorial institutions. Federations and confederations of trade-union organisations representing public employees have presented a single national list of demands to the President of the Republic, which is the subject of discussion and analysis between Government representatives and trade unions. At the same time, unions have presented a number of demands to their respective public entities, both national and regional. Some agreements have already been reached; in other cases, negotiations are ongoing.

Source: Colombian Government (2012), Background paper (unpublished working paper).

An important example of the modernisation of public services that was pursued during this period is illustrated by reforms brought to the country's education system. Legislation enacted in 1992 and 1994 reorganised the sector, defining public, universal education policy more clearly while extending it to cover technical education, and education for ethno-cultural communities and vulnerable populations. Public policy was extended to formalise preschool, elementary and secondary education. Beginning in 2002, the system was further modernised to address more effectively the needs and realities of the country and its populations, based on three main objectives: coverage, quality and efficiency. Five components were developed to strengthen the country's education system:

- First, universal coverage – public education for all and life-long, where educational opportunities were to be provided from birth (given effect through policies for early-childhood education), and at different levels, including graduate education and job-skills development. To reach everyone, it was essential to change the

governance system of public resources to reach the local level of service-delivery more effectively;

- Second, education for competitiveness and innovation, focused on research and skills development, centred on developing the skills of students;
- Third, strengthening educational institutions in their capacity to deliver services, with an emphasis on the formulation and implementation of different institutional improvement plans, teachers' training, physical and technological infrastructure and educational materials to improve teaching;
- Fourth, the modernisation of the sector based on thorough analysis and the development of continuous improvement plans. Enhancing the quality of education was emphasised, focusing on the skills that students should reach during their development and accurate ways of measuring the impact of programming on the improvement of educational institutions and the services they provide;
- Fifth, citizens' participation, where the Ministry of Education and the Secretaries of Education, at the local level, opened consultation venues for citizens to contribute and be heard in the building of a better education policy in Colombia.

This approach led to an increase in coverage of primary and secondary school from 96.7% in 2002 to full coverage in 2009, and a decrease in the percentage of non-attending students (from 5-14 years) by 40%. For the student population between 15-16 years, coverage in 2002 was 57.4%, reaching 75.8% in 2009. In higher education, enrolment coverage improved from 24.4% in 2002 to 35.3% in 2009. Today, the education sector has stronger, more effective and more modern institutions that are open to innovation, with a wide spectrum of management that is achieving results. In order to pursue this modernisation process and further enhance educational outcomes for the country, the current government is focusing on broadening and deepening the development of Colombia's human capital by strengthening the education system to develop professional skills and improve co-ordination between education, employers and labour to integrate students more effectively and efficiently into the country's labour markets.

A second example of the modernisation of public-policy design and execution is the attention paid to discrimination and violence against women, particularly in light of the acuity of these issues in Colombia (see Chapter 1). After creating the Office of the High Advisor for the Youth, Women and Family in 1990 with a mandate to fight discrimination against women, legislation created the National Directorate for Women's Equality in 1995. In 1999, this Directorate was transformed into the Office of the High Advisor for Women's Equality with the mandate to guarantee the rights of women and gender equality, strengthen gender equality in national and sub-national entities, and promote the participation of women's associations in national decision-making:

- The Office of the High Advisor for Gender Equality, through a consultation process, launched a National Public Policy of Gender Equity. This Policy aimed to implement sector-based strategies to resolve discrimination factors, guarantee women's rights and generate benefits to all the population.
- The President of the Republic and the 32 departmental Governors signed a National Agreement for the Defence of Women's Rights to fight discrimination against women; to implement actions to reduce the rates of violence against women; to implement advocacy strategies for children and teenagers on equality between men and women; and to lower rates of teen pregnancy. In addition, to address these issues at the local level, all 32 departments were provided with technical assistance

to include the gender perspective in their regional development plans. As a result, 30 departments and 14 municipalities incorporate gender in their development plans.

- The Gender Observatory was strengthened. This monitoring mechanism focuses on analyzing national and international normative compliance regarding gender issues and women's equity as a means to generate recommendations on policy, which contributes to narrowing the gender gap in the country. The Observatory now measures a series of indicators that monitor the status of women across the country.

2002-10

However, at the turn of the millennium, Colombia was facing a severe financial crisis brought on by the global economic downturn of the late 1990s, low commodity prices and spiralling domestic (in particular sub-national) public debt. Building on the initial wave of modernisation, the central government embarked on a fiscal-policy-driven second wave of reforms that aimed to "do better with less" – to build a smaller, more efficient and effective State:

- The 2002 Presidential directive launching these reforms stated that despite increased government spending on social services as a percentage of GDP and a significant increase in the number of central government entities, the country's social indicators and national public finances kept deteriorating (indeed surveys at the time were indicating that the percentage of Colombian citizens dissatisfied with their country's democracy and who distrusted Congress was one of the highest in Latin America).
- The "statement of reasons" justifying the flagship reform-implementation law of 2002 noted that the significant expansion of the State's apparatus (from 110 institutions in 1986 to 440 in 1999) had not led to improvements in the government's performance. On the contrary, the statement noted that its effects reflected a lack of co-ordination of public action, duplication of functions, waste of resources and corruption. In a period that demanded robust fiscal probity and prudence, central-government spending (as a percentage of GDP) had risen from 10% in 1991 to 20.1% in 2001, reducing budgetary resources available for investment.

In 2002, the Government therefore launched a series of institutional reforms to make the central government more efficient and better organised. Provisions were issued to develop a public-sector renewal programme focused on modernising the structure of the central government within a framework of austerity, national financial sustainability and the need to improve its capacity to meet citizens' needs. These reforms aimed to give more room to the central government for manoeuvring and reconstructing the budget based on new priorities for public spending and investment, and modernise the government's mandate, role and administrative support processes." Modernisation implied eliminating duplication of functions and conflicts of jurisdiction between agencies and entities, and implementing results-based management to improve productivity:

- The Renewal Programme for Public Administration (PRAP in Spanish) sought to adapt the public administration to the fiscal conditions of the country. It aimed to streamline functions, reform administrative structures and strengthen their ability to meet their core objectives. PRAP focused on merging ministries as well as modernising common administrative processes in order to increase the efficiency with which the institution carried out its mandate and to reduce government-wide

operating costs meaningfully. Each initiative involved changes in staff or structure, mergers, the creation of new structures or the liquidation of existing ones.

- Initial structural reforms included the merger of the Ministries of Interior and Justice and Law into the Ministry of Interior and Justice, the integration of the Ministries of Health and Labour into the Ministry of Social Protection, the Ministries of Economic Development and Foreign Trade into the new Ministry of Commerce, Industry and Tourism. Also the Ministry of Environment took on the functions related to housing, basic sanitation and territorial development, becoming the new Ministry of the Environment, Housing and Territorial Development.[2]
- The National Development Plan 2002-06: *Toward a Communitarian State* contained a governance-reform component focused on promoting a renewal of the public administration through strengthening citizens' services, adopting of a new culture for public management, and decentralisation by enhancing multi-level co-ordination. The National Development Plan 2006-10 also pointed to the need to strengthen the state's capacity to ensure that all Colombians could fully exert their rights, duties and freedoms.

The 2002-10 reforms had important impacts, allowing the central government to cut spending and redirect resources to meet the country's most pressing needs:

- During this period, the government ended up saving about 24.7 billion Colombian pesos, equivalent to about 5.4% of GDP. By 2009, 181 entities in the central government had been affected by these reforms. For example, 49 were liquidated, 12 were created, 7 were merged, and 11 were decentralised, resulting in the elimination of over 40 000 jobs (equivalent to 107% of the 2002-06 PRAP target) and cumulative savings of 1.3 billion Colombian Pesos by 2007.
- Public-procurement efficiency was strengthened with the creation of a registry of bidders, the introduction of e-procurement and the creation of the electronic system for public procurement (SECOP) the Single Portal Contracts (these have survived to this day – see Annex A).
- Information-management of the public administration was improved with the creation of the Intersectoral Committee on Policy and Public-Information Management (COINFO[3] – this committee has since been transformed into today's Digital National Committee [see Annex C on e-government]).

2010-14

The 2010-14 National Development Plan identifies Good Governance as a guiding principle in the implementation of public policy. Indeed it is the first Plan to identify governance as a "pillar" of the central government's national development agenda. This pillar presents 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, i.e. by increasing the coverage and quality of public services to citizens.

The current wave of reforms is composed of four governance areas reflecting the policy agenda outlined in the National Development Plan. This wave focuses on the following:

- *Institution-building for social inclusion and reconciliation*. This first area focuses on giving effect to the strategy contained in the NDP aimed at overcoming

extreme poverty and peace consolidation across the country, enhancing security and the protection of the victims of conflict, and addressing the need to protect and guarantee the fundamental human rights recognised by the Constitution in this regard and by the resulting jurisprudence generated by decisions of the Constitutional Court in this regard since 1991. A Social Inclusion sector has been created with the Administrative Department of Social Prosperity at its head. This sector includes entities and programmes designed to address social issues such as care for victims of internal conflict (*Unidad de Victimas* and the *Centro de Memoria Historica*), extreme poverty (with special, co-ordinated, multi-sector programming such as *Familias en Acción* – see Box 2.3), poverty and family welfare (*Instituto Colombiano de Bienestar Familiar*) as well as several grant programmes.

- *Institution-building to strengthen the State's social policy and the protection of human rights*. This second group of reforms aims to implement the strategy contained in the NDP concerning the pursuit of equal opportunities for all Colombians that guarantees to each individual fundamental rights to improve their quality of life, regardless of gender, ethnicity or social condition. Institutional reforms aim to strengthen capacity in guaranteeing and rendering effective the protection of rights and include a new Ministry of Justice and Law, the reorganisation of the Ministry

Box 2.3. ***Familias en Acción***

- *Familias en Acción* is a Cash Transfer Programme, supported by the Government, which delivers subsidies for nutrition and education to disadvantaged children (poor, displaced or indigenous). The Programme contributes to reducing poverty and income inequality, and improving education and living conditions for the poorest and most vulnerable families through income supplements.
- *Familias en Acción* provides monetary support to the beneficiary mother, only if the family has fulfilled several commitments. With regard to education, the family must guarantee school attendance of the children between 5 and 18 years old. In health, every child under 7, should meet the growth and development appointments and have a complete vaccination scheme.
- The Programme also aims at including the most vulnerable population in the financial system. With the *bancarisation* process families can access a savings account where the government allocates subsidies and families can withdraw the money. This has been done through special agreements with public and private banks to transfer subsidies every two months to the beneficiary families. This strategy also offers families access to credits, micro-insurance, savings and to create an investment culture.
- From 2002 to 2010, more than 2.6 million families benefited from the programme, representing 25% of the country's population and 55% of its poorest families. Compared with conditional cash transfer programmes, implemented in over twenty countries, Colombia had the third-largest number of beneficiaries, after Brazil and México. During this period, 3 million children benefited from nutrition subsidies and 4 million from educational assistance. This programme helped 672.000 students graduate from elementary to secondary school and 289.000 young people obtain their bachelor's degree. The 2012 strategic goal was to provide conditional transfers to 2.3 million families. In 2014, the goal is to reach 2.6 million families. Between November 2011 and October 2012, the programme provided conditional transfers worth over 1 trillion CO Pesos to more than 2 million families.

Source: Colombian Government (2012), Background paper (unpublished working paper).

of the Interior on such important issues as human rights (including the protection of sexual minorities) and ethnic communities, and a renewed focus on social protection through the Ministries of Health and Labour.

- The third area focuses on *strengthening governance critical to the country's competitiveness*, the strategy contained in the NDP related to the supporting the country's competitiveness drivers in innovation, agriculture and rural development, housing and urban affairs, mining development and energetic expansion as well as expansion of transportation infrastructure. Institutional reforms include a new Ministry of Housing, City and Territory, and the reorganisation of the Ministry of Environment and Sustainable Development to include an Environmental Licensing Authority and a Natural Parks Unit. This also includes the establishment of an Administrative Unit for Risk Management within the Presidency, which aims to improve the ability of the government to prevent, respond and mitigate risk, and the creation of the National Mining Agency.
- The fourth area focuses on *strengthening the State's efficiency and effectiveness*; it refers to the strengthening of the principles framing the legal social state, with a view of ensuring that the national government implements greater coverage, efficiency, and effectiveness in the delivery of public services it is responsible for in benefit of the citizen. The Attorney General's Office will assume some of the functions and responsibilities resulting from the restructuring of Security Department. Others are being transferred to other entities such as the *Unidad Administrativa Especial Migracion Colombia* (ascribed to the Ministry of Foreign Affairs), the Ministry of National Defence, the National Police and the National Unit for Protection. A National Intelligence Agency is also being created, along with the Agency for Judicial Defence. It is within this fourth area that *Colombia Compra Eficiente*, the national public-procurement agency which is the subject of Annex B on Procurement, has been established.

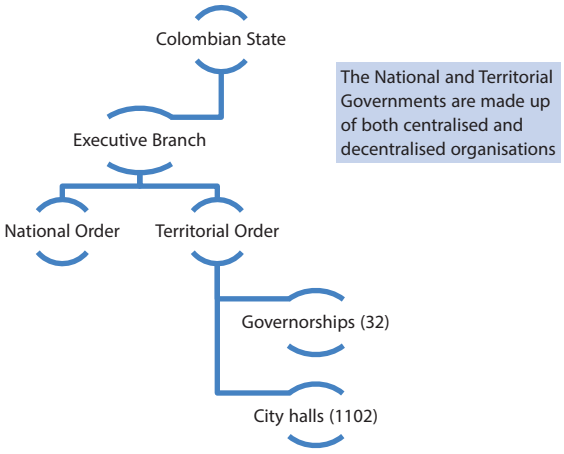
A significant element of the 2010-14 governance-reform agenda is a revision to the policies and procedures respecting public employment (see Annex A). The government undertook an analysis of current hiring procedures, employee permanence, worker development, and the role of the administrative units in charge of human resources management. Its goal is to identify aspects wherein progress has been made and those that need improvement. The challenge in this reform is to achieve a dynamic, technical system that attracts the best to public service that develops their abilities and retains them in public service, which should result in better service design and delivery. This explains why strategic HRM is a governance theme being assessed in this Review.

While it is still too early to assess the impact of these reforms on governance and service-delivery, 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.

The current structure of Colombia's central government

Today, Colombia's central government[4] is made up of the President, who is both Head of State and Head of Government, ministers and the directors of Administrative Departments (Figure 2.1), and superintendencies, public establishments and state-owned industrial or commercial companies. Governorships and City Halls make up the Executive branch at the territorial level (Chapter 4).

Figure 2.1. **Structure of the central government**



The central government currently comprises sixteen ministries, including the Ministry of the Interior, the Ministry of Foreign Affairs, the Ministry of Finance and Public Credit, the Ministry of Justice and Law, the Ministry of National Defence, the Ministry of Agriculture and Rural Development, the Ministry of Health and Social Protection, the Ministry of Labour, the Ministry of Mining and Energy, the Ministry of Commerce, Industry and Tourism, the National Ministry of Education, the Ministry of Environment and Sustainable Development, the Ministry of Housing, City and Territories, the Ministry of Information and Communication Technologies, the Ministry of Transportation and the Ministry of Culture.

In addition to these sector-based ministries, the government houses eight Administrative Departments whose heads have Cabinet rank. These institutions focus on theme-based, integrated multi-sector, government-wide policy development and programming. They include the Department of the Presidency, the Department of National Planning (DNP – responsible for preparing the National Development Plan), the statistical agency DANE, the central Department of the Public Service (DAFP), the Department of Science, Technology and Innovation, the Department of Social Prosperity, the Department for Recreation and Sports and the Department responsible for National Intelligence.

The Department of the Presidency: Overseer of national strategy implementation

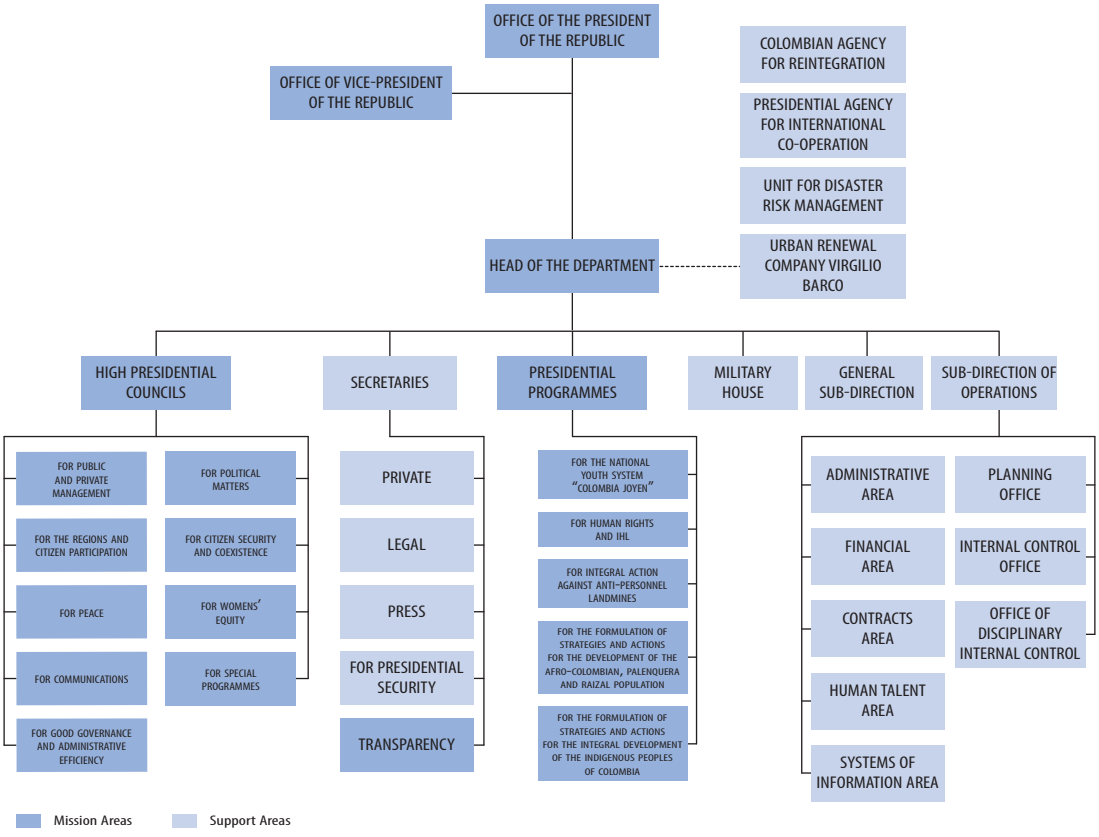
The Office of the President of the Republic – the *Presidencia* – is the central government's nerve-centre for overseeing and co-ordinating the implementation of the President's agenda. Its mandate focuses on monitoring the formulation and execution of the government's and the President's policy priorities, in particular those related to implementing the National Development Plan. It therefore works closely with the National Planning Department to co-ordinate the execution of NDP-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 NDP.

In its current configuration, the *Presidencia* includes the Vice-President's Office and 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 National Development Plan (see Box 2.4 for the current structure). 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-general of 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

Box 2.4. **Structure of the *Presidencia***



Source: Colombian Government (2013), PGR Background Report (unpublished working paper).

to advance government initiatives under the NDP's priority policy pillars as well as the President's own programming priorities:

- The Good-Governance priority is supported by the high counsellor for Good Governance and Efficient Administration and the secretariat responsible for government transparency;
- The Equality of Opportunities priority is supported by, *inter alia*, high counsellors responsible for women's equality, youth and human rights, and Presidential programming for ethno-cultural minorities, indigenous peoples' development and protection against antipersonnel mines;
- The International Relevance priority is supported by, *inter alia*, high counsellors responsible for relations between the public and private sectors and for government communications;
- The Peace Consolidation priority is supported by, inter alia, high counsellors responsible for Peace, national security, urban security and liveability, and protection against antipersonnel mines;
- The Growth and Competitiveness priority is supported by the high counsellor for public and private administration;
- The Innovation priority is supported by the high counsellors responsible for good governance and for public-private administration; and
- The Regional Development and Convergence priority is supported by the high counsellor responsible for regional affairs and civic participation.

The Presidency's units thus work together and with the National Planning Department and the relevant line ministries and government agencies in an oversight capacity to ensure that the President's policy priorities can be sequenced and advanced in a co-ordinated fashion. They can create *ad hoc* inter-ministerial working groups to develop strategies to implement priorities for consideration by the President. Indeed these units play a powerful advisory role to the President by assisting him in making decisions related to setting and steering these policy priorities. Hence, the Presidency is structured to maximise the efficiency and effectiveness with which the government pursues the implementation of the President's agenda as codified in the NDP.

Government-wide co-ordination to advise the President

The Superior Councils of the Administration[5] manage the policy-setting and implementation activities of the national Executive branch. These Councils – essentially the government's Cabinet Committees – 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 OECD-country ministry-like institution that focuses on multi-sector policy issues listed above.

In Colombia, the role of these Councils is to advise the President and the government on formulating and implementing integrated, multi-sector, whole-of-government policy coherently to advance the country's national development strategy. The most important Superior Councils are 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).

Within the central government, co-ordination is carried out by a series of national administrative systems, including:

- The Family-Welfare Management System (*Sistema Administrativo de Bienestar Familiar*), which was established by the *Instituto Colombiano de Bienestar Familiar (ICBF)*, the public-sector co-ordinator of family-welfare services. The system is comprised of the Ministry of Health, the Ministry of Education, the Ministry of Labour, the departments, districts, and municipalities, organised communities and individuals, as well as other institutions, either public or private, that contribute to or may be appointed to contribute, to the provision of family-welfare services. The national family-welfare system thus co-ordinates activity horizontally and vertically since it includes actors from all three levels of government (national, regional and municipal), and is managed by the ICBF.
- The National System for Disaster Prevention, which includes the National Committee for Disaster Prevention and their regional and local counterparts, the National Office for Disaster Prevention, the National Technical and Operating Committees for Disaster Prevention, the National Society of the Colombian Red Cross, ministries and Administrative Departments whose mandates are related to disaster-prevention (in particular the ministries of the Interior, National Defence, Health, Transport, National Education, Agriculture, Communications and the National Planning Department), and various government and non-governmental actors whose mandates relate to disaster-prevention, disaster-insurance and victim-care.
- The National Administrative System for Foreign Policy and Foreign Relations, which co-ordinates the activities of government institutions, the private sector and civil-society to generate a comprehensive, transversal and long-term foreign-policy vision for the country. It is led by the President of the Republic and supported by the Council for Foreign Policy and Foreign Relations and the Non-Governmental Group for the Coordination of Foreign Relations.
- Other systems include the National Administrative System of Intellectual Property, the Human Rights National System and International Humanitarian Law, the System of National Parks in co-ordination with the National System of Protected Areas and the National Competitiveness System, among others.

The central government also engages in co-ordination through multi-sector committees whose mandates focus on providing guidance to implement particular functions and public services. These committees handle issues between two or more ministries. The ministers, administrative department heads, superintendents and legal representatives of the relevant state agencies make up these committees. Key policy sectors that require this type of co-ordination for policy-making purposes include the protection of children and the prevention and mitigation of environmental risk.

In addition, the government holds more informal horizontal sessions. These include:

- "Good-Government Workshops", which offer a venue for high-level members of government to assess strategy, results achieved and the main challenges facing the horizontal policy sector. These are chaired by the President and are organised every six months for a two-day period. The Presidency and the High Advisor for Good Governance are responsible for organising these workshops. Only Ministers, Directors of Administrative Department and high advisors to the President can attend.

- The *Diálogos de Gestión*, sector-specific meetings between the President, the Minister of the relevant sector and other key actors during which results in achieving policy goals for the sector are discussed;
- Bilateral Dialogues, periodic meetings between the President and a specific Minister, enable discussion on the main policy issues under the Minister's responsibilities; tools to guide discussion include performance-measurement dashboards that are prepared regularly and present performance-monitoring information relating to the Minister's jurisdiction (Chapter 3).
- The *Mesas Transversales*, roundtables in which the main actors implementing a horizontal government priority (for example in employment, poverty or security) meet regularly to discuss strategy, courses of action, co-ordination of initiatives, and resource requirements.

Whole-of-government oversight for economic and social policy: CONPES

Colombia's most important policy-co-ordination and policy-integrating institution in the government is CONPES. It is the highest national planning authority in the country and serves as the advisory body to the government and the President on all policy related to national economic and social development. 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 oversees the preparation of the four-year National Development Plan, the President's vision-based policy agenda for his/her four-year term and the blueprint for managing the implementation of the government's national development strategy and the capital investments required to give effect to it. Its Secretariat is the National Planning Department (*Departamento Nacional de Planeacion*), the key CoG institution discussed below.

CONPES membership is established by Presidential decree. Its mandate is similar to that of a Cabinet committee in OECD countries, but it is not subsumed hierarchically under Colombia's Council of Ministers: CONPES is chaired by the President of the Republic and its permanent members, who have the right to vote, include the Vice-President of the Republic, all Ministers, the Director of the Administrative Office of the Presidency, the Director of the National Planning Department, and the Director of the Administrative Department of Science, Technology and Innovation – *Colciencias*.

The National Planning Department: Government-wide economic and social policy co-ordinator

Created in 1958 as the Administrative Department of Planning and Technical Services to make policy recommendations to the government, its name and mandate were modified in 1968: the Department of National Planning obtained the mandate to oversee the preparation of the National Development Plan and to work with line-ministries (and the Presidency) to implement the sector-specific and multi-sector programming needed to give it effect. Indeed the Planning Department's main responsibilities are to work with line ministries to design, monitor, and evaluate the implementation of policies, plans, programmes and projects supporting the government's National Development Plan and its related policy initiatives.

Once the Plan is approved by Congress, the Planning Department co-ordinates the implementation, monitoring and evaluation and results-management of the NDP's policy

content. It thus engages with the rest of the government in its role as the key Centre-of-Government (CoG) institution in this area. The Planning Department approves procedures and guidelines for the design, monitoring and evaluation of all programme and project content contained in the NDP. 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 NDP:

- *Ex-ante* the Plan's approval, the Department guides the design of the content of the National Development Plan and identifies the fiscal resources required to implement it. Indeed it prepares the government's capital investment components of the national budget required to implement the Plan (the operational components of the national budget are prepared by the Ministry of Finance);
- *Ex-post* the Plan's approval, together with the CONPES, for which it serves as its secretariat, the Department supports the Presidency in its stewardship role in steering the implementation of the National Development Plan.
- The Department co-ordinates the government's General Royalties system;
- The Department thus serves as the government's advisor on the content of the NDP's design, roll-out and performance-assessment. It does this through co-ordinated inter-institutional work with entities at the national and territorial levels.
- The director of the Department is appointed by the President and holds a cabinet-level position (Cárdenas, *et. al,* 2006).

The Department's operational responsibilities include (Eslava and Meléndez, 2009, p. 16):

- Compiling and analysing economic studies relevant for policy design;
- Leading the preparation of NDP drafts;
- Keeping the CONPES informed of the country's economic performance;
- Advising other national and regional government authorities about the organisation of their offices in charge of investment planning;
- Identifying studies required for adequate policy design;
- Consulting with business associations and academia on national economic challenges; and
- Presenting policy projects for debate at CONPES.

Thus the Department co-ordinates the formulation, execution, monitoring, and performance evaluation of, and prioritises the execution of initiatives to implement, the NDP's policy and capital-investment content, working closely with Ministries, Administrative Departments and territorial entities. It reports periodically to the Presidency concerning the implementation of the Development Plan, and advises on the elaboration of the Plan's annual report presented to Congress.

The centrality of Colombia's National Development Plan

In sustaining the essential strength of the Executive branch, the 1991 Constitution confirmed the transformational role of the President and the Executive branch in developing and implementing the country's national development policy agenda:

- The 1991 Constitution explicitly requires the development and enactment of a *National Development Plan (NDP)* to guide the president's term in office with respect to policies and expenditures (see next sections).
- Article 339 requires that the NDP, the government's national strategy and action plan for its four-year mandate, consist of "a general plan and a plan of investments of the national public entities. The general plan will include long-term national purposes and objectives, the goals and priorities of intermediate-term state activities, and the strategies and general orientation of economic, social, and environmental policy to be adopted by the government [while the] public investment plan will deal with the multi-year budgets of the main programmes and plans of national public investment and specify the financial resources required for their execution."
- The *National Development Plan* is prepared in consultation with a wide range of civil-society organisations and citizens' groups, including representatives of the country's ethno-cultural minorities, and then presented to Congress for its enactment into law during the first semester of the president's mandate.

The National Development Plan is the government's activities 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 NDP 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…"[6] In other words, the NDP, the President's campaign platform, is now government policy; the NDP thus constitutes the government's national multi-year integrated development strategy and policy agenda for the President's term of office.

The current Plan aims to consolidate security by achieving peace, make significant progress in enhancing equity and equality, foster regional economic dynamism by enabling sustainable development and innovation, increasing formal employment and reducing poverty, ultimately achieving greater prosperity for the entire population. The current NDP sets out the overarching goals for national development and articulates the planning to meet them. The plan sets out the main policy pillars:

- Convergence and regional development,
- Peace,
- Growth and competitiveness,
- Equal opportunity,
- Innovation,
- Environmental sustainability,
- Good governance, and
- International relevance.

The Plan states unequivocally that success in implementing the various strategies and plans under each of these pillars "will depend on the effectiveness of execution by

government actors as well as the critical role played by the private sector and the civilian population. The State is the entity that clears the path, lays down the rules and resolves conflicts but it is the private sector and society in general that builds the road…" Indeed, in this connection, the Plan underscores the extent of the role the central government is to play in fostering growth and development: "…the objective is to establish a Third-Way government which is summarised in one fundamental principle: *the market up to a point that is possible and the State up to the point that is necessary*".[7] The Plan thus indicates that the government will prioritise "policies that maximise social impact regardless of the government's ideological origin – policies that lead to greater social cohesion through the generation of jobs, education, equal opportunities, and that also promote citizen participation and social responsibility".[8]

The NDP is the formal, legal instrument by which policy objectives are identified for implementation by the central government, and allows for the subsequent evaluation of the government's performance in achieving them. The NDP consists of a general part to assess general economic trends and challenges and an investment plan to organise the action of national and sub-national governments' investment.[9] The general section outlines the medium-term national goals, targets and priorities for the government as it sets out to implement the President's economic, social and environmental strategies. The investment plan contains multi-annual budget projections for major programmes and national public investment projects and identifies the financial resources and funding sources required to implement them.

The process to approve the National Development Plan

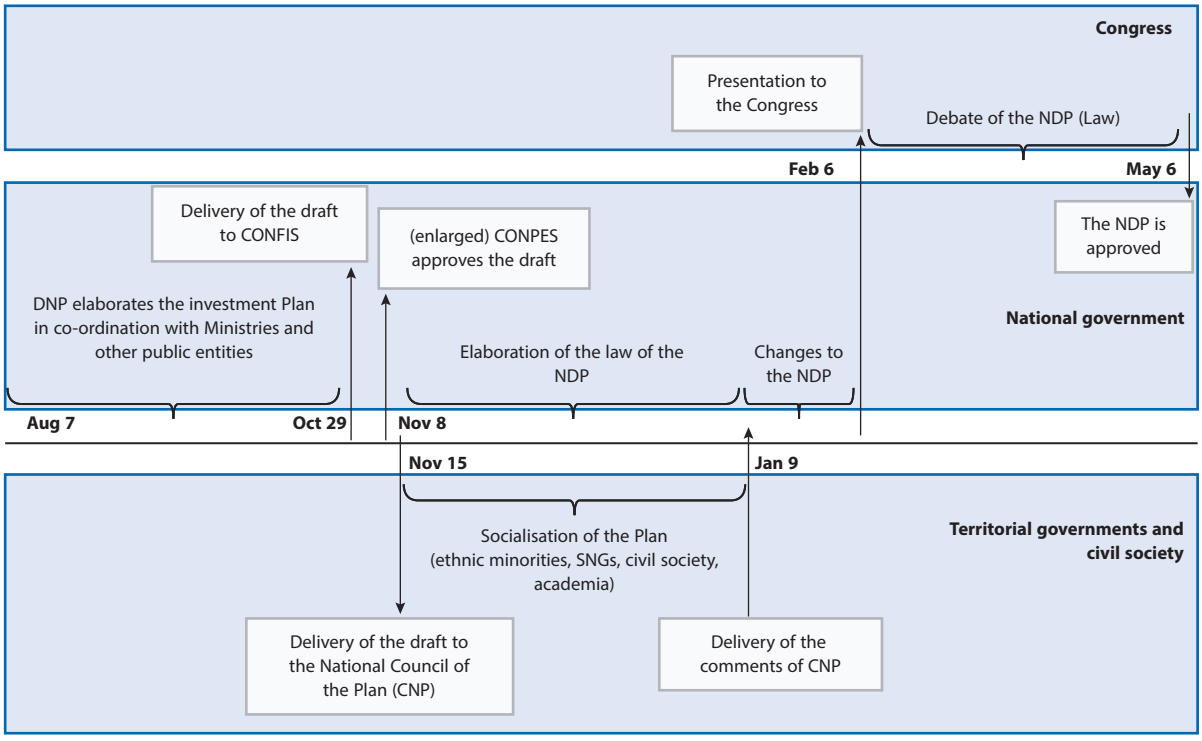
The process of transforming the President's campaign-platform-style strategy into the actual National Development Plan for his/her four-year term of office is led by the National Planning Department:

- The Department develops planning guidelines and co-ordinates the contributions of ministries, administrative departments and other authorities in fleshing out the NDP.
- A first draft is then submitted for approval to the Superior Council of Fiscal Policy (CONFIS), which has the task to verify that the investment budgets identified in the draft NDP are coherent with both the Department of Finance's 10-year national fiscal framework and its yearly fiscal plan and the National Budget (the contents of which it approves).
- The draft is then sent to the CONPES for a thorough discussion on policy content.
- The draft is then sent to the National Planning Council, mandated by legislation dating back to 1994 with managing within a fixed time-frame an extensive and highly-publicised round of formal consultations with different stakeholders from across civil society and the different regions. The resulting Plan is thus supposed to be inclusive and reflect a shared vision of the country. The National Planning Council is responsible for socialising the draft document with all the actors; actors consulted include sub-national governments, ethnic minorities and civil society. This Council can make suggestions to amend the draft based on the results of these consultations.
- Based on these suggestions the National Planning Department adjusts the draft NDP. Once the draft is finalised, the Minister of Finance (*Ministro de Hacienda*) presents the National Development Plan to Congress. Congress then fulfils its

Constitutional mandate and approves the NDP by passing a specific Law (*Ley Orgánica del Plan de Desarrollo*). In a situation where Congress rejects the National Development Plan, the President can enact it by Presidential Decree. However, this procedure negatively affects the strengths of the Plan and inhibits its implementation.

It is this entire roll-out process that is outlined in the Constitution. It covers a timeline of ten months, from the beginning of August (right after the election of the President) to the NDP's final approval in the form of the *Ley Orgánica* the following May. Figure 2.2 summarises the main steps in the development and approval process of the National Plan.

Figure 2.2. **Main phases of the NDP (Law) process**



Source: Colombian Government (2013), PGR Background Report (unpublished working paper).

Colombia's CoG institutional arrangements: An assessment

Colombia's central government displays an array of what the OECD terms centre-of-government institutions. This next section presents the main CoG characteristics along with the main Colombian CoG institutions.

The leadership role of Centre-of-Government institutions

OECD experience suggests that the key function of 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 (see Box 2.5). 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. Leadership is needed to change the way in which the public administration defines its role and encourage widespread "buy-in" from key actors both within and outside government, so that the strategic vision for the country is implemented effectively and efficiently.

The concept of CoG institutional leadership allows countries to assess national performance as a function of the agility with which central governments can 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 these 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.

Box 2.5. **Characteristics of the "Centre of Government"**

Functions of the Centre of Government

The key function of the Centre of Government is to act as a central leadership hub in order to facilitate co-ordination, collaboration and co-operation across the public administration, with the objective of securing a strong, coherent and collective strategic vision of where the country needs to go and how it will get there. 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. Leadership is also needed to change the way in which the public administration conceives its role and to encourage widespread "buy-in", so that the strategic vision for a country is implemented. An effective Centre of Government is critical for:

- **Strategic vision.** The Centre of Government needs to be able to pull together long-term, big picture objectives for the economy and society. Examples might be an objective to minimise poverty and unemployment, to promote a sustainable environment, or to diversify the basis of economic activity in support of growth. These objectives both shape and reflect public sector and societal values. Constitutional requirements and objectives are likely to be relevant. The vision needs to be owned and promoted by all parts of the public sector, as a "whole-of-government" vision.
- **Accountability.** The Centre of Government is the steward of the strategic vision. It is accountable for overall results and oversight of delegated responsibilities. It is important, however, to avoid over rigid "command and control" structures and micro management, and instead to work toward a system where the Centre of Government can exert effective oversight and clarify lines of accountability. Line ministries also need to exercise leadership for the actions and policies for which they are responsible, within the overall framework of a shared or collective commitment.
- **Strategic planning, policy coherence and collective commitment.** The Centre of Government needs the capacity to give the strategic vision specific shape, to secure its coherence, and to make it operational. A starting point is likely to be the government programme or equivalent, giving effect to the political manifesto of the party or parties in power. Making the strategic vision operational is key, otherwise the vision is a "dead letter". The doctrine of collective responsibility is crucial to bind line ministries as well as the Centre of Government to a course of action. Collective commitment is also, crucially, built, developed, discussed and agreed by the whole range of actors that are engaged in public policy making, implementation and service delivery.

Box 2.5. **Characteristics of the "Centre of Government"** *(continued)*

- **Communication.** The Centre of Government needs the capacity to communicate the strategic vision, how it is being taken forward, and its implementation. Transparency and openness help to promote a shared sense of purpose, for stakeholders outside as well as inside the government. Clarity of communication within the administration is important, so that, for example, local governments can understand the vision and share in its construction and so that all parts of the public sector understand their role, responsibility and accountability for results.

Institutional structures for the Centre of Government

It is rare to find just one institution covering all these functions in OECD member countries. It is far more common that a small set of key players share the task. The Centre of Government structures across OECD member countries vary significantly, depending on the historical development, cultural context and constitutional framework of a country. In most countries, however, they can be identified in a combination of those units of the central administration that:

- **Provide direct support to the head of the government** (Prime Minister/President/ Chancellor's Office). In many countries, however, these offices are not equipped, and do not seek, to cover the whole of the Centre of Government function. They need the capacity to protect the authority and reputation of the Prime Minister/President "above the fray", without becoming too involved in the day-to-day management of specific policies. They may also consider their role to be more political than technocratic. They are often, however, the communication hub for government policy, and their usual role in managing the agenda of the Cabinet provides them with the key authority to set priorities for the attention of the Prime Minister/President.
- **Manage the budget.** This is normally vested in the Ministry of Finance. The budget can be viewed as key to understanding the government's fiscal framework and its financial operating systems. It is a key allocative document affecting a significant share of a country's GDP – over half in some OECD member countries. It is an important policy tool, used by governments to establish policy priorities in concrete terms through the allocation of funding. It is an important management document, in that the basic operational costs of government ministries and agencies are established. In short, the budget provides the basic operational architecture for the work of government.
- **Responsible for key horizontal policies including public administration reform and central HR policy, co-ordination of law drafting and better regulation policy, and e-government**. This usually involves ministries such as the Ministry of Public Administration Reform, Ministry of the Interior, and Ministry of Justice.
- There is a crucial interface between **regulatory policy and the management of the Cabinet agenda**, since a well-functioning regulatory policy implies the development of regulatory impact assessments (RIAs) on draft legislation. In countries where policies are usually synonymous with laws, the unit responsible for RIAs needs to work closely with (or be the same unit as) the unit that sets the Cabinet agenda.
- There is also a crucial interface between **HR management and budget management**, in that performance budgeting and staying within fiscal targets implies staying within budget for HR managers.

The **sustainability** of the Centre of Government across political cycles needs attention. Centre of Government institutions are best constructed, as far as possible, to withstand the vagaries of the political cycle and to be sustainable over the periods of time that it takes to implement long-term strategies. Stability of core functions and structures will raise confidence that the vision is taken seriously, and that the country will have the institutional capacity, over time, to carry out the vision.

Box 2.5. **Characteristics of the "Centre of Government"** *(continued)*

External oversight and audit helps to ensure that the strategic vision and its implementation stay on track and that the Centre of Government – together with other actors – is accountable for progress, and can be challenged for the lack of it. In many European countries, the National Audit Office provides valuable independent perspectives not only on the efficiency but also the effectiveness of government policies. For the development of new laws and policies, some European countries have established external watchdogs (made up of stakeholders external to the government) to advise on, and challenge, proposals if these have not been developed with due care and attention.

Last but not least, the first line of engagement of an effective Centre of Government is to project and share policy priorities in key areas with the relevant ministries, and to ensure that these policy priorities are coherent and joined up. "Joined-up government" – the capacity to ensure that complex policy objectives can be met, and that the achievement of high-level policy goals are not undermined by a failure to deal with this complexity – is often weak. Ensuring policy coherence is a major public governance challenge across all OECD member countries. A united position on cross-cutting policy goals is essential if governments are to sustain their credibility, meet their strategic objectives, and if goals are to be achieved without wasting resources. It does not serve the public interest if one part of government fails in its role in policy delivery; and it is directly contrary to the public interest if one action of government is counteracted or undermined by an action taken by another part.

Source: OECD (2011), *Slovenia: Towards a Strategic and Efficient State*, OECD Public Governance Reviews, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264173262-en.

CoG leadership is an institutional characteristic that is common to most, if not all, forms of government within and beyond the OECD. That said important differences help differentiate CoG leadership activity 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, to ensure that the government can demonstrate accountability to the Head of State to whom it is responsible. Colombia's system is a strong, centralised Presidential one. This Review, and in particular this chapter, assesses Colombia's centre-of-government co-ordination and decision-making capacity in that light.

The purpose of effective and efficient CoG co-ordination to set, implement and monitor the performance of national strategy is to optimise the impact of planning on alleviating Colombia's poverty, inequality and regional disparities – hence on enhancing citizens' well-being, on business-innovation capacity and competitiveness, and on the country's overarching prosperity. This section therefore focuses on assessing Colombia's CoG institutions against this set of objectives.

CoG co-ordination challenges in Colombia

Colombia's central government presents several CoG institutions. These include most of the institutional arrangements that are common across OECD governments, including the Ministry of Finance (*Ministerio de Hacienda*) and the Ministry of Interior which, interestingly and unlike in OECD countries, co-ordinates public policy to strengthen

democracy, civil coexistence and citizens' engagement. Rather than focusing primarily on domestic security as in many OECD countries, the Colombian Ministry of the Interior leads the decentralisation process and co-ordinates the political relationship with Congress and with the sub-national authorities on behalf of the entire government. It focuses on ensuring respect for the Rule of Law and democratic values in addition to preserving public order and internal solidarity.

Colombia's key Administrative Departments also act as CoG institutions given their whole-of-government co-ordination mandates. The two key CoG institutions in Colombia's central government involved in setting, implementing and assessing the performance of National development strategy are the Department of the Presidency and the National Planning Department.

In its current configuration, Colombia's central government presents two key CoG institutions whose mandate is to advise the President on setting, implementing, and monitoring and assessing the implementation performance of national strategy as presented in the National Development Plan. Indeed, the *Presidencia* and the National Planning Department (and through it, the CONPES) define the government's strategic priorities in an elaborate and sophisticated fashion, given the level of detail contained in a National Development Plan that, in its current iteration, runs to almost two thousand pages. The performance-management capacity developed and managed by these CoG institutions is also second-to-none: SINERGIA (see Chapter 3) is, by Latin American and OECD standards, a state-of-the art government policy performance-monitoring and assessment tool.

However, institutional reform could be contemplated by the government in order to harness the policy-setting and implementation talent in the Council of Ministers and across government ministries and administrative departments more effectively. This could:

- Enhance transparency and accountability in relations between the government and civil society in an environment characterised by instant access by citizens to government decisions by building capacity in line ministries to contribute more meaningfully to strategy development, implementation and performance-monitoring. This could ultimately build citizens' trust in government by enhancing perceptions of decisions being taken in the general, public interest and being implemented effectively and efficiently to meet their needs.
- Broaden and deepen Ministers' accountability to the President for strategy-setting, implementation and monitoring to advance the President's agenda and priorities.
- Free up the Presidency to focus more clearly on medium- and long-term foresight and planning issues that will influence the President's capacity to achieve his/her strategic objectives for the country's development and prosperity.

This Review finds that the government of Colombia 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. Co-ordination 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[10]) 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.

The Council of Ministers can in fact play several functions beyond informally advising the Head of State/Government:

- Cabinet and Cabinet committees offer a *key forum for debate* on national strategy and strategic policy at the top of the government's decision-making apparatus. This allows for a full airing on a confidential basis of philosophical differences between Ministers on a policy approach to address a strategic issue. Most importantly, these debates can enrich the content of the policy proposals and strategies being submitted to the President for decision. Evidence brought to the table by various ministers, usually developed by their civil servants and nurtured through meaningful stakeholder consultations, usually provides a robust, textured basis on which decisions can ultimately be made. In Colombia, Cabinet-level debate tends to occur on a discretionary basis depending on the issue at the forefront of the agenda, for instance using the *Mesas Transversales* mentioned above, rather than in formal Cabinet Committees.
- Committees of the Council of Ministers can act as a *policy filter* through which single-sector or multi-sector strategic initiatives are debated in the context of the President's general approach to the country's development. This allows for Cabinet to contextualise individual initiatives against the government's general development strategy, to assess shorter-term initiatives against the government's and the country's longer-term strategic interests, and to recommend whether a proposal should proceed to implementation or should be held back;
- Committees of the Council of Ministers can act as *decision-maker* on transactional issues of less strategic importance to the government and the country, thus freeing up precious time and resources for the Head of State/Government to devote to more strategic issues.

• **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 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 its accountability to citizens. 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 of Colombia 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 following sections present advice in this area for consideration by the government.

Formalise decision-making mandates and operational procedures for the Council of Ministers

The Executive already possesses the traditional groupings common across the OECD that focus on economic and social policy, fiscal issues and the national budget, and foreign affairs; in Colombia these take the form of the Superior Councils. At issue is the type of decision-making these committees exercise, the relationship between the Superior Councils and the Council of Ministers, the hierarchy of this decision-making authority leading to the President as the final decision-maker in the Executive, and the ability of the Council of Ministers to co-ordinate decision-making among Superior Councils.

Decision-making on framework issues becomes increasingly complex in a globalised world where international economic trends affect national economic performance, which in turn affects the government's capacity to find the resources necessary to give effect to policy commitments under its national development strategies. This implies that responsibility for developing, assessing the relevance of, approving and monitoring the implementation of strategic decisions should be shared collegially among relevant players across the government, and not concentrated in a single decision-making authority.

In many countries, decisions at the level of Cabinet committees take the form of recommendations to more senior Cabinet committees or full Cabinet, usually chaired by the Head of State/Government, for final ratification. In order for Cabinet to make

government decisions properly, Ministers have to be able to rely on the best information and policy-advice available, and more senior Cabinet committees have to act as "filters" to ensure that recommendations flowing from more junior committees make sense, are justifiable and take into account the requisite short-, medium- and long-term policy, fiscal and political considerations needed to ensure their validity (see previous section).

That said there is no need to create a needless hierarchy of levels of Cabinet committees or Cabinet-committee decision-making. On the contrary, it would be important for accountability and transparency purposes to "keep it simple". To optimise the government's capacity to co-ordinate whole-of-government strategy-setting, implementation and performance-monitoring by mobilising the contribution of ministers and ministries systematically in these endeavours, the government could consider the following:

- **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 would free up the Presidency to support the President more exclusively in his focus on long-term strategic foresight (see Chapter 3) and managing the whole-of-government implementation of the his four-year agenda in both its domestic and international dimensions;
  - 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.
  - This Minister's office could be located within the Presidency.
- **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. 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. Indeed, the recently-created National Commission for Digital and State Information (see Annex C), could act as a sub-committee to the standing Committee;
- 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 a filter between the standing committees and full Council – or not.
- Below these standing committees of the Council of Ministers, the government could consider ensuring that it can create either permanent sub-committees or *ad hoc*, temporary reference groups of ministers that could focus on single-sector or multi-sector policy issues of strategic importance to advancing the interests of the government under this committee structure. Since in many cases the government already has these structures in place in the form of its National Administrative Systems and *Mesas Transversales* – for instance in the area of family welfare or disaster mitigation and emergency planning – the government could consider ensuring that when needed it can create (or convert existing structures into) sub-committees of Cabinet in these areas reporting to the relevant standing committee;
- This scenario implies that the government might wish to assess whether the President should continue to chair the Superior Councils – instead, the President, who as head of State should remain "above the fray" in the Cabinet decision-making process, could chair the final decision-making level – the full Council of Ministers, as proposed below. As an example of Cabinet structures and functions, Box 2.6 summarises the current federal Cabinet decision-making process in Germany.

- **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 (see above).

- **Assess 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.
- In so doing, **the government could reinforce the National Planning Department Department's medium and long term planning responsibility** 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).

Box 2.6. **Summary of Germany's Federal Cabinet structure and functions**

- The Cabinet is made up of the Chancellor and – currently – fifteen Federal Ministers. In principle, Cabinet meetings take place weekly, usually on Wednesday morning. The Cabinet is the final decision-making authority. According to the rules of procedure of the Federal Government all matters of general domestic and international political, economic, social, financial or cultural importance have to be presented to it for consideration and decision-making. This includes:
  - all draft bills,
  - all draft ordinances of the Federal Government as well as other draft ordinances of outstanding political importance, all matters of relevance for the relationship to the legislative bodies (Bundestag, Bundesrat),
  - initiatives, programmes of action, reports and
  - important personnel and promotions of civil servants.
- The Cabinet usually decides consensually as a collegial body. The approval of the Cabinet is explicitly or implicitly asserted when no objection is entered. Any former disagreements between line ministries have to be settled before a draft proposal is submitted for Cabinet consideration. Formal voting in the Cabinet is thus very rare.

Box 2.6. **Summary of Germany's Federal Cabinet structure and functions** *(continued)*

- An important instrument for the preparation of Cabinet meetings is the regular meetings of the State Secretaries of all line ministries, chaired by the Head of the Chancellery, which take place about two days before Cabinet meeting. Here, all items of the agenda for Cabinet are discussed to iron out remaining conflicts.
- In contrast to many other countries, standing committees of the Cabinet in Germany do not play a major role in Cabinet decision-making. There were a few for special subjects in the past but they met only occasionally. In practice, primarily only the Federal Security Council (*Bundessicherheitsrat*) is of political relevance. It deals particularly with arms exports. Its membership consists of the Chancellor, the Head of the Chancellery and a number of ministers and it meets for specific reasons. The standing committee on Economics meets to prepare the Federal Government's Annual Economic Report.
- Below Cabinet level there are a few permanent groups of State Secretaries, chaired by the Head of the Chancellery. These focus on specific issues like sustainable development (the so-called "Green Cabinet"), EU matters or bureaucracy reduction.

Source: Peer Reviewer, Office of the German Federal Chancellery, 2013.

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

Cabinet-committee structures of this nature are usually serviced by one or more CoG institutions – usually more than one – that play several functions simultaneously in their dealings with line ministries and government:

- *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 functions,* that enables the CoG institution to harness, in light of the complexities of implementing national strategy effectively, resources from across the government to ensure that whole-of-government coherence in policy-setting and implementation is maximised through Cabinet decision-making, and that *ex post* performance-assessment takes into account the "joined-up" nature of whole-of-government policy design and implementation effectively.
- *The challenge function*, which allows the CoG institution 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, to measure whether the proposal takes all internal and external short-, medium- and long-term considerations into account (e.g. risk, costs, etc.);
- *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 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.

- 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. Box 2.7 briefly summarises the functions of Germany's Federal Chancellery.

Box 2.7. **Brief summary of the functions of the German Federal Chancellery**

- The Federal Chancellery is the co-ordinating centre for government policy as a whole. It is led by the Head of the Chancellery who as Federal Minister for Special Affairs is a full Cabinet member. The Chancellery's organisational structure reflects the government's ministerial portfolio structure as there is at least one section responsible for every ministry in the Chancellery. These so-called mirror units fulfil an important liaison function between the CoG and their respective line-ministries by maintaining contact with them and overseeing their activities. Together they constitute a mini projection of the whole government which is decisive for the competency and efficiency of the Chancellery.
- Under the German Constitution the Chancellor determines and is responsible for general public-policy guidelines. These policy guidelines bind the ministers who, in accordance with the Basic Law, conduct their affairs autonomously under their own responsibility. So, while the Chancellor cannot issue formal orders that fall within a minister's specific jurisdiction, the Chancellery plays a whole-of-government leadership function in supporting the Chancellor in exercising his/her policy stewardship role, and is thus not limited to playing only a co-ordinating and mediating role.
- The Chancellery provides all secretariat functions to Cabinet, in particular the preparation of the Cabinet agenda. Within the Chancellery, the responsible unit is the section for Cabinet and Parliament Affairs which is closely linked to similar units in the ministries. Together with the Chancellery's staff this unit considers all formal and technical requirements of all proposals submitted for Cabinet decision. In particular, it checks whether disputes or conflicts between ministries remain unsolved and whether resistance can be expected from Parliament and/or civil-society groups. It directs legislative initiatives approved by Cabinet to the appropriate legislative bodies.

Source: Peer Reviewer, Office of the German Federal Chancellery, 2013.

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 Cabinet decision-making and the implementation and performance-monitoring of the President's agenda, the government could 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) and Control Agencies, 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.
- **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 focus on evaluating 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.

- Maximising complementarity and mutual reinforcement of mandates between CoG institutions (the Presidency, the Planning Department, the Ministries of Finance, the Interior and others) to co-ordinate strategy-setting, implementation and performance-monitoring from a whole-of-government perspective;
- Ensuring that where required, mandates of ministers and their deputies explicitly reflect the need to work together and with CoG institutions to manage government operations in a way that optimises the capacity of the Council of Ministers to set, implement and monitor the performance of the President's agenda and the government's National Development Plan, while strengthening the duty of line ministries to comply with directives from CoG institutions (in particular the Presidency, the DNP and the Ministry of the Interior) respecting co-operation in setting, implementing and monitoring the performance of government strategy, much along the lines of what is done today through the *Comites Interinstitucionales,* in which representatives of the different ministries and administrative departments are required to co-ordinate policy implementation.

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.

The 1991 Constitution establishes the framework governing the Executive-Legislative interface. Congress meets in ordinary session during two periods in a given year; these periods constitute a single legislative term. Congress also meets in special session when convened by the government – for a period defined by the government in its letter of convocation. During these special sessions, Congress is entitled to discuss only those issues transmitted by the government for its consideration. The President convenes and adjourns the sessions of the Congress in each legislative term. The Constitution states that the President is required to submit a report to Congress at the beginning of each legislative term on the activities of the administration, the execution of its plans and programmes for economic and social development, and the legislative agenda which the government proposes to introduce during the legislative term.

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 Peace Process and the implementation of its National Development Plan. This National-Unity approach consists of working together on democratic security, transparency and anti-corruption, good governance, democratic institutional reform, justice, environmental issues, and international affairs. This approach 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 ensure information-sharing and discuss ways to proceed.

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 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.

One approach that models good practice in OECD countries for the exploration of policy options is the use of Green and White papers. Green papers help governments, without committing them, to engage with actors within government, the Legislative Branch and with business and citizens to explore together policy options and their likely impact. Such a process reduces the risk of arriving at policy options too quickly, including the risk of overlooking better options and ignoring negative consequences of proposed policies. Participation of stakeholders in policy-making at an early stage also improves the likelihood of compliance by increasing legitimacy of policy responses and may therefore reduce the costs of enforcement. White papers serve to express the policy propositions the government has arrived at.

Key features of green and white papers are described well by Watts (2007, p. 107, p. 284, in OECD 2013):

- A "Green Paper is a tentative statement of governmental thinking on the issues raised by some issue of public policy. Such a paper often sets out alternative means of resolving a problem and invites consultation and discussion of the available options. A Green Paper is usually used at an early stage in the process of making public policy and may be regarded as a first step in changing the law. There is no commitment to action, but such a document may be followed by a more specific White Paper".
- A White Paper "sets out Governmental thinking in a policy area and is indicative of the Government's legislative intentions. Consultation on a White Paper is still possible, hence occasional references to 'White papers with green edges'. However, this stage is a much clearer indication of current thinking than a Green Paper".

Australia, Canada, the European Commission (see Box 2.8), Ireland, New Zealand, the UK and the US all use Green Papers to engage in a dialogue within government, with legislative bodies and the general public about policy challenges and their possible solutions. In Australia, departments and agencies are required to prepare a Green Paper for regulatory proposals of major significance as the basis for consultation on the policy options. If the Green Paper leads to a regulatory proposal, the consultation responses can later form the basis of the regulatory impact assessment (OECD, 2010c in OECD 2013).

Another approach is the use of "Government Commissions" by such countries as Chile, similar to "Royal Commissions" used by countries whose governments inherited the Westminster tradition. These Commissions can call witnesses to speak to the policy issue they are examining and offer advice on options to address it.

Of course, Colombia already uses a range of mechanisms – both formal and informal – to consult civil-society groups. When a sector or interest-group wishes to propose an initiative to the government for consideration, mechanisms used include the PRECONPES,

Box 2.8. **Consultation on Green Papers in the European Union**

The European Commission uses Green Papers to consult with EU organs and stakeholders on major policy proposals. For example, the Commission issued seven green papers in 2011 (EU Commission, 2012a) on stability bonds, agricultural products, professional qualifications, the EU corporate governance framework, online-gambling, research and innovation funding and public procurement.

The Commission publishes their Green Papers online and actively invites comments from anyone interested in the subject to participate in a consultation process and debate on the basis of the proposal put forward (EU Commission 2012b). There are several examples where consultation processes stimulated by Commission Green Papers have resulted in considerable stakeholder involvement. For instance, because of the problem of an ageing population in Europe the Commission issued in 2010 a Green Paper on European pension systems. Upon release of the Green Paper (COM [2010] 365 final) in July 2010 and a reader-friendly summary for citizens the Commission invited comments from anyone interested in the topic through a dedicated website and online survey. During the four-month consultation phase, considered as "extremely successful" by the Commission (EU Commission 2011, p.1), the Commission received almost 1700 responses from across the EU, including the Member State governments, national parliaments, business and trade union organisations, civil society, representatives of the pension industry, the European Parliament, the European Economic Social Committee and the Committee of the Regions (EU Commission 2011, p. 1). Subsequently, these submissions were summarised in a separate published document with commentaries from the EU Commission.

The issue of a Green Paper can but does not necessarily lead to the publication of a White Paper. A White Paper focuses on "translating the conclusions of the preceding debate into practical proposals for Community action in a specific area" (Hofmann et al. 2011, p. 516) and presents the Commission's conclusions. For example, the EU published in early 2012 a White Paper (COM(2012) 55 final) on pension systems in Europe, which was based on the preceding Green Paper and the received submissions from the consultation process as well as 100 meetings with stakeholders (EU Commission, 2012c).

Source: European Commission (2011), *Summary of consultation responses to the Green Paper "Towards adequate, sustainable and safe European pension systems*", Brussels; European Commission (2012a), "Green Papers", http://europa.eu/documentation/official-docs/green-papers/index_en.htm; European Commission (2012b), *Green Paper, Glossary*, http://europa.eu/legislation_summaries/glossary/green_paper_en.html; European Commission (2012c), *An Agenda for Adequate, Safe and Sustainable Pensions*, White Paper, COM(2012)55final, Brussels.

official discussions with territories and civil society, *audiencias publicas,* the Agreements for Prosperity consultations tool, the Crystal Urn, and so on:

- One of the most important tools used by the government is the formal labour-management consultations mechanism known as the *Consejo Tripartito* (see Box 2.9), the National Consultations Commission on Wage and Labour Policies of Colombia, created by the 1991 Constitution and designed to encourage social and political dialogue about work and wages.
- *Public Hearings* were established by law in 1988 as an opportunity to exchange information related to the design, implementation and evaluation of policies and programmes between national entities, local entities and the citizens.
- *Spaces for participation* in public policy: During the process of formulating a public policy, the Government opens spaces of participation with civil-society, private-sector stakeholders to ensure the legitimacy of the policy proposal.

- *Consulta Previa* reflects the right, defined in law, of indigenous and Afro-Colombian communities to dialogue with the government to ensure these communities' survival and autonomy. It is conceived as a dialogue of good faith between the communities and the Government around laws, public policy, plans and projects. Communities have to be consulted and must approve the final law or policy that may affect them directly.
- *Agreements for Prosperity*: Under the current government's National Development Plan, citizens' participation is defined as one of the most efficient, effective and transparent ways to govern. To implement citizens' participation, the government designed a consultation tool called *Acuerdos para la Prosperidad* (APP). The main purpose of APPs is to boost regional development by promoting dialogue on a given policy issue between the national and sub-national levels of government and relevant civil-society stakeholders (see Chapter 4). Depending on the issue being discussed using the APP, a different Ministry is responsible to lead the exercise. Some examples of topics that have been analysed under this collaboration mechanism include housing, trade and commerce, industry, tourism, poverty alleviation, agriculture, infrastructure, health, education, etc. When the APP takes place in a region, the actors invited are the community, the sub-national entities and other stakeholders that are directly relevant to the policy issue being discussed. The purpose of this tool is to generate ideas and solutions harnessing different perspectives.

Box 2.9. **Colombia's *Consejo Tripartito***

- The National Commission on Consultations regarding Wage and Labour Policies of Colombia is the main tool supporting social dialogue on work and wage policies. The Commission was created in 1991 by the Constitution. Its objectives are to promote good labour relations to achieve justice in a spirit of economic co-ordination and social equilibrium; contribute to the settlement of collective labour disputes; and co-ordinate wage and labour policies, taking into account the constitutional principles that govern the matter.
- The Commission is made up of the main actors in labour relations. The government is represented by the head of the Labour Ministry who chairs the commission, the heads of the Ministries of Finance, Agriculture, Commerce, Industry and Tourism and the National Planning Department. Employers are represented by the Association of entrepreneurs, ANDI; the National Retail Federation, FENALCO; the National Banking Association, ASOBANCARIA; the Colombian Growers Association, SAC, and the Association of Small Entrepreneurs, ACOPI. Workers are represented by the General Confederation of workers, CGT; the unitary Confederation of workers, CUT; the Confederation of workers of Colombia, CTC and the Retired Democratic Confederation, CDP.
- The National Commission finds expression regionally in sub-national committees on consultations on wage and labour policies which promote harmonious labour relations within their region, contribute to the settlement of regional collective labour disputes and set through consultations regional labour policy through regional strategic plans in accordance with the framework established by the National Commission. Similarly, Thematic Subcommittees created by the Commission focus, for example on treatment of conflict under Conventions 87 and 98 of the International Labour Organisation, ratified by Colombia.

Box 2.9. **Colombia's *Consejo Tripartito (continued)***

- The National Technical Secretariat supporting the Commission began its operations in October, 2012. The Technical Secretariat aims to provide administrative and technical support to strengthen capacity in the Commission; compile policy proposals drawn up by the members of the Commission; technically support each category of Commission membership and support the interface between the Commission, the departmental subcommittees and international consultation institutions.
- Since the beginning, the Commission has focused on negotiations surrounding the minimum wage. Since 1996 the Commission has addressed minimum wages seven times, which has generated a positive impact on national employment levels, income distribution and poverty reduction. In addition, the Commission has focused on labour policy issues, including labour-related Tax Code modifications and a Bill on the Learning Contract. More recently the Commission has begun work on a Pensioner's Code with the purpose of presenting a Bill in Congress on "Principles for Protection in Old Age". In this connection the Ministry of Labour in partnership with the American Social Security organisation recently hosted an international workshop on "Experiences and political and social arrangements of the Pension System," for members of the Commission to share experience from Spain, Uruguay and Brazil on pension systems.

Source: Colombian Government (2013), PGR Background Report (unpublished working paper).

Colombia could thus consider building on these 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

Meaningful, sustained communication between governments and citizens is fundamental in a democracy because it can build trust in government – and it is on the basis of trust that government decisions are perceived as legitimate. Building trust in the institutions of government is therefore central to ensuring that strategic decisions aimed at implementing Colombia's national development strategy receive broad public support, and that the public institutions making those decisions are perceived as legitimate and worthy of support over time; that the government is perceived as deciding in favour of – and defending – the general, public, interest. In addition, citizens have the right to know how their taxes are spent, whether they are being spent efficiently and effectively, and whether they are achieving the results they are supposed to be achieving. Effective strategic communication with citizens thus implies transparency and honesty – including admitting mistakes.

The government of Colombia has already developed elaborate accountability and reporting tools, some of which – including SINERGIA of course (see Chapter 3) – are the envy of their neighbours. These tools also include the Annual Report submitted to Congress on the National Development Plan, as well as line-ministry annual accountability reports. A recent addition to this toolkit is 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.

An effective, co-ordinated 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.

Part of an effective whole-of-government communications strategy's strength is its machinery. The government of Colombia might **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.

Staging and sequencing reform implementation

Reform of this nature and scope takes time. It cannot be implemented all at once; adequate lead time is required to test assumptions, flesh out directions and debate them with key interests and stakeholders. It will likely make sense to test certain reforms first by implementing pilot projects and measuring results before structural reform can be fully instituted. For instance, implementing a full-fledged Cabinet-committee decision-making structure along with the CoG institutional arrangements to support it would likely take years – and its prerequisite is buy-in and active support from the President himself. That said timing seems propitious, since presumably this type of reform would first need to be sketched out in the next iteration of the National Development Plan, due to be launched in 2014. Staging and sequencing issues related to implementing reform are discussed more fully in Chapter 5.

Illustrations of the challenges affecting government-wide co-ordination

The following section summarise co-ordination-related issues highlighted in each of the three thematic governance studies conducted for this Review. These themes are human resources management (see Annex A), procurement (see Annex B) and e-government (see Annex C). This section also presents a short summary of the co-ordination issues the government of Colombia is facing in maximising the quality, effectiveness and efficiency of regulations presented in the OECD's Regulatory reform review of Colombia (2013, forthcoming).

Strategic human resources management as a tool to implement strategy government-wide

Workforce-management reforms and the creation of a modern and dynamic human-resources management (HRM) system are essential to equip the public sector to play its part in Colombia's economic and social development (see Annex A). Effective integration of the management of the public-sector workforce into overall public-management reform efforts is central to ensuring that public-sector HRM supports the strategic needs of government. This will increase the public's confidence that government institutions are productive, well-managed and operating in the public interest – for the good of citizen and the benefit of the country.

The HRM annex to this Review addresses a series of key reform areas so that HRM can become an enabler for good governance and improvements in public-service design and delivery government-wide at all levels of the Colombian public administration. One of the reform areas relates to strengthening human-resource management across the central government. Reform in this area can help the government of Colombia in its efforts to create a more efficient and effective public service that is forward-thinking and strategic in its outlook; comprised of 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.

The Review has found that currently, responsibilities for HRM are allocated among several different central bodies in a way that makes it difficult to achieve effective and efficient government-wide co-ordination of HRM. The Annex recommends that as a means to heighten government-wide co-ordination capacity, the HRM mandate of the government's Administrative Department responsible for the civil service (DAFP) could be consolidated and its strategic capabilities further developed. DAFP could take on a lead role in designing and overseeing the implementation of HRM reforms across the

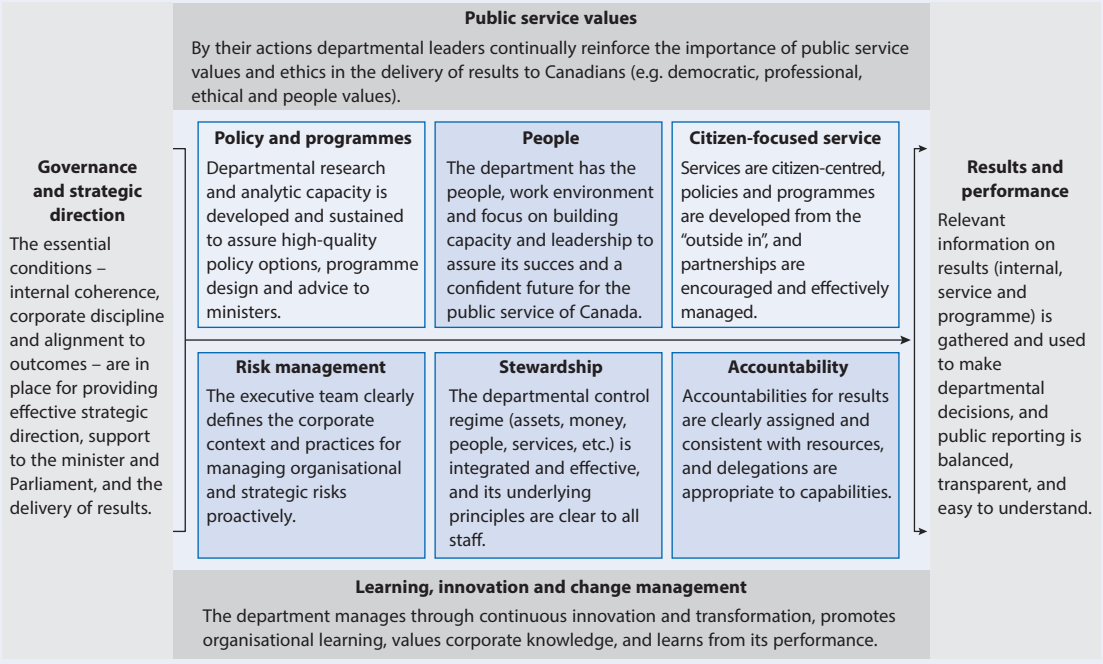
government. DAFP can also add significant value by developing frameworks and tools to support ministries and other organisations in improving their HRM. The corollary of this is that DAFP could become less involved in detailed operations, regulation and compliance. However, this change will need to be 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.

In this regard, Colombia could consider strategies that have been implemented in such countries as Canada, Sweden, and Australia. These countries have developed tools to achieve the right balance between delegation and whole-of-government management accountability. Canada's Management Accountability Framework demonstrates the importance of applying common measures across departments and agencies to develop a whole-of-government perspective, even in a decentralised federal context (see Box 2.10).

Box 2.10. **The Canadian Management Accountability Framework**

In the context of increased emphasis on results and performance management and increased delegation of management functions to departments, the Canadian government has developed a Management Accountability Framework to ensure departmental accountability for management results, including human resources. The MAF is structured around ten key elements that collectively define "management" and establish the expectations for good management of a department or agency. It sets clear indicators and measures that can be used to gauge performance over time to help managers, deputy ministers, and central agencies to assess progress and to strengthen accountability for management results.

The MAF is part of the government's efforts to move away from prescriptive rules and heavy central regulation to focus on risk-based monitoring and accountability for results. The government uses annual MAF assessments to identify management strengths and weaknesses in individual departments and agencies and ultimately government-wide. The assessment process leads to a joint agreement on specific management improvement action plans and ultimately public reporting on the state of management. MAF assessment now also factors into deputy ministers' performance appraisals.



Box 2.10. **The Canadian Management Accountability Framework** *(continued)*

The People Component of the MAF provides a common structure for assessing HRM in departments and agencies. It sets out vision, expectations, key performance indicators and associated measures for sound HRM. It centres on key workforce, workplace, leadership and HR infrastructure outcomes, and associated measures. The outcomes are:

- a workforce that is talented, professional, representative, engaged and productive, with the required competencies and values to meet current and future needs;
- a workplace that is healthy, safe and fair and enables employees to work effectively in a supportive environment and a culture of excellence;
- strong leadership and management capacity to effectively lead organisations and people in a complex and dynamic environment;
- effective infrastructure, which facilitates effective organisational planning supported by strategic and enabling HRM and achieves high levels of client satisfaction.

The key "people management" performance indicators provide a solid foundation on which managers at all levels, including deputy ministers and human resource professionals, can build their accountability regimes for quality HRM and assess their organisation's business and human resources outcomes. Every department and agency (except for small and micro agencies) in the federal public service is assessed in each component of the Management Accountability Framework (MAF). Each MAF component is further subdivided into Areas of Management (AoM), each of which has lines of evidence with associated rating criteria and definitions to facilitate an overall rating by AoM. The four-point assessment scale measures each AoM as either strong, acceptable, opportunity for improvement or attention required. The annual performance assessment of Deputy Ministers takes their Department's MAF performance into account.

The MAF assessment process is performed annually by the Treasury Board Secretariat (TBS) (OCHRO performs assessment of the "people" component of MAF), based on evidence submitted from departments and agencies to support the defined quantitative and qualitative indicators within the framework. Assessments are completed by TBS representatives, including a quality assurance process to ensure results are robust, defensible, complete and accurate.

Source: OECD (2010), *OECD Reviews of Human Resource Management in Government: Brazil*, OECD Publishing, Paris.

Making HRM more flexible will inevitably entail not only the reform of policies and procedures that constrain effective workforce management, but also giving line ministries and departments more scope to manage their HRM. This will require careful preparation and training of line managers and staff of HR units to enable them to take on more strategic HRM responsibilities. Experience in OECD countries has shown that delegating HRM functions will succeed only if accompanied by greater accountability for managing HRM.

DAFP could assess what delegation may be desirable to make the HRM system work better and how it could be phased to enable the necessary capacity to be built up. At this stage it is recommended that the focus be on assisting HR units and line managers to improve the elements of HRM for which they are already responsible, especially performance management, workforce planning and staff training, rather than delegating additional matters. A valuable initiative that DAFP could take in terms of building the professional HR community in government organisations would be to develop an ongoing dialogue with HR functions in line ministries and departments. This could eventually lead on to setting up a forum of HR Directors and a network of HR managers. Competencies for HR professionals should be defined and a strong effort put into training and development.

In this regard, the government of Colombia might find the United States' experience with workforce planning instructive here. The Office of Personnel Management (OPM) has made an effort to align workforce planning with the strategic management of organisations and requires agencies to submit human capital plans annually (see Box 2.11). These workforce plans identify competency gaps and strategies to close these gaps. This experience emphasises the need for a forward-looking assessment of current and future capabilities and for aligning HRM with the overall mission and strategic objectives of government organisations.

Box 2.11. **Strategic workforce planning, strategic alignment and workforce analysis in the United States**

In the United States, workforce planning is part of the strategic alignment system which focuses on a human capital strategy aligned with mission, goals and organisational objectives of federal departments and agencies. It is implemented by the senior management, and in particular the chief human capital officer (CHCO), through analysis, planning, investment, measurement and management of human capital programmes.

Human capital management strategies are integrated into strategic plans, performance plans and budgets and are organised around: human capital planning, workforce planning, human capital best practices, knowledge sharing, and human resources as strategic partner. Each has several key elements that indicate effectiveness and is linked to suggested indicators that identify how well the agency is doing relative to key elements.

Activities and outcomes of this system are assessed through documented evidence of a Strategic Human Capital Plan which includes human capital goals, objectives and strategies; a workforce plan; and performance measures and milestones.

Agencies are required under Office of Personnel Management (OPM) regulations implementing the CHCO Act to submit the Strategic Human Capital Plan described by this system to OPM on an annual basis.

Effectiveness results of workforce planning

Each agency approaches workforce planning strategically and in an explicit, documented manner. The workforce plan links directly to the agency's strategic and annual performance plans and is used to make decisions about structuring and deploying the workforce.

Mission-critical occupations and competencies are identified and documented, providing a baseline of information for the agency to develop strategies to recruit, develop and retain talent needed for programme performance.

The agency's documented workforce plan identifies current and future workforce competencies and the agency is closing identified competency gaps through implementation of gap reduction strategies such as:

- restructuring;
- recruitment;
- competitive sourcing;
- redeployment;
- retraining;
- retention (e.g. compensation, quality of work life); and
- technology solutions.

Box 2.11. **Strategic workforce planning, strategic alignment and workforce analysis in the United States** *(continued)*

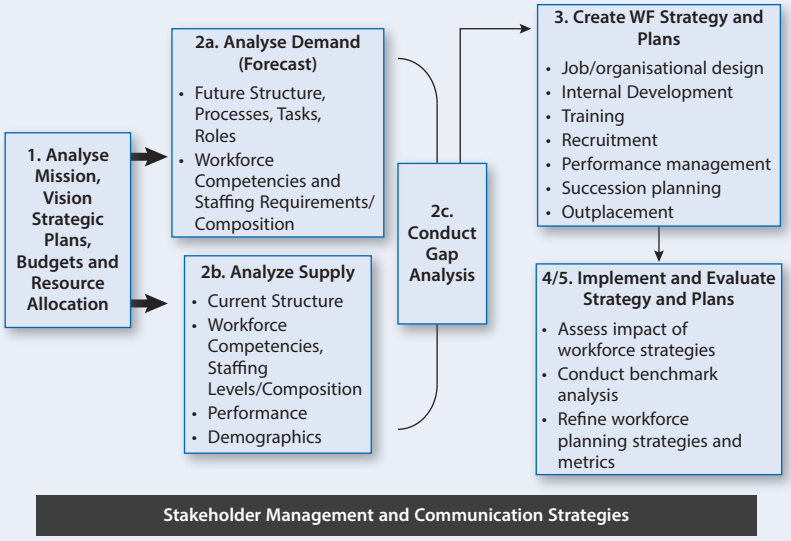
A business forecasting process identifies probable workforce changes, enabling agency leadership to anticipate changes to human capital which require action to ensure programme performance.

Based on functional analyses, the agency is structured to achieve the right mix and distribution of the workforce to best support the agency's mission.

Based on analysis of customer needs and workload distribution, the agency has the right balance of supervisory and non-supervisory positions to support the agency mission.

Workforce analysis

To support agencies' workforce planning efforts, OPM has issued a Federal Workforce Planning Model, which includes a workforce analysis framework. The following process chart illustrates this framework:



Source: United States Government, OPM, *The Strategic Alignment System*, www.opm.gov/hcaaf_resource_center/3-1.asp (accessed July 2012) and OPM (2008), *Workforce Planning Best Practices.*

Procurement issues

Public procurement represents about 15.8% of the GDP in Colombia (see Annex B), with approximately USD 11 billion spent at national level, corresponding to approximately 70 000 contracts (see Figure B.3). This is higher than the OECD average (12.9% of the GDP). In Colombia there are more than 2 000 public purchasing entities at the central and sub-central levels. Each public entity assesses its needs and carries out public contract-award procedures to fulfill them. The expertise and quality of the procurement workforce varies considerably. Procurement officials at the sub-central level tend to be less specialised.

Three international studies on procurement in Colombia – the 2000 World Bank Country Procurement Assessment Report (CPAR), the 2005 World Bank and Inter-American

Development Bank CPAR and the 2009 World Bank and Inter-American Development Bank Status of the Public Procurement Reform in Colombia – recommended consolidating, unifying and harmonising procurement rules, creating a central public procurement agency and setting up an electronic procurement platform. The main weaknesses in Colombia were found by all three studies to be not in Colombia's legal framework but in the organisation and operation of procurement government-wide and in the system's integrity and transparency.

In response to these recommendations, and on the basis of its national plans, the government of Colombia established the central procurement agency *Colombia Compra Eficiente* in 2012 under its good-governance agenda in the 2010-14 National Development Plan (see Chapter 2). Thus, the creation of this agency demonstrates beyond doubt the degree to which the government of Colombia understands the need to enhance whole-of-government co-ordination capacity, whether in terms of implementing national development strategy or in terms of enhancing the effectiveness and efficiency of government operations – in this case procurement.

Colombia Compra Eficiente is in charge of setting up framework agreements, updating and overseeing the electronic procurement platform, co-ordinating and advising on procurement policy and assisting buying entities and suppliers in procurement practices. It is already taking initiatives in these directions. To understand the strengths and weaknesses inherent in procurement practices across the country, *Colombia Compra Eficiente* recently commissioned a study to develop an inventory of the public-procurement workforce and identify the professional profile, professional and academic background and remuneration of procurement officials and external procurement contractors in Colombia. Data collection for this study took place between August and October 2012 and involved 87 public buying entities. The study demonstrated that procurement is deemed by the government to be an administrative function; procurement officials are housed in administrative support units of buying entities (such as the entity's secretariat). A dearth of procurement officials has led to a reliance on external contractors/consultants to carry out procurement-related work. Both procurement staff and contractors/consultants display, in their majority, a legal professional background (62% and 75% respectively).

Moreover, public procurement in Colombia is regulated under a comprehensive regulatory framework.[11] This framework is complex, with many overlapping rules, and often not easy to implement. This contributes to public-procurement officials adopting a compliance-based approach to procurement emphasising process, not outcomes. Also, it makes it harder for potential suppliers, especially Small and Medium-sized Enterprises (SMEs), to participate in the procurement process, as it is not easy to follow the rules.

To improve whole-of-government co-ordination capacity in procurement, Compra Eficiente is already working on simplifying the legal framework and has prepared a new draft decree consolidating rules on public procurement principles and objectives, procedures, awards, conclusion and execution of contracts and related matters. The draft decree is intended, in accordance with its preamble, to provide a "regulatory framework that is coherent, concise, easy to understand and implement".

In Colombia there is a wide range of exceptions to the procurement rules; these allow specific entities to procure goods and services outside the competitive tendering process (e.g. for the defence and the health sectors, public universities, the central bank of Colombia etc). In addition, buying entities can bypass competitive procurement procedures using specific grounds identified in the regulatory framework, including urgency, defence procurement, insufficient numbers of suppliers in the marketplace, inter-administrative

contracts (i.e. when buyer and supplier are both public entities), lease or conveyance of real estate, hiring of professional services, and research projects.[12] In 2011, almost half of the total number of public contracts in Colombia was awarded on the basis of exceptional procedures (see Figure B.3). This information is available and open to the public.[13]

The government of Colombia is currently in the process of cleaning up its procurement data to enhance the reliability of the information on the size of the procurement market and the total number, type (products, works and services) and value of contracts. Also, the new draft decree prepared by Compra Eficiente consolidates, clarifies and reduces the grounds on which direct awards can be made. It puts an obligation on buying entities to justify recourse to direct award, to identify clearly the rationale for the direct award and follow specific conditions and rules of procedure for direct awards.

ICT and E-Government roll-out and uptake

This section first presents a description of recent initiatives by the government in the area of ICT-uptake and e-government roll-out. It then presents considerations related to co-ordinating the implementation of the government's e-government and ICT strategies (see Annex C). Colombia's work on public-sector reform through the adoption of ICTs began in the 1990s, laying the foundation for more than a decade of developments in this area:

- In 2000, Colombia's strategic approach was consolidated in the government's national "Connectivity Agenda", which first articulated the government's information-society strategies (Government of Colombia, 2012).[14]
- Strategies and plans for the information society and public-sector use of ICTs have been identified as key levers for development since 2002, and have thus been co-ordinated under successive national development plans. This is reflected in a general approach to the use of ICTs, where the need for broad societal impacts is emphasised. Good governance, supported through targeted use of ICTs, is identified as one of the key levers for Colombia's general development.
- In 2008, Colombia launched the "National ICT Plan 2008-2019" [*Plan Nacional de Tecnologías de la Información y las Comunicaciones 2008-2019*] outlining a vision and medium-term directions for government-wide use of ICTs. By the end of the period, the plan's aim is to have all Colombians connected, using ICTs to create an inclusive and competitive society (Ministry of Communications, 2008).

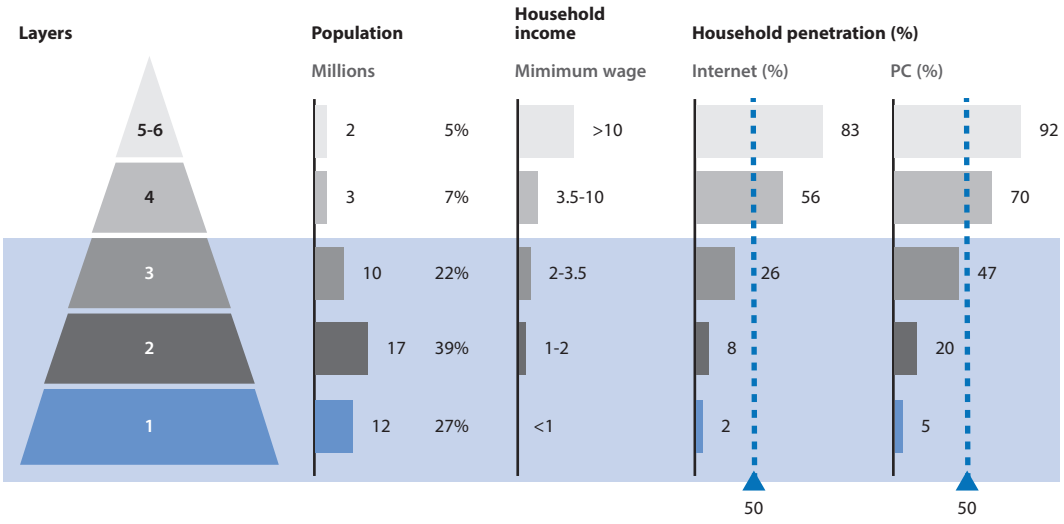
The current National Development Plan confirms the government's general strategic direction respecting the public use of ICTs. 5.5 trillion pesos (2.9 billion USD) were allocated over this four-year period in the Plan's multi-year budget. The use of ICTs is highlighted as being of particular relevance in pursuing the Plan's pillars relating to good governance and effectiveness, growth and competitiveness. Other pillars such as regional development and risk-prevention also hold important technological components.

Vive Digital

Vive Digital is the ICT strategy to be implemented under the current National Development Plan. As the Colombian government focuses on inclusive growth, it is encountering challenges regarding access to and use of the internet and personal computing equipment (see Figure 2.3). The *Vive Digital* strategy includes a comprehensive plan on how to integrate the use of digital technologies in all areas of activity in the lives of Colombians

(Ministry of Information Technologies and Communications, 2011). As such, it addresses considerations relating to the information society, the internet economy, and not least, the role of government as a driver of ICT use. The *Vive Digital* strategy recognises the fundamental need to establish a full digital eco-system, and is based on the central principle of government as a user and a promoter of ICT, hence the mantra: "the Government has to lead by example" (Ministry of Information Technologies and Communications, 2010; Ministry of Information Technologies and Communications, 2011).

Figure 2.3. **Penetration of Internet and PCs on different socio-economic layers**



Source: Ministry of Information Technologies and Communications (2011), *Vive Digital,* http://vivedigital.gov.co.

Note: The figure demonstrates that internet and PCs are little used in practice by the poorest half of the population; the marked area illustrates the focus of the government.

Vive Digital aims to increase the use of the internet as a means to help the country leapfrog to democratic prosperity. The strategy assumes that increased use of the internet will foster growth in ICT employment, promote economic growth directly and indirectly, and reduce poverty (Ministry of Information Technologies and Communications, 2011). Although aggregated effects are still preliminary, World Bank and OECD data suggest a positive relationship between increasing internet adoption and economic growth. Additionally, the use of ICTs is an important factor in increasing labour productivity and in attracting investments (OECD, 2012).

As part of the government's broader vision of the information society, *Vive Digital* identifies digitisation goals in some of Colombia's priority policy areas including national security, education, tourism, agriculture and mining. Providing mobile services to a large number of farmers is one example; the deployment of personal computing equipment in schools is another. Such alignment facilitates the articulation of a coherent whole-of-government vision for the use of ICTs across policy sectors; at the same time, it highlights the need for effective co-ordination of policies, both at the national and at the central-local levels of government (see Annex C and Chapter 4).

Colombia's E-Government Strategy

The *Vive Digital* strategy complements the Colombian e-Government Strategy, mandated by Law 962 of 2005, and refined through Presidential Decree 1151 of 2008. The latter articulates the strategy's objective as contributing to "a more efficient, transparent and participative state, through the reaping of the information and communication technologies." The strategy commits to a unified vision of the state with equal multi-channel access, based on credibility and confidence in the government's online activities. Decree 1151 initially broke the e-Government Strategy down into five phases, in line with good international practice:

- *e-Information* phase: government entities will provide websites with access to basic information and simple searches.
- *e-Interaction* phase: two-way communications is to be established between citizens and businesses, through online consultations and interaction with public servants.
- *e-Transaction* phase: products and services are to be provided and made accessible online.
- *e-Transformation* phase: public-sector entities are to transform their operations to accommodate the needs of citizens and businesses better through the use of one-stop shops and governmental intranet.
- *e-Democracy* phase: citizens are to be motivated to participate actively in public policy-making through the use of ICTs.

In December 2012 the e-Government Implementation Manual 3.1 was established through Decree 2693. The application of this Decree is mandatory for the public administration and includes targets for compliance at the national and territorial levels. The Ministry of Information Technology and Communications is responsible for defining the policies and standards necessary to the implementation.[15] Decree 1151 of 2008 initially mentioned a 5 year implementation horizon, however the latest Government Online Implementation Manual 3.1 extends this period, setting out targets for full implementation in 2015 for the national level, and 2017 at the territorial levels (Ministry of Information Technologies and Communications, 2012).

The e-Government Implementation Manual 3.1 sets out a general hierarchy of targets but now refers to 6 components (rather than phases and, building on initial progress, encourages carrying out various activities simultaneously), including implementing transversal linkages enabling public institutions to comply with and integrate the Manual in their individual implementation plans. Targets initially focused mainly on supply and aimed for a gradual implementation across the various levels of government. Table 2.1 lists the weighted targets across thematic areas. This most recent model for monitoring and evaluating the implementation of the e-Government programme using Manual 3.1 aims to shift focus to measuring results while sharpening attention on following up on implementation locally. Where national implementation of the 2012 goals is estimated to have achieved around 80% of performance targets in those units capable of measuring progress, the 2015 goals are currently only being implemented at a rate of around 6%.

The goals of the Colombian government's e-government strategy are ambitious, and the starting point challenging, particularly in terms of connectivity and full implementation of online service delivery. The UN data in Table 2.4 suggest that Colombia has a strong foundation in the area of the skills which it can harness to implement its strategy; however, the greatest challenge appears to lay in the provision of proper communication

infrastructure. The data show a high level of online service provision, using the UNDESA Web measure as a proxy. Colombia appears to be ahead of its peers in the region regarding online service delivery. This is confirmed in the progress of Colombia in other ICT recent related surveys and rankings, such as for example *Latinobarómetro* and the World Bank ICT indicators (Colombian Government, 2012; DANE, 2012; World Bank data, 2012; World Economic Forum and INSEAD, 2012).

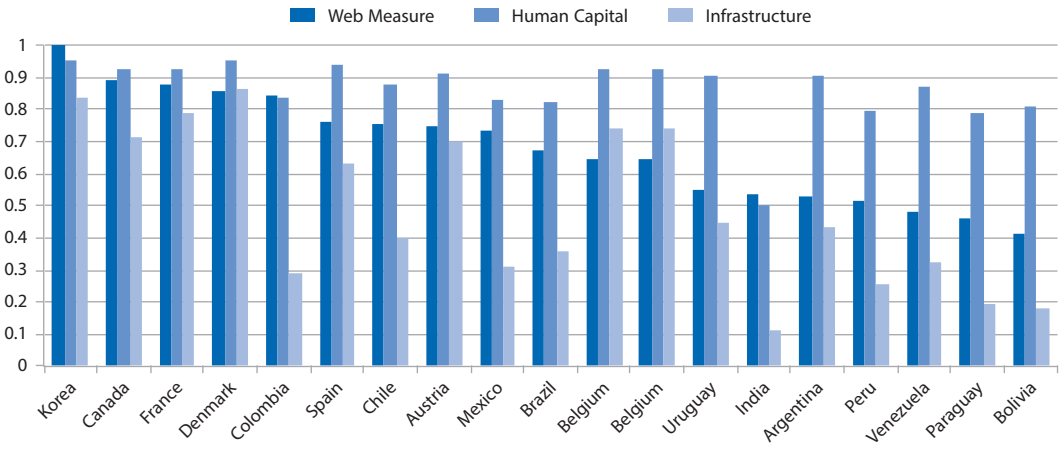
The approach of the Colombian government demonstrates a political vision for the use of ICTs as their use is framed by the National Development Plan. However, successfully

Table 2.1. **Implementation targets of the E-Government Strategy Manual 3.1**

Components	Activities	Weight	2012 target	2013 target	2014 target	2015 target
Transversal elements	*Institutionalising the GOL strategy:* Steering committee, planning, approval of strategy, monitoring and evaluation	30%	50%	75%	95%	100%
	Focusing on the users: User caracterisation, strategy promotion, accessibility, usability	30%				
	Implementing an IT management system: planning and adjusting technology, IPv6 protocol	15%				
	Information security management: Implementing an information security management system	25%				
Information online	*Publishing of information:* Political editorial, publishing of information, multi channel access	57%	50%	80%	95%	100%
	Publishing open data: Information repository, opening up public data	43%				
Interaction online	*Establish interaction spaces:* Interactive consultation of information	50%	60%	80%	95%	100%
	Establish electronic space to make requests: Contact system, mobile contact system, integrated contact system	50%				
Transactions online	*Make administrative procedures and services available online:* Exemption rules, certificates and authentifications, procedures and processes, one-stop-shops	100%	40%	70%	95%	100%
Transformation online	*Using elecronic communication channels internally:* Good practices, file management system, authorisation of processes	45%	25%	70%	95%	100%
	Exchange of information between public entities: Process design, information exchange services	55%				
Democracy online	*Define the participation strategy:* Strategy for participation through electronic media	15%	55%	80%	95%	100%
	Construct participatory policy making and strategic planning: Normativity and regulation, strategic planning	40%				
	Open up space to enhance social control: Accountability	20%				
	Open up spaces for open innovation: Promotion of open data, problem solving	25%				

Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones [Ministry of Information Technologies and Communications] (2012), *Estrategia Gobierno en linea, 2012-2017 Para el orden nacional, 2012-2017 Para el orden territorial* [E-government strategy, 2012-2017, For national entities, 2012-2017, For territorial entities], http://gobiernoenlinea.gov.co.

Figure 2.4. **UN E-Government Readiness indicators in selected countries**



Source: UN (2012), *United Nations E-Government Survey 2012: E-Government for the People*, www.unpan.org/e-government.

Note: The three components together form the UN E-Government Readiness indicator. The web measure is an assessment of content and features on four stages; the human capital measures literacy and tertiary education enrolment; the infrastructure is a composite indicator of five connectivity measures on internet and telephony access.

implementing this approach is encountering a number of challenges (see Annex C), including the national governance challenge – the ability of the lead ministry to co-ordinate the implementation of the strategy effectively government-wide. The Colombian government is currently consolidating its institutional structures and governance processes with regards to public-sector information and the use of ICTs and e-government. Furthermore, adequate instruments will be required to ensure its execution.

CONPES, chaired by the President, has since the government's initial information-society policies were announced in the 1990s, played the main role in setting the strategic direction for the use of ICTs. This has meant that actors at the highest levels of national political life have been engaged in the pursuit of the agenda in what can best be characterised as a top-down approach to strategy-setting and roll-out. To support CONPES' general approach to the use of ICTs in the public sector, the Intersectional Committee of Policy and Information Management for the Public Administration (COINFO) was created in 2003. However, COINFO was assessed insufficient and its mandate revoked in 2011, particularly due to unclear responsibilities and weak co-ordination capacity due to non-binding recommendations and lack of budgetary instruments and resources (Colombian Government, 2012).

As a result, Decree 32 of January 2013 established the National Commission for Digital and State Information [*Comisíon Nacional Digital y de Informacíon Estatal*], absorbing COINFO's previous functions (Government of Colombia, 2012). The Minister of Information Technology and Communications will chair the meetings. The Vice-Minister of Information Systems and Technology [*Vice-ministro de tecnologías y Sistemas de la Información*], in his/her capacity as National CIO, will act as Technical Secretary [*Secretaria Técnica*] to the meetings. The Commission does not have a separate budget, but will use existing funds already allocated by its members as well as general budgets available locally. Members of the Commission include the Directors of the Departments

of National Planning (DNP) and of the National Statistics and of Public Administration (DANE). In addition, the Director General for Economic Regulation of Social Security in the Ministry of Finance as well as a representative from the Presidency, are members. The Commission can invite occasional speakers to the sessions according to the agenda, but they will have no vote.[16] An Operational Committee [*Comité Operativo*] will co-ordinate any necessary technical sub-committees. As such, the composition of the Commission is quite narrow, as it contains no other ministries which might be crucial to the further development and implementation of key ICT projects. Similar institutional arrangements in OECD countries typically include a wider selection of key ministries and institutions as members.

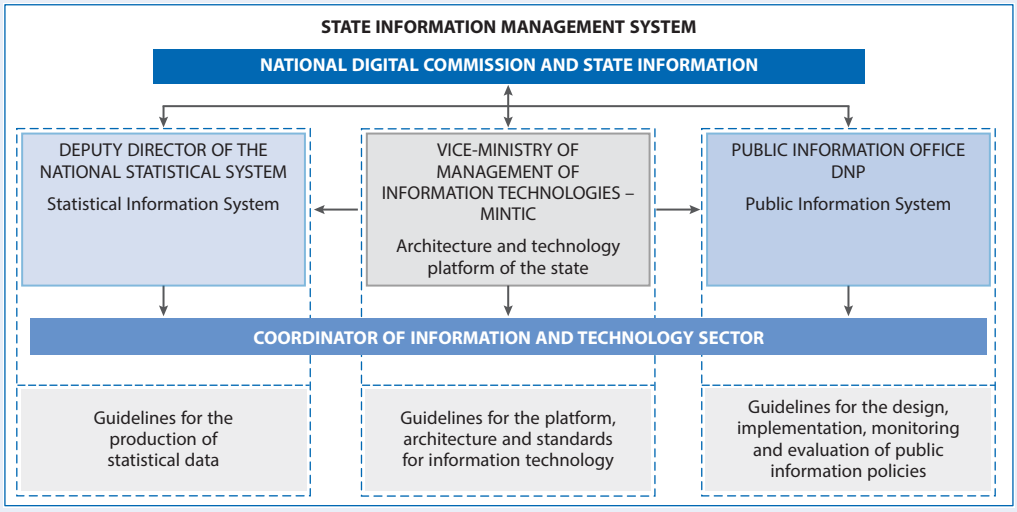
The establishment of the National Commission illustrates the Colombian government's understanding of the need to ensure national alignment of the different institutional approaches to public-sector information policies. Appreciating the potential of good data and information to increase the impact of public policy-making is essential for good governance. The Commission will work, *inter alia*, to ensure better co-ordination between ICT policies and the production of data by the statistical information systems through the National Statistical Office, DANE, and with the Public Information Office of the National Planning Department.

Box 2.12. **The functions of the new National Commission for Digital and State Information**

1. Coordination and guidance of the execution of public functions and services related to the management of public information throughout the country.
2. Recommend guidelines for national and sector policies related to the use, development and maintenance of technologies for managing information according with country requirements and state information articulation.
3. Advise the Government on the position to be presented to international agencies related to Internet governance, domains, intellectual property in the web, cyber security, cyber defense, protection and privacy of information.
4. Guidelines generation for the Cyber Emergency response group of Colombia.
5. Promote the agreements to ensure interoperability and integration of intra-and intersectorial information systems in the country.
6. Recommend policies and programmes to Government in order to develop standards of access and use of public information.
7. Promote in all State agencies the use and appropriation of technologies to manage state information and improving services provision.
8. Recommend policies and programmes to National Government for State's technology infrastructure development.
9. Establish its own regulations in order to ensure compliance of its functions, and the articulation and co-ordination for decision making inherent in their field.
10. Knowing and recommend policy guidelines for procurement of hardware and software without implying participation or approval of the procurement processes, previous concepts, terms of reference, contractual conditions or investment projects of public agencies.

Box 2.12. **The functions of the new National Commission for Digital and State Information** *(continued)*

11. Establish guidelines for access and management of public information under an open government, for the benefit of citizens, through mechanisms to improve the quality, accessibility, availability and reliability of public information.
12. Consolidate, in co-ordination with the Ministry of Information and Communications Technologies, inter-sector requirements related to government information and information technology for the purpose of defining policies and strategies in this area.
13. Follow up the implementation of policies and guidelines related to State information and information technologies.



Source: Decree 32 from January 2013; Colombian Government (2013), PGR Background Report (unpublished working paper).

With the establishment of the National Commission, Colombia aims to revitalise its governance structures related to information policy and public-sector use of ICTs as a means to accelerate progress across the different sectors and policy areas, including the implementation of national strategy such as the National Development Plan's *Vive Digital*, including the e-Government Programme. The Commission is mandated to ensure national and sector-specific co-ordination and to provide recommendations to the government on the use of information technology.

This mandate seems ambitious in terms of the scope of the agenda to be covered and the degree of eventual alignment sought. The strength and value-added of the National Commission will be to co-ordinate and align the interests of its members, although this might prove challenging in some areas if interests differ. Indeed it remains unclear how the Commission will succeed in recommending joint guidelines, for example, or in promoting agreements on interoperability and integration of services, or in ensuring the implementation of guidelines for procurement of ICTs, in case of disagreements or of differing interests leading to disputes requiring resolution. At the time of drafting this Review, neither the Commission nor the Ministry had yet finalised a specific action plan

with an operational agenda; such action plan or agenda will be an important prerequisite for the Commission to succeed. As such, the Commission seems to rely on the capacity of its members to make decisions collectively, by essentially playing a guiding role in several important areas of public-sector use of ICTs, such as ICT policies in specific sectors, public information management or guidelines for procurement. Areas requiring more binding decision-making responsibilities on the part of the Commission could thus also be considered.

Given its mandate, the National Commission will need to acquire the necessary co-ordination capacity to align the approaches of the stakeholders; this will be quite challenging as it cannot rely on its current mandate to take binding decisions. On a number of issues, the National Commission will need to ensure adequate political commitment by including and engaging the other ministries relevant to the *Vive Digital* Agenda, as well as for the specific issues mentioned above, such as interoperability standards, ICT procurement, and the active commitment to transforming government policies through the strategic use of ICTs. This will be particularly relevant when dealing with policies, guidelines and standards with direct impact on the organisation of business processes in ministries, public organisations and institutions, influencing local actions. As the Commission includes among its standing members mainly representatives from the Ministry of Information Technology and Communications, and representatives linked to the Presidency (DANE and the National Planning Department), the direct engagement of other policy or sector stakeholders is limited. The extensive use of sub-commission could be one way to address this. Colombia could thus consider additional governance instruments to ensure political, administrative and operational commitment to cross-governmental and multi-level co-ordination of digital information in single-sector areas and across sectors.

OECD countries have adapted different approaches to enhance co-ordination capacity in the area of e-government. In countries such as the UK, for example, the CIO's office and responsibility for e-government have traditionally been placed in the Cabinet Office serving the Prime Minister. Such arrangements typically help improve the focus on pursuing political and citizen-oriented objectives. In other countries, such as Australia and Denmark, for example, the CIO is located in the Ministry of Finance. Such an arrangement tends to generate an emphasis on the use of budgeting instruments and efficiency measures to guide the implementation of e-government priorities. Still other countries have placed e-government responsibility in ministries of Public Administration or in ministries of Information and Communication Technology, as in Colombia. The UK has recently suggested what might be a trend: abolish or consider abolishing the CIO function completely, assuming that this function cannot be separated from the transformational thinking and whole-of-government integrated approach required to reform and modernise the public sector as a whole as well as its individual policy sectors.

The Vice-Minister of Information Systems and Technology also functions as the national CIO. Through her role as CIO she will work with the existing and planned CIOs in the various government agencies across the government. By establishing a national CIO network, the government intends to gather CIOs from all 24 central administrative sectors in order to increase awareness of the political and administrative benefits of digitisation in the different sectors and policy areas. 9 CIOs have been appointed so far. The role of the CIOs will be to accelerate and direct the exploitation of ICTs for policy making and service delivery. This can also be a positive move in terms of sharing knowledge, building capacities and nurture collaborations in the government. The CIO network does not intend to be a decision-making forum complementing the National Commission for Digital and

State Information, but rather a venue to share information, insure increased awareness of strategic issues to drive the strategic use of ICTs. This might require strong participation by sector CIOs to create a political platform for levering the policies of the Commission.

Indeed the government could consider doing more to enhance co-ordination capacity to accelerate the implementation of ICTS and e-government. The government could consider:

- **Further improving the co-ordination capacity of the Ministry of Information Technology and Communications and capturing the full value of the CIO's co-ordinating role.** The Ministry of Information Technology and Communications plays a central role as co-ordinator of the information society and e-government policies, even more accentuated after the nomination of the National CIO in the ministry. In order to fully succeed, it could benefit from further developing its capacities to become *a co-ordinating ministry with Centre-of-Government institutional capacity to maximise cross-governmental relevance.* Indeed, should the government proceed with the creation of a standing Cabinet Committee on Government Operations as recommended in Chapter 2, this Committee could take into account the new role of the National Commission of Digital and State Information (indeed the Commission could be named as a sub-committee of the Standing Cabinet Committee). The Minister of Information Technology and Communications could also play a key role in such a Cabinet committee, providing the link between coherent government operations writ-large, efficient and effective public service delivery and the need for connected public-sector management of information.
- While relying on the political support and co-ordination powers of the Presidency may ensure a high level of political attention to these issues, the Ministry needs to build on and enhance its line functions to increase its agility and encourage *whole-of-government ownership* of information society policy agenda. Strategic use of the CIO Network can leverage this, through thematic discussion of key issues demonstrating the value-added of ICTs for policy making.
- Reinforcing the co-ordination position of the Ministry can be achieved by harnessing the political, administrative and operational interests of other important stakeholders in the area, extending top-down mechanisms with bottom-up governance. This will require maintaining strong leadership, building alliances within government and with key private sector and civil-society stakeholders, and using economic and political *incentives* as well as applying broad *formal co-ordination* rules and processes. The national CIO will need to play an important role in these matters, binding together the work of the National Commission with parallel efforts.
- **Establishing inclusive national ICT co-ordination mechanisms.** In this regard, co-ordination mechanisms that include key national government players can help guide economic, social and political decisions on how to prioritise the use of ICTs in the public sector. This requires *strong inter-ministerial co-ordination,* and increased attention to the local levels of government; see below. The newly established National Commission aims to ensure national co-ordination of information systems and public use of ICTs, including establishing common policies, standards, and implementation frameworks, but could benefit from a broader inclusion and commitment.
- Colombia could ensure that the membership of the National Commission reflects *broad political and administrative commitment* to the decisions and commitment to their implementation, in particular in relation to key ministries in high priority

areas, such as education, health, justice and competitiveness. This could for example be by granting some ministries membership in the commission or by extensive use of sub-commissions to ensure ownership of, and commitment to, the results. This would also help the development of and commitment to future ICT strategies by sector policy makers and increases in integrated use of ICTs. This extended inclusion should be developed and aligned closely with the parallel role of the emerging CIO network.

- **Strengthening governance instruments.** The National Commission will be an important co-ordination forum. However, it might be worth considering if it should strengthen its governance instruments through selected *mandatory requirements*, for example regarding the use of joint standards or infrastructure components:
  - *Standardised procurement agreements on ICTs* could be used to ensure coherence and consolidation of standards, and accelerate interoperability, for example through a "comply or explain" model. This could be an area in which the government mandates close collaboration with the newly-established *Colombia Compra Eficiente*, the agency created as a result of the government's decision to consolidate procurement-capacity (see Annex B). Strategic procurement of ICTs would be important levers for coherence and interoperability. Establishing such agreements in *close co-operation* with public-sector buyers and users as well as the private suppliers could help align national ICT standards. Procurement is listed as part of the mandate of the Commission.
- The current *co-operation arrangements and the division of responsibilities* between the National Planning Department and the Ministry of Information Technology and Communications could be assessed further in order to guarantee *alignment between development and information policy* objectives while improving agility in the decision making processes to void overlap and duplication and ensure coherent use of resources. This would also imply fully ensuring that all *funding criteria* are aligned across the different sources. This co-ordination is listed as a key part of the mandate of the Commission.

Annex C sets out the complete set of recommendations regarding e-government and ICT implementation.

Central-government co-ordination for better regulation

The forthcoming Regulatory Reform Review of Colombia's assessment suggests that measures to promote regulatory quality are spread across Colombia's central government. Moreover, some of the current government's projects are being implemented by different institutions, which could result in duplication of efforts and divert resources from key activities that have yet to be picked up. Some of the key central-government institutions that currently take part in the regulatory management process in Colombia include:

- The National Planning Department leads the discussion of regulatory reform;
- the Administrative Department of the Public Service (*Departamento Administrativo de la Función Pública*, DAFP) has a leadership role in the anti-formalities policy;
- The Ministry for ICT (*Ministerio de Tecnologías de la Información y las Comunicaciones*, MINTIC) leads the Government's online strategy;

- The Ministry of Commerce, Industry, and Tourism *(Ministerio de Comercio, Industria y Turismo*, MCIT) is responsible for the co-ordination of technical regulations and conformity assessment procedures;
- Regulatory commissions (*Comisiones de Regulación*) are in charge of specific economic sectors, while *Superintendencias* oversee the implementation of regulation (these institutions are presented in the next chapter's section on regulation and regulatory impact analysis).

Colombia thus does not have a single institution in charge of regulatory quality and oversight. Since various institutions are in charge of different policies related to advancing the quality of regulations, there is room for improvement in terms of co-ordination and coherence of such efforts. The lack of a single, coherent whole-of-government regulatory *policy* might also explain current institutional atomisation, which in turn can explain the lack of an integrated approach to regulatory governance and a government-wide agenda to ensure regulatory quality.

International good-practice experience suggests that successful regulatory reform is usually led by a dedicated institution, located at the centre of government, with a clear mandate and sufficient resources to pursue it properly. An oversight body for regulatory quality is essential to ensure that regulatory policy is promoted and implemented using a whole-of-government approach. Colombia currently does not have such a body, despite the fact that several institutions try to perform what would be its core co-ordination and advocacy functions.

The specifics of any institutional solution depend on the administrative, legal and political traditions of the country: solutions are context-dependent. It is therefore essential for the government of Colombia to reflect on the ways that could lead to the selection of the best option for such an institutional arrangement, on how the institution can be established, on its mandate, and on its powers and responsibilities to implement it.

For Colombia, such an arrangement could be beneficial in terms of promoting the sharing of good practices among Colombian institutions, discussing regulatory priorities and challenges, and ensuring that the entire government promotes knowledge-management and capacity-building respecting regulatory issues. The Regulatory Review thus made four specific recommendations to enhance government-wide co-ordination to enhance the quality, reliability and utility of regulation in Colombia:

- Establish an institutional mechanism at the centre of government to promote regulatory quality, namely an oversight body in charge of regulatory reform;
- Create an advisory mechanism at the highest political level to promote regulatory quality government-wide;
- Strengthen the autonomy and accountability mechanisms for *de Regulación* and *Superintendencias* to facilitate better performance and efficiency;
- Improve co-ordination mechanisms between ministries, *Comisiones* and *Superintendencias* by ensuring they systematically discuss regulatory initiatives at early stages of the decision-making process and in the preparation of new regulations and the interpretation of existing ones.

The governance challenge – the ability of the oversight body to co-ordinate government-wide implementation of regulatory policy effectively – ought to be one of the main considerations influencing the decision on the type of institution that could play this role. It could be tasked

with a variety of roles that could be gradually expanded, as the use of oversight tools is promoted and improved:

- To start with, the oversight body could contribute to the systematic improvement of the application of regulatory policy and establish clear criteria to examine the potential for regulation, in areas where regulation is likely to be necessary. All institutions in the central government could thus receive guidance to decide if regulation is the best way to intervene to solve a public-policy issue.
- The oversight body could provide training and guidance in the use of regulatory tools and strategies for improving regulatory performance. Capacity-building efforts are essential to ensure that regulators improve their skills for regulatory management.
- In terms of the use of regulatory tools, the oversight body could be entrusted with the main responsibility to move forward from mere simplification efforts to a comprehensive approach to regulatory quality. It could lead the review of the stock of regulations government-wide from a legal perspective using a systemic, coherent, integrated approach.
- As for the flow of new regulations, once a regulatory impact analysis methodology is in place, such an institution could promote high-quality evidence-based decision making over the medium and long term. This includes exercising a quality-control function by reviewing the quality of impact assessments and blocking proposed rules for which assessments show inadequacies.

Beyond the creation of a single regulatory-oversight institution, an option to promote regulatory quality over time could be the creation of a cabinet-based arrangement consisting of a small committee of ministers to review and approve high-impact regulations. This mechanism for collective oversight is particularly helpful in governments that have yet to develop CoG capacity to review and challenge regulatory proposals from across the entire spectrum of government institutions:

- Its purpose could be to make the approval of high-impact regulations binding, yet conditional upon demonstrating compliance with regulatory policy principles, or stated and specific government policy objectives.
- Such a mechanism could improve the accountability of ministers and officials proposing regulations and embed a whole-of-government culture for regulatory improvement in the public administration.
- This cabinet-based mechanism need not replace the oversight body, but could work in co-ordination with it. For example, the oversight body could make recommendations to the cabinet committee on the approval, modification or rejection of a proposed regulation, using proper regulatory impact analysis and the results of public consultation, but the final decision would rest with the cabinet committee. In Canada, for example, certain regulations require the authorisation of the Governor in Council (GIC – Canada's Cabinet/Council of Ministers), which means that Cabinet has the authority to accept or reject the regulatory proposal.

The potential oversight body and cabinet committee could also monitor and report regularly on the co-ordination of regulatory-reform activities government-wide, on the performance of the regulatory management system against intended outcomes, and could identify opportunities for system-wide improvements to regulatory policy settings and regulatory management practices.

Notes

1. Colombian Government, 2013.
2. Law 790 of 2002 established the policy of "social seal" which states that the following people cannot be withdrawn from service in the Renewal Programme of Public Administration: mothers "head of family" with no economic alternative, people with physical limitations, mental, visual or auditory, and civil servants who meet all the requirements, age and length of service. They have the right to enjoy their retirement pension within three (3) years from the promulgation of the law.
3. Colombian Government, 2013, pp. 15, 19, 22, 24 and 26.
4. Ibid.
5. Ibid.
6. Departamento Nacional de Planeación, 2011, p. 3.
7. Ibid.
8. Ibid.
9. Article 339 of Title XII: "of the Economic and Public Finance", Chapter II: "development plans".
10. Since February 2013 (after the assessment conducted by the Peers for this Review was completed), the Council of Ministers has begun meeting every week.
11. These include Law 80 of 1993 on public administration contracting, Law 816 of 2003 on supporting national industry through public contracting, Law 1150 of 2007 amending law 80 of 1993, Law 1474 of 2011, decree-law 19 of 2012 on regulations, processes and procedures applicable to the administration, decree 734 of 2012 which groups and consolidates many older decrees on public procurement, decree 1397/2012 on contractor capacity for public works, and decrees 1467/2012 and 1508/2012 on public-private partnerships. There also two public-policy guidelines on procurement: Conpes (Consejo Nacional de Política Económica y Social (National Council of Economic and Social Policy) 3249 of 2003 and Conpes 3714 of 2011.
12. Article 2 of law 1150 of 2007.
13. OECD, 2012.
14. Conpes (Consejo Nacional de Política Económica y Social) is mandated in law 19 from 1958 and is the highest planning authority, advising the government on social and economic policy.
15. The Presidential Decree 1151 of 2008 mentions the Ministry of Communication. The previous competency under this ministry is currently under the Ministry of Information technology and Communications.
16. However, as the Council is also responsible for cyber security and defence issues, the Minister of Defence will participate in the discussion of such matters with voice and vote.

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Chapter 3

Evidence-based decision making in Colombia

This chapter assesses the extent to which Colombia's central government could improve its decision-making practices by building on its impressive achievements in whole-of-government performance-assessment, linking budgeting to strategy-implementation, and in whole-of-government audit and control to fight corruption. The chapter addresses the need for Colombia to enhance its strategic-foresight capacity by harnessing evidence on emerging challenges and trends over a ten to twenty-year planning horizon to inform its four-year development plans. It assesses Colombia's capacity related to performance assessment, regulation and rule-making, and audit and control, highlighting recent successes at reform and suggesting that the central government build on these and build capacity in these areas sub-nationally.

Introduction

OECD experience suggests that whole-of-government evidence-based decision-making leads to greater effectiveness and efficiencies in achieving strategic outcomes (see Box 3.1). 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. The National Planning Department's SINERGIA, Colombia's national system to monitor and evaluate public-management performance, is an elaborate and well-designed tool that is used systematically by the government to assess 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. SISMEG, its monitoring component, is a tool of exceptional quality that has been developed to exacting standards.

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 chapter will address:

- The ability of Colombia's Centre-of-Government (CoG) institutions (see Chapter 2) to enhance the exercise of 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, as found in the OECD's Regulatory Reform Review of Colombia (2013, forthcoming), the government of Colombia does not formally and systematically ensure 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 under the National Budget, given the split between the Planning Department, which manages the capital-investment components of the Budget to implement the Plan, and the ministry of Finance which manages the government's operating budget; and
- Colombia's Audit and Control system, which presents challenges related to functional overlaps between central-government control institutions, weaknesses and capacity challenges in its internal controls, and significant challenges in this area at the territorial level.

Strategic insight

As illustrated in this Review's first two chapters, the government of Colombia is focussing on the pressing need to address persistent poverty, low labour productivity, acute income inequality, security and regional disparities, while adapting successfully to an increasingly complex globalised environment. To meet these challenges successfully, the government has implemented successive reforms to develop a public administration that is flexible, responsive and strategically agile. Strategic agility in a public sector context entails capacity for, and commitment to, strategic insight, collective engagement and resource flexibility (see Box 3.2). In a fast-changing world, the public sector needs to be able to change policy directions quickly and effectively as circumstances demand. This also means being able to distinguish when action is most appropriate at a whole-of-government level, requiring central action or co-ordination, and when agility is best obtained at a devolved level in order to achieve greater responsiveness.

Box 3.1. **OECD experience regarding evidence-based decision-making**

Evidence-based policy analysis allows for decisions aimed at implementing and steering strategy to be taken in the country's medium- and long-term interests, based on evidence derived from strategic foresight and environmental scanning that correctly identifies domestic and international short- and long-term challenges and opportunities, on performance assessment that allows for judicious prioritisation of expenditures to achieve the best results with the least resources, and on individual issues being analysed within a broader strategic framework.

Throughout the OECD, good-governance practice suggests that policy should be based on sound evidence derived from rigourous analysis of the available facts on the issue the policy is supposed to address. Governance practices determine how evidence contributes to identifying policy options and how rules are made. This evidence needs to be available at the right time and be seen by the right people. OECD practice suggests that the following major ingredients are needed to obtain and use the "right evidence":

- A sound methodology that allows for proper consideration of the immediate and long-term nature of the issue and of the rationale supporting different options for policy intervention (including doing nothing);
- Good data for analysis;
- Public access to the data, assumptions and methodologies used to frame the issue and identify options to address it, so that scrutiny can be brought to bear and the analysis replicated independently;
- Time to carry out this analysis properly and to consult the general public on its results;
- A capable and skilled public service including people skilled in quantitative methods;
- A "receptive policy-making" environment – that is political leaders who are willing and able to decide on the basis of the evidence presented.

Source: OECD (2013), *Public Governance Review of Poland: Implementing Strategic-State Capability*, OECD Publishing, Paris (forthcoming).

Box 3.2. **Building strategic agility: Some key concepts**

Today's dynamic world and society require governments to be able to change policy directions quickly and effectively as circumstances demand. **Strategic agility** is the ability of the government and public administration to anticipate and flexibly respond to increasingly complex policy challenges, and to determine at what level action is needed (i.e. at a whole-of-government level or at a devolved local or sector level).

The OECD has adapted the work of Doz and Kosonen (2008) for use in a public sector context in order to identify three necessary components for developing strategic agility:

- **Strategic insight** is the ability to understand and balance government values, societal preferences, current and future costs and benefits, and expert knowledge and analysis, and to use this understanding coherently for planning, objective setting, decision making and prioritisation.
- **Collective commitment** is adherence and commitment to a common vision and set of overall objectives, and their use to guide public actors' individual work, as well as co-ordination and collaboration with other actors (both inside and outside of government and across levels of government) as needed to achieve goals collectively.
- **Resource flexibility** is the ability to move resources (personnel and financial) to changing priorities if and as needed; to identify and promote innovative ways to maximise the results of resources used; and to increase efficiencies and productivity for both fiscal consolidation and re-investment in more effective public policies and services.

Source: OECD (2010), *Public Governance Review: Finland*, OECD Publishing, Paris..

Strategic insight as a prerequisite for CoG strategic agility

A key element to achieving strategic agility is governments' and public administrations' capacity for strategic insight. In the public sector context, strategic insight requires the capacity and capability to conduct dynamic and inter-related long- and short-term strategic planning, based on a whole-of-government vision, understanding and knowledge. Achieving strategic insight therefore depends on the government's ability to actively seek and consolidate the experience and expertise of multiple stakeholders in developing a strategic vision and operationalising it through strategic planning frameworks.

Strategic insight requires planning and decision-making based on flexible and continuously updated data, analysis and consultation. It is important to determine the type of planning and/or decision making required in order to select the most appropriate input for achieving strategic insight. Identifying long- and medium-term priorities, for example, can benefit from citizen engagement and data analysis, but very long-term events may be unpredictable and "discontinuous" (i.e. not based on historical patterns), and so require other types of scenario planning. In addition, consultation may not always be appropriate for short-term decision making because of the need for rapid responses or because of the sensitivity of the topic at hand. In such cases, however, it is all the more important that decision-makers have general information on hand about citizen preferences (see Box 3.3).

Box 3.3. **Analysis horizons: Strategic decision-making needs by planning timeframes**

Analytical needs	Characteristics	Requirements	Examples
Foresight (Long-term: beyond 10 years)	Anticipation of, and preparation for, both foreseeable and disruptive/discontinuous trends and capacity needs; including future costs in today's decisions	Continuous scanning and consultation; pattern recognition; analysis of "weak signals"; futures studies; consensual views	Futures Reporting; horizon scanning; long-term budget estimates; scenario planning
Strategic Planning (Medium-term: 3 to 10 years)	Anticipation of, and preparation for, foreseeable changes and capacity needs; prioritisation; including future costs in today's decisions; risk management	Analysis of historical and trend data; comparable information and analysis across government; consultation on values and choices	Government Programme; medium-term budget frameworks; workforce planning; spatial and capital investment planning; innovation strategies
Decision making (Short-term: 1-2 years)	Responsiveness; rapidity; accountability; ability to determine at what level decisions need to be taken	Quick access to relevant information and analysis; capacity for re-allocation; overview of stakeholder preferences	Executive action; annual and mid-term budgets; crisis response

Source: OECD (2010), *Public Governance Review: Finland*, OECD Publishing, Paris.

Strong strategic insight is a key element in achieving strategic agility. In the public sector, strategic insight requires the capacity and capability to conduct dynamic (rather than static) 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.

Capacity for strategic insight will be critical to Colombia's ability to implement strategies to achieve the policy outcomes it has identified in its National Development Plan. The rest of this section will address key areas of strategic insight where capacity could be increased, notably by embedding evidence-based decision-making in policy development

and implementation, broadening the scope of foresight reporting and using strategic insight to create a long-term strategic vision for the country.

Embedding evidence-based decision-making in policy development and implementation

Evidence-based decision-making is a key tool by which governments gain strategic insight through examining and measuring the likely benefits, costs and effects of their decisions. After undertaking wide consultation and research, and ensuring that all possible scenarios have been taken into consideration, governments can use this information to increase the transparency of their decision making processes. This also provides a "reality check" on the cost of realising government objectives, and gives governments the tools to prioritise competing objectives.

An increased interest in the general efficiency and effectiveness of public administration across OECD countries has led to a rise in evidence-based decision-making. As the complexity of policy challenges increases, so has their use of evidence-based approaches. The key to evidence-based decision and policy making in public administration is using knowledge produced through multiple sets of data and analysis to inform and influence policy, rather than determine it. These multiple sets of evidence enable a fuller appreciation of complex policy challenges. Cross-portfolio and inter-linked policy issues require the involvement of multiple actors within society; seeking this broad participation has opened network approaches to policy processes such as citizen and stakeholder consultation and engagement. Effective policy design, implementation and evaluation depend on several evidentiary bases.

The government's role in evidence-based decision making is to find, consult and engage with actors proactively in key knowledge areas, and analyse and package that knowledge to inform government decision-making. In order to engage in evidence-based decision-making, the public administration must commit to this process and put in place the structures and resources to undertake such work. This includes: a framework and tools for collecting knowledge; the capacity to undertake research and analysis; good quality data; sufficient time and resources to collect, analyse and test the data; transparency and openness in the collection and use of the knowledge; and evaluation and adjustment (see Box 3.4).

Box 3.4. **Pillars of evidence-based decision-making**

Analytical frameworks and structures for collecting and analysing knowledge for decision-making
*(*e.g. *Regulatory Impact Analysis; Benefits Realisation)*

Capacity and capability to undertake research and analysis
*(*e.g. *public sector skills; sufficient resources to collect, analyse and test data; and a receptive policy environment)*

Access to quality data
*(*e.g. *political; professional and practical; research and analytical and citizenry; high quality and interoperable datasets)*

Transparency and openness in the collection and use of knowledge
*(*e.g. *consultation, participation; engagement; information; and communication)*

Evaluation and adjustment
*(*e.g. *ex post evaluation; value for money evaluations; capability reviews)*

Source: OECD (2010), *Public Governance Review: Finland*, OECD Publishing, Paris.

Colombia has frameworks in place that contribute to an evidence-based decision-making culture such as the National Planning Department and DANE, the central government's national statistical agency. It conducts consultation with public stakeholders. It has developed its government-wide systems to measure policy performance – SISMEG and SINERGIA (see Chapter 2) – based on exacting standards. However, these practices do not necessarily translate into the systematic use of evidence-based decision-making that is ingrained in the working life of the public administration. For instance, the government has yet to implement a government-wide system of compulsory regulatory and policy impact analysis (see next section).

Beyond policy and regulatory-impact analysis, a key aspect of evidence-based decision-making is access to good data (itself central to sound RIA systems as well as to performance-assessment capability). Access to quality data is fundamental to the development of data- and knowledge-bases, whether for strategy-setting, strategy-implementation and performance-monitoring purposes. Data quality is an essential element of proper analysis, and is recognised as one of the most challenging aspects of evidence-based decision making. It can consume time and resources, and requires a systematic and functional approach. The usefulness of evidence-based decision making depends on the quality of data fed into the decision making process. And the challenge facing many governments is sustaining the ability government-wide to generate good data, turn this data into evidence, use this evidence effectively in making decisions, and harness sound evidence to mobilise internal and external public and private actors to set, and implement strategy coherently.

Data or knowledge used in evidence-based decision making must be collected from numerous areas to ensure that it is comprehensive. This is particularly important as the complexity of policies increases, requiring consultation with a wide array of involved stakeholders and consultation networks. Evidence-based decision making in public administration provides the methodology for strategic insight. By harnessing multiple evidence bases across a variety of actors, governments inform the decision-making and policy-making processes.

This is particularly important in Colombia given the government's priorities related to decentralisation as a means to achieve equity and regional-disparity strategic outcomes. As Chapter 4 suggests, sound data on sub-national performance in Colombia is difficult to obtain on a systematic basis, yet it is as crucial for sound policy development to achieve these strategic objectives as it is to assess policy performance to measure results against them.

The aim of evidence-based decision-making is to allow governments to harness and analyse information collected from various sources for consideration within their decision-making process. However, to achieve strategic agility, governments must be able to identify and target the relevant evidence-base required for different types of decisions. For example, to answer complex policy questions, the broadest possible group of stakeholders and knowledge-bases should be consulted. Similarly, a smaller group of stakeholders and evidence-bases may be consulted or engaged in relation to urgent/time-critical policy issues which require immediate decisions. It is also important to match the type of evidence-base with the planning timeframe (see Box 3.4). For example, foresight issues which will be considered for more than 10 years may require a different level of evidence collection than short-term decision making within a one-to-two-year time horizon.

Strategic foresight

The policy environment faced by governments is no longer dominated by predictability. It has become ever more complex, unpredictable and immediate, with multiple actors taking concurrent action both domestically and internationally. Such an environment requires governments to be proactive in scanning, gathering and analysing information to guide decision-making and priority-setting. Strategic foresight reporting helps governments look ahead to identify future risks and opportunities as a means of prioritising and focusing government policies; it is an essential component of achieving strategic insight. Indeed, many OECD countries have been undertaking strategic foresight activities for many years.

For example, the systematic launching of efforts to foresee societal development, emerging risks and opportunities started in Finland's universities in the late 1970s. However, it was not until the 1990s that the Finnish government, Parliament and ministries became more engaged in futures reporting. Government foresight reporting has been in practice in Finland since 1993, when the first horizontal Government Foresight Report, titled Finland's Options, was tabled in Parliament. This initial report presented views on major future developments and optional scenarios for Finland posited in the context of future research and the then-government's priorities; it also provided a plan for the kind of future society that the government was seeking to create through its actions in office. Subsequent reports published in the 1990s and 2000s assessed Finland's development issues using a ten to fifteen-year time horizon – in particular *Finland 2015: Balanced Development*, published in 2001.

Indeed, in an increasingly complex and globalised policy environment, governments alone do not have all the answers. In order for countries to continue to thrive into the future, they will need to draw on the expertise, experience and ideas in the broader community. This function must be embedded as part of everyday working. Colombia might consider the experience of Australia in this area, which held a summit in 2008 – The *Australia 2020* Summit – that brought together a wide range of individuals from different backgrounds and with different expertise and experience, to brainstorm the long-term challenges affecting the country's future (see Box 3.5).

Box 3.5. **The *Australia 2020* Summit**

In April 2008, the Australian government convened the *Australia 2020* Summit to foster a national conversation on Australia's long-term future. The Summit aimed to harness the best ideas for building a modern Australia ready for the challenges of the 21st century. The Summit brought together 1 000 participants – "some of the best and brightest brains from across the country" – to think about long-term challenges confronting Australia's future, requiring responses at a national level beyond the usual electoral cycle period.

The Summit, held in Canberra, the nation's capital, generated more than 900 ideas over two days. Participants debated and developed long-term options for Australia across 10 critical areas:

- The productivity agenda – education, skills, training, science and innovation;
- the future of the Australian economy;
- population, sustainability, climate change and water;
- future directions for rural industries and rural communities;
- a long-term national health strategy – including the challenges of preventative health, workforce planning and the ageing population;

Box 3.5. **The *Australia 2020* Summit** *(continued)*

- strengthening communities, supporting families and social inclusion;
- options for the future of Aboriginal and Torres Strait Islanders;
- towards a creative Australia: the future of the arts, film and design;
- the future of Australian governance, renewed democracy, a more open government (including the role of the media), the structure of the Federation and the rights and responsibilities of citizens; and
- Australia's future security and prosperity in a rapidly changing region and world. The Summit was co-chaired by Australian Prime Minister Kevin Rudd and Vice Chancellor of the University of Melbourne, Professor Glyn Davis.

Summit participants were invited by a 10-member non-government Steering Committee, which asked up to 100 participants in each of the Summit areas to attend in a voluntary capacity. The participants were drawn from business, academia, community and industrial organisations and the media, and included a number of eminent Australians. Summit participants were invited in their own right rather than as institutional representatives from any particular organisation. Each of the 10 Summit areas was co-chaired by a Federal Australian Government Minister and a member of the Steering Committee. The Leader of the Federal Opposition, together with State Premiers, Chief Ministers and their Opposition counterparts, were also invited to participate in the Summit. All Australians were invited to make submissions on the 10 future challenges, and 8 800 of these were presented to participants.

The Summit had the following objectives:

- to harness the best ideas across the nation;
- to apply those ideas to the 10 core challenges for Australia identified by the government in order to secure the long-term future of Australia through 2020;
- to provide a forum for free and open public debate in which there were no pre-determined "right" or "wrong" answers;
- to produce options for consideration by the government for each of the Summit's 10 areas following the meeting;
- to allow the Australian government to produce a public response to these options with a view to shaping the nation's long-term direction from 2009 and beyond.

The Department of the Prime Minister and Cabinet provided the secretariat for the Summit and was responsible for co-ordinating the development of the Summit report and the Australian government's response to the Summit, as well as the implementation of forthcoming policies and programmes.

Source: www.australia2020.gov.au.

In Colombia as in other countries, the central government cannot tackle the more complex policy challenges of the future without expertise and buy-in from the sub-national level. It therefore needs to consult genuinely with municipal and regional authorities and encourage their participation in the selection of foresight topics, and in the report preparation and implementation. Chapter 4 highlights the fact that the current government has adopted a range of key multi-level governance tools to co-ordinate everything from policy-planning to service-delivery. The government could consider using these tools to

engage sub-national authorities in dialogue on long-term foresight activities and vision-based policy objectives.

Strategic foresight to generate a long-term vision for the country

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 thus works on two levels at once: a shared whole-of-society vision for the future of the country, and the government's agenda for its term in office on how to move the country along the path to achieving it.

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? If communicated effectively, the answers to this type of question, articulated as a national vision, it can be a powerful tool for providing clear strategic direction for the government if it receives buy-in from key public, private and civil-society stakeholders. Indeed ideally, a strategic vision is developed in consultation with appropriate stakeholders and takes account of foresight reporting and domestic and international horizon-scanning.

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.

Embedding the National Development Plan within a long-term national vision

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 NDP's four-year time horizon. The Planning Department, notwithstanding its role as the technical body supporting the President in implementing his/her political strategy (upon which he/she campaigns as a candidate for the Presidency) whose time-frame for implementation is defined by the term of office, has in fact managed to ensure a certain degree of continuity between successive four-year plans judging by their priority policy focus (Table 3.1), despite the absence of a long-term planning horizon. This should be strengthened in order to ensure a clear, shared, national long-term vision.

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 (see next section and Chapter 1 and 2). 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;

Table 3.1. **Thematic list of National Development Plans**
1961-2010

Thematic focus of the NDP	President in charge	Years of implementation
Economic and Social Development	Alberto Lleras Camargo	1961-70
Plans and Programs for Development	Carlos Lleras Restrepo	1969-72
The Four Strategies	Misael Pastrana Borrero	1970-74
To Close the Gap	Alfonso López Michelsen	1974-78
National Integration	Julio César Turbay Ayala	1978-82
Change with Equity	Belisario Betancur Cuartas	1982-86
Social Economy	Virgilio Barco Vargas	1986-90
The Peaceful Revolution	César Gaviria Trujillo	1990-94
The Social Jump	Ernesto Samper Pizano	1994-98
Change to Build Peace	Andrés Pastrana Arango	1998-2002
Towards a Social State	Álvaro Uribe Vélez	2002-06
Social State: Development for All	Álvaro Uribe Vélez	2006-10
Prosperity For All	Juan Manuel Santos Calderón	2010-14

Source: Colombian Government (2013), PGR Background Report (unpublished working paper).

- The current National Development 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. For example, the 2010-14 Plan suggests that from a 2010 baseline GDP-per-capita output of over USD 5 100 the country will generate USD 6 200 of GDP per capita in 2014 and USD 20 000 in 2032. This means that the National Planning Department gives thought to long-term objectives (using a twenty-year planning horizon in this case). That said the identification of performance targets to be achieved under the Plan in the Plan appears to be restricted to the 2010-14 timeframe.
- The National Development Plan also makes reference to a strategy entitled "Vision Colombia 2019" (in reference to the two-hundredth anniversary of the country's independence); however, apart from security and defence, it does not appear that the vision articulated in this strategy has influenced the contents of the 2010-14 Plan.

Hence, it does not appear that the central government uses vision-based long-term foresight as a matter of course 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 craft medium-term objectives against a longer-term strategic vision, or at least ensure that medium-term strategy takes fully into account evidence of emerging internal and external challenges whose impact will only be felt beyond the end of the electoral cycle 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.

Many Convergence countries[1] within the European Union and the OECD engage in central-government planning to varying degrees. Most, however, seek to embed annual or short-term plans within medium and long-term strategic objectives. Poland, Romania,

Bulgaria, Slovakia and the Czech Republic are cases in point. In the case of Poland, for instance, the key national, long-term development strategy for the country is articulated in *Poland 2030: The third wave of modernity – A long-term national development strategy* (see Box 3.6). This strategy identifies key domestic and international challenges that are affecting Poland's development. It then presents a comprehensive long-term vision for Poland's national development that takes into account the country's social, economic, environmental, territorial and institutional dimensions. This vision for the country focuses on three national performance "pillars" (OECD 2013):

- The *innovation* (modernisation) pillar: building a new competitive advantage for Poland based on increased intellectual capital (human, social, relational and structural) and the use of digital technology to increase the competitiveness of the Polish economy and society;
- The *diffusion* (balance) pillar: pursuing balanced spatial development and social cohesion to optimise Poland's development potential;
- The *effectiveness* pillar: making the state more effective in becoming citizen-friendly and helpful by avoiding exercising responsibility in undesirable areas of national life, but by acting effectively in those areas in which it does intervene.

Box 3.6. **Poland's thirty-year vision and ten-year integrated strategies to implement it**

Initiative category	Time horizon	Profile
Long-term national development strategy entitled: *Poland 2030. The third wave of modernity. A Long-term national development strategy.*	At last a 15-year (long-term) implementation perspective – a horizontal, comprehensive strategic framework	Specifies the main trends and challenges that arise from the internal development of Poland as well as changes in its external environment. Includes a comprehensive idea of national social and economic development viewed from a long-term perspective in consideration of its social, economic, environmental, territorial and institutional dimensions.
National Spatial Development Concept	20-year perspective (long-term)	The most important document dealing with Poland's spatial management. Its strategic objective is to use the available space effectively in consideration of its differentiated development potential in order to improve: competitiveness, employment rate, effectiveness of the state, social, economic and spatial cohesion in a long-term perspective.
National Spatial Development Plan	In accordance with the National Land Use Development Perspective	An operational plan of spatial development formulated in accordance with the National Spatial Development Concept
Medium-Term National Development Strategy	4-10-year development perspective – a horizontal and comprehensive document, includes provisions of the Long-Term National Development Strategy	Specifies the fundamental determinants, objectives and directions for national development along the social, economic, regional and land-use dimensions implemented via the development strategies with the aid of development programmes. The medium-term perspective permits the formulation of more specific objectives as well as tools for their implementation

Box 3.6. **Poland's thirty-year vision and ten-year integrated strategies to implement it** *(continued)*

Initiative category	Time horizon	Profile
Other development strategies	Usually with a 4-10-year implementation perspective, but not longer than the implementation perspective of the Medium-Term National Development Strategy Related to the areas indicated in the Medium-Term National Development Strategy. Subject to concordance evaluation with the Medium-Term National Development Strategy. The category includes: • 9 integrated development strategies, • a supra-regional strategy, • voivodship development strategies.	
National Strategic Reference Framework (National Cohesion Strategy)	Corresponds to the EU programming period (medium-term)	Determines development activities to be undertaken in order to achieve strategic objectives of European Cohesion Policy. It is as the guidelines for using Structural Funds and the Cohesion Fund and provides framework for the preparation of operational programmes.
Operational programmes	Implementation of the EU Cohesion Policy	Developed and implemented at national and regional level in order to utilize the EU Structural Funds and the Cohesion Fund. Operational programmes achieve the objectives set by the National Cohesion Strategy and development strategies. Operational programmes include: • national operational programmes, • regional operational programmes.
Programmes	Pursuant to national legislation	Operational documents for the development strategies, including: • multi-year programmes, • voivodship programmes.

Source: OECD (2013), *Public Governance Review of Poland: Implementing Strategic-State Capability*, OECD Publishing, Paris (forthcoming).

How the government intends to implement this vision is presented in its key medium-term strategic framework entitled *The Medium-Term National Development Strategy 2020* (NDS), focusing on a ten-year time-horizon. This medium-term implementation framework integrates the European Union's policy objectives under its *Europe 2020* strategy for growth. Indeed the European Commission also engages in strategic visioning under a ten-year planning horizon (see Box 3.7 – presented here simply to illustrate the point). The NDS identifies the fundamental policy drivers, objectives and directions for national development under its socio-economic, regional and land-use dimensions. It focuses on achieving an effective and efficient state, a more competitive economy and greater social and territorial cohesion.

Poland's ten-year planning framework is to be implemented through the application of a set of integrated development strategies that focus on innovation and the efficiency of the economy; the development of human capital; the development of transport; energy security and the environment; the effective state; the development of social capital; regional development; national security; and sustainable development of rural areas and agriculture. Taken together, these integrated strategies present similarities to the National Development Plan, save for the planning horizon: Poland's is ten years, while Colombia's is four. But

Box 3.7. **Europe 2020**

Europe 2020 is the European Union's growth strategy for the period up to 2020. It is based on five objectives, each with concrete targets for the EU as a whole:

- *Employment*: 70% of 20-64 year olds to be employed
- *Innovation*: 3% of EU GDP (public and private combined) to be invested in R&D/ innovation
- *Education*: Reducing school drop-out rates to below 10%; at least 40% of 30-34 year olds completing tertiary education
- *Poverty/Social exclusion:* At least 20 million less people in or at risk of poverty and social exclusion
- *Climate/Energy:* Greenhouse gas emissions 20% (or even 30% if the conditions are right) lower than in 1990. 20% of energy from renewables; 20% increase in energy efficiency

EU-level targets are translated into national targets for each member state. Each member state has adopted its own national targets in each of these areas. Achieving the goals of the Europe 2020 strategy requires reinforced surveillance to address key macro-economic challenges, and a thematic approach to speed up growth-enhancing structural reforms. Monitoring by the European Commission and Council is organised around the so-called "European Semester". This starts with the publication of the Annual Growth Survey. The Spring meeting of the European Council, based on the Annual Growth Survey, takes stock of the overall macro economic situation; progress towards the five EU level targets; and progress under the flagship initiatives. It provides policy orientations covering fiscal, macro-economic and structural reform and growth enhancing areas, and advises on linkages between them. Member states then present their medium-term budgetary strategies in their Stability and Convergence Programmes and set out actions to be undertaken (e.g. in employment, research, innovation, energy and social inclusion) in their National Reform Programmes. In April these two documents are sent to the Commission for assessment. Based on the Commission's assessment, the Council issues country specific guidance to member states in June/July. This means that policy advice is given to member states before they start to finalise their draft budgets for the following year. Where recommendations are not acted on within the given time frame, policy warnings can be issued. There is also an option for enforcement through incentives and sanctions in the case of excessive macro economic and budgetary imbalances. The EU monitors developments on three fronts: macro-economic factors; growth-enhancing reforms; and public finances.

Source: European Commission (n.d.), "Europe 2020", European Union, Brussels. http://ec.europa.eu/europe2020/index_en.htm.

the methodological approach in the setting and implementation of Poland's medium term strategies is not that dissimilar to that followed for Colombia's Development Plan.

The government of Colombia could therefore consider building on its existing 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 domestic and international policy challenges and long-term trends to enable it to define long-term strategic objectives, both sector-based and multi-sector, within which the Development Plan's four-year goals could be embedded. Doing this effectively could require building capacity within the central government 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 on-going basis.

This capacity should logically be located within the National Planning Department. A strategic foresight and planning 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 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 the 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.

The strategic foresight and planning work would of course have to reflect the political agendas and campaign platforms of incoming national leaders – starting with the President – which heightens the need to ensure that this unit 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 to give effect to policy decisions designed to implement national development strategy. 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 strategy: evidence-based rules tend to help governments achieve policy goals, while poorly-designed ones tend 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 a rule is well or badly designed depends to a large extent on the quality and use of evidence in the rule-making process. Indeed, evidence-based regulation can be advanced by the implementation of tools such as consultation and Regulatory Impact Analysis (RIA).

As Chapter 2 pointed out, 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. In so doing, the State:

- Adopted administrative reforms to establish more predictable, coherent and transparent regulatory frameworks to encourage private participation in economic activities, accompanied by the creation of regulatory agencies, called Regulatory

Commissions (*Comisiones de Regulación*) along with a separate supervisory function through the establishment of *Superintendencias*.[2]

- Pursued administrative-simplification efforts whose main goal has been to streamline and simplify regulatory formalities (*trámites*) affecting businesses and citizens.
  - In this connection, the current government has been pursuing an aggressive administrative-simplification agenda with the overarching goal of streamlining formalities that affect businesses and citizens. This agenda focuses on eliminating unnecessary regulatory burden, simplifying those formalities that have significant impact, automating those with a wide scope at the national level, and implementing interoperability to guarantee access to public services and standardise procedures. The current government has been successful in advancing one-stop shops to streamline specific business procedures (e.g. for launching a business, registering property, engaging in foreign trade operations) and in setting up participatory mechanisms, such as the Competitive Regulation programme.
- Introduced principles and tools to improve the quality of regulations, mainly to improve legal drafting; and, more recently
- Has engaged in enhancing the effectiveness of internal government operations. The government has recently adopted a model for total quality in public management, based on 2003 legislation and implemented by decree in 2004, which establishes technical norms for quality in public management. These efforts have helped deregulate and simplify procedures based on the principle of administrative effectiveness.
  - Additional high-impact strategies are being pursued by the current government based on a 2012 Presidential Directive, such as the recognition of good practices to eliminate internal formalities and procedures and the development of annual plans for administrative efficiency. Most recently, the DAFP, the High Presidential Advisor for Good Government and Administrative Efficiency and the MINTIC[3] jointly led an initiative called "Challenge for administrative efficiency", which focuses on identifying internal procedures and formalities that limit value-added and the administration's capacity to perform efficiently. This initiative generated a considerable number of proposals by public servants and government suppliers, which will be evaluated on the basis of impact, cost-benefit balance, ease of implementation, and their degree of innovation.

This section reviews how current rule-making processes support the application of core principles of good regulation and evidence-based decision-making. In so doing, it summarises key findings set out in the OECD 2013 Regulatory Reform Review of Colombia.

The preparation of new regulations

Regulation is prepared at the national level through laws, decrees, resolutions and circulars (see Figure 2.2 for the description of their hierarchy). At the sub-national level, regulation is issued by Departments through ordinances (*ordenanzas*) and by municipalities through agreements (*acuerdos*). In Colombia, there is no single procedure to prepare regulations that can be commonly applicable across the entire national administration, even if some institutions, such as regulatory commissions, have managed to establish procedures that have improved over time. 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.

Regulatory proposals are initiated in the institution whose mandate relates to addressing the issue to be solved. All institutions have a legal department that tracks the preparation of the proposal and ensures that it meets the relevant legal requirements. Co-ordination among other institutions in a given sector is promoted, as well as consultation with affected stakeholders, even though specific consultation procedures differ. With the exemption of the competition authority, the *Superintendencia* of Industry and Commerce (*Superintendencia de Industria y Comercio*, SIC), no other institution comments on regulatory proposals in a compulsory way, and even this occurs at the discretion of other institutions, depending on whether they send their proposals to the SIC for review.

Administrative transparency and predictability

Transparency and openness are basic elements of a normative system that consistently regulates based on evidence. Regulatory transparency is essential to establishing a stable and accessible regulatory environment that promotes competition, trade and investment, and helps insure against undue influence. Transparency reinforces the legitimacy and fairness of the regulatory system. Transparency thus serves to make rules easy to locate and understand, and contributes to easing implementation and to the consistency and predictability of the appeals processes. A transparent procedure to produce regulation, taking advantage of tools such as forward planning or plain language, also opens up the opportunity for stakeholders to provide information on which authorities can rely to collect evidence and take decisions, first, whether regulation is the best choice to address a public policy problem and, if this is the case, to design the regulatory intervention based on such evidence.

Several OECD countries have established mechanisms for publishing details of the regulation they plan to prepare in the future. Forward or anticipatory planning has proven to be useful to improve transparency, predictability and the co-ordination of regulations. It fosters the participation of interested parties as early as possible in the regulatory process and it can reduce transaction costs through giving more extended notice of forthcoming regulations.

In Colombia there is no systematic use of forward planning concerning regulatory agendas. However, some institutions, such as ministries, establish regulatory objectives with the help of their planning units and these have to be in accordance with their sector-based plans that flow from the National Development Plan. Furthermore, regulatory commissions are required to define an annual regulatory agenda in which they set out the projects and the studies that will be conducted over the following year.[4] The Commissions are required to consult on their regulatory agendas with their respective sectors and to incorporate comments from other institutions into their final plans. The *Superintendencias* also establish planning programmes with support of their internal planning offices.

Governments need to ensure that the general public can readily understand regulatory goals, strategies, and requirements. This is essential for maintaining public confidence in the need and appropriateness of regulation, and an important element to ensure compliance. Fundamentally this requires that legal texts be clear and readily understandable, even to non-legal experts. Although technical language may be appropriate and even necessary for some stakeholders, it is important that citizens without specific sector-related expertise are able to understand the basic features of a given regulatory proposal.

In Colombia, Decree 1345 of 2010 provides guidelines for the publication of regulations and it clearly states in its article 14 that "draft proposals should be characterised by clarity, precision, plain language and coherence, in order to avoid ambiguity or contradictions." However, the appropriate use of these guidelines depends on the discretion of legal drafters, as there is no single entity monitoring their application.

The use of consultation for dialogue with affected groups

Effective consultation is key to ensuring that the interests of citizens and business are taken into account in the development and design of regulation. It improves the effectiveness of regulation by drawing on the information that regulated entities have about the likely impacts of regulation. The positive effect of increased transparency and stakeholder-engagement is not just confined to regulation, but also enhances policy and programme development and delivery.

In Colombia, several instruments promote public consultation on regulation-making (Chapter 2 presented the more general cluster of consultations mechanisms used by Colombia). The 2011 legal Code of Administrative Procedure and Contentious Administration establishes that each institution is obliged to make public "the specific regulatory proposals and the information that gives them ground, in order to get opinions, suggestions and alternative proposals. Institutions should indicate the deadline for submitting such observations, which must be included in the public register." The Code, however, gives discretion to institutions on the ways and means to conduct public consultation. Consequently, and contrasting sharply with the experience of OECD countries, there is no single, systematic and compulsory requirement to conduct public consultation on regulatory matters within a given timeframe, nor is there homogeneity in the way public consultations are conducted in Colombia.

Choice of policy instruments: regulation and its alternatives

The first response by governments to a perceived policy issue is often to make a rule, but it is appropriate to ask whether traditional regulation is the optimal course of action. In many situations there may be a range of options available other than traditional "command and control" regulation. The alternatives to traditional regulation fall into three main categories: market-based instruments, self-regulation and co-regulation approaches, and information and education schemes.

Critical to good regulation is the capacity to choose the most efficient and effective tool, whether regulatory or non-regulatory, to meet a policy objective. This choice should always be made based on evidence. Typically, however, there are disincentives for public servants to be innovative: the use of untried methods carries risks and bureaucracies can be inherently conservative. Reform authorities must take a clear leading role in supporting and promoting alternatives to traditional regulatory approaches if innovative choices are to be developed and implemented.

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 impact analysis to collect and analyse evidence. 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.

Potential for the use of Regulatory Impact Analysis (RIA)

Among the various tools for managing regulations based on evidence, the use of RIA has particular prominence in OECD countries as a systemic mechanism to assess the benefits of regulatory proposals *ex ante*, and evaluate whether the estimated benefits of proposed regulation exceed the estimated costs. The OECD has been a long standing advocate of the use of RIA for this purpose. The 2012 *OECD Recommendation of the Council on Regulatory Policy and Governance*[5] advises governments to integrate RIA into

the early stages of the policy process for the formulation of new regulatory proposals; to clearly identify policy goals, and evaluate if regulation is necessary and how it can be most effective and efficient in achieving those goals; to consider means other than regulation; and to identify the trade-offs of the different approaches analysed to select the best one.

RIA represents an essential core tool for ensuring the quality of new regulations through a rigorous, evidence-based process for decision making. A well-functioning RIA system can assist in promoting policy coherence by making transparent the trade-offs inherent in regulatory proposals, identifying who is likely to benefit from the distribution of impacts from regulation, and how risk reduction in one area may create risks for another area of government policy. RIA improves the use of evidence in policy making and reduces the incidence of regulatory failure arising from regulating when there is no case for doing so, or failing to regulate when there is a clear need.

RIA is fundamental to consolidate a comprehensive regulatory approach since it is a tool that provides objective elements and evidence, such as costs, benefits and options, for decision-making. A RIA system can only be consolidated and improved over time. In Colombia there is no mandatory requirement to conduct RIA, even though there are several pilot initiatives to explore the feasibility of adopting the systematic use of RIA. To develop, implement and fine-tune such a system, OECD experience points to a cluster of good practices that have worked in OECD countries and that the government of Colombia could consider taking into account as it proceeds:

- ***Maximising political commitment to RIA.*** OECD experience shows that the use of RIA should be endorsed at the highest levels of government. RIA has to be supported by a legal instrument that makes it compulsory for entities inside the administration to use it. Political commitment can be expressed in various forms, but the most common one is a clear recognition of the obligation to conduct RIA, its role in decision-making, and of the way the tool contributes to promote regulatory quality in the country. Such political commitment is necessary to embed a culture of regulatory improvement throughout the public administration and create a "receptive policy-making" environment (see Box 3.4, OECD experience regarding evidence-based decision making).
- ***Allocating responsibility for RIA programme elements carefully.*** Experience in OECD countries shows that RIA will fail if left entirely to regulators, but will also fail if it is too centralised. To ensure ownership by regulators while at the same time establishing quality control and consistency government-wide, responsibilities for RIA are often shared between ministries and a central quality control unit.
- ***Training the regulators.*** Regulators must have the skills to prepare high quality economic assessments, including an understanding of the role of RIA in assuring regulatory quality and an understanding of methodological requirements and data collection strategies. All complex decision-making tools, such as producing adequate RIA, require a learning process.
- ***Using a consistent but flexible analytical method.*** The OECD recommends as a key principle that regulations should "produce benefits that justify costs, considering the distribution of effects across society." A cost-benefit analysis is the preferred method for considering regulatory impacts because it aims at producing public policy that meets the criterion of maximising welfare.
- ***Targeting RIA efforts.*** RIA is a difficult process that is often opposed by ministries unfamiliar with external review or under time and resource constraints. The preparation of an adequate RIA is a resource intensive task for drafters of regulations.

Experience shows that central oversight units can be swamped by large numbers of RIA concerning trivial or low impact regulations. Hence, it is a good practice to target RIA efforts on those regulations with significant impacts on the economy.

- ***Develop and implement data-collection strategies.*** Key to evidence-based decision-making is access to good data. The usefulness of a RIA depends on the quality of the data used to evaluate impact. An impact assessment confined to qualitative analysis means less accountability on the part of regulators for their proposals. Since data issues are among the most consistently problematic aspects of conducting assessments, the development of strategies and guidance for ministries is essential for a successful programme of quantitative RIA.
- ***Integrating RIA into the policy-making process, beginning as early as possible.*** Integrating RIA into the policy making process will, over time, ensure that the disciplines of weighing costs and benefits, identifying and considering alternatives, and choosing policy in accordance with evidence and its ability to meet objectives, become routine in policy development. If RIA is not integrated into policy-making, impact assessment becomes simply an *ex post* justification of decisions already taken, and contributes little to improving regulatory quality. Integration is a long-term process, which often implies significant cultural changes within regulatory ministries. Early integration of RIA in the policy process would require stronger incentives and possible sanctions for non-compliance.
- ***Communicate the results.*** The assumptions and data used in RIA can be improved if they are tested through public disclosure and consultation. Releasing RIA along with draft regulatory texts as part of the consultation procedure is a powerful way to improve the quality of the information available on new regulations and, in so doing, improve the quality of the regulation itself.
- ***Involving the public extensively.*** The public, and especially those affected by regulations, can constitute cost-effective sources of the data and evidence needed to complete high quality RIA. Consultation can also provide important checks on the feasibility of proposals, the range of alternatives considered, and the degree of acceptance of the proposed regulation by affected parties. The challenge is to use this information in a structured and critical way, avoiding the promotion of interests of particular stakeholders.
- ***Applying RIA to existing as well as new regulation.*** RIA is equally useful in reviewing existing regulation as it is in assessing new normative measures. Periodic evaluations and reviews are needed to assess the impact of regulations and whether the desired outcomes are being accomplished. Reviewing the stock of regulations is a complement to *ex ante* regulatory controls, as the former corrects problems and the latter avoids them. In fact, reviewing existing regulation involves fewer data problems, so the quality of the resulting analysis is potentially higher. Consistently applying RIA to existing regulation is a key priority.

A possible roadmap for Colombia

The following summarises the advice on capacities to develop new regulations contained in the OECD Regulatory Reform Review mentioned at the beginning of this section. The government of Colombia could 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.
- Improving and standardising the use of public consultations
  - 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.
- 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 in Colombia: An assessment

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. Indeed in the European Union, the EU Commission instituted an EU-wide working group within the Commission's Economic Policy Committee to examine the quality of public finances, which testifies to the importance of exploring the links between the quality of public finances and growth and tackling the main challenges affecting EU members' public finances.

Colombia has implemented several reforms in this field, most notably its impressive new Fiscal Rule to manage the country's structural deficit (which can serve as a good practice meeting OECD standards), 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. This section assesses how Colombia has implemented these tools, focusing on the efforts to link planning to budget expenditures and management.

Using the budget to implement strategy

The budget is a key strategic decision-making tool. It needs to be comprehensive, covering all government revenue and expenditures, so that the necessary trade-offs between policy-options can be assessed based on hard evidence against the parameters of the government's fiscal framework. The budget supplies critical information that constitutes a *sine qua non* condition for implementing strategic decisions rationally. This is in the nature

of the strategic tools governments use to affect change. Lacking a modern, responsive, transparent and outcome-focused budget process thus severely restricts a government's ability to perform and deliver strategic results to citizens and businesses in a rapidly-changing environment fraught with uncertainty.

The purpose of introducing performance-informed or performance-based budgeting (PBB) is to improve policy delivery to citizens by improving strategy implementation through managing the country's public finances in a way that enables the government to assess whether spending is achieving strategic outcomes. PBB strengthens allocative and operational efficiency, multi-year fiscal planning capacity and transparency and accountability. PBB is a methodology that seeks to focus on the *results* attained through public-sector spending, rather than on how much is spent on a particular government programme. This increases transparency and accountability, because spending *results* can then be assessed against spending *objectives* and *targets*, and discrepancies or disconnects can then be adjusted (and savings or reallocations can be made by discontinuing dysfunctional or low-priority spending).

While the use of performance budgeting varies greatly, almost all OECD countries now use non-financial performance targets/measures[6] in their budgeting methodology. This usually involves a government developing a framework through which objectives can be set and performance indicators can document results. In some countries objectives and indicators are developed as part of an overall strategic plan for the government; in others objectives and indicators will be set and monitored according to priorities in a particular policy area. In practice this means a number of things. This information can be used to gain insight into how different programmes contribute to the achievement of the government's policy goals. Depending on the type of performance information, this can also help explain why some programmes work and whether they represent value-for-money. Used in policy and budget formulation, this information can inform the design of better programmes. In order to implement an overall approach to performance assessment, there are different types of evaluations: operating and results evaluation, institutional evaluations, outcome evaluations, and so on. As performance management has evolved, outcomes-based evaluations have gained more importance (in OECD countries).

Performance measurement and evaluation are integral to budget decision-making

Performance management requires a collaborative, horizontal approach to be successful. Consequently there need to be incentives for civil servants to embrace such a system. In addition, key skills regarding performance budgeting need to be provided through extensive training. These incentives could partly come in the form of positive recognition from the minister and senior management and partly through a greater transparency about implementing performance-measurement as part of civil servants' annual performance evaluation that would affect pay and promotion.

Beyond the budget, performance-measurement and evaluation tools can be integrated into any and all *ex-ante* and *ex-post* regulatory impact-assessment mechanisms (see previous section) – these tools are critical to evaluate policies to identify success and failures, and to improve policies accordingly. The process of performance measurement includes the definition of concrete and measurable objectives and the evaluation of whether these have been achieved. It helps to ensure that strategies inform daily decision-making, to enhance accountability and credibility and to communicate progress.

OECD experience suggests that performance-measurement works best if it builds on clear objectives, good-quality data and is embedded in a culture of constant learning and

improvement. If indicators are not complemented with more in-depth qualitative analysis, or if they end up being imprecisely related to the policy objective the programme is being implemented to achieve, there is a risk that these indicators lead to a situation in which reward is given to programming that is not achieving its intended result, or is achieving perverse outcomes. Moreover, an exclusive focus on "what is measurable" leads to the discounting or non-measurement of other important performance objectives. The OECD has developed a methodology to assist countries in the development of performance measurements (see Box 3.8).

Box 3.8. **From setting objectives to measuring results: A 7-step process**

Performance-measurement and evaluation need to be integrated into all major policy initiatives both *ex-ante* and *ex-post* – these tools are critical to evaluate policies to identify success and failures, and to improve policies accordingly. The process of performance measurements includes the definition of concrete and measurable objectives and the evaluation of whether they have been achieved. It helps to ensure that strategies inform daily decision-making, to enhance accountability and credibility and to communicate progress. Performance measurements work best if they build on clear objectives, good-quality data and are embedded in a culture of constant learning and improvement.

There are risks, however: If measurements are not complemented with more in-depth qualitative analysis these indicators lead to a situation in which reward is given to programming that is not achieving its intended result, or is achieving perverse outcomes. Moreover, an exclusive focus on "what is measurable" leads to the discounting or non-measurement of other important performance objectives.

The OECD has developed a 7 step methodology to help policy makers set objectives for their policies and assess whether they have been achieved. The figure on the next page provides a concrete illustration of the application of the seven step method to a policy on strengthening the enforcement of traffic regulation to reduce traffic causalities.

Step 1: Establish priority policies

For indicators to provide valuable information, they must be properly rooted in policy itself. At the same time, it is unrealistic, and perhaps undesirable, to link indicators to all policy initiatives. Thus, policies need to be prioritised according to their ability to help government meet its strategic objectives. A priority policy should be articulated as a consistent course of action expressed as a causal and concrete statement (see example below).

Step 2: Define the targets

A target is a concrete goal that states the degree or level of achievement expected with respect to its associated priority policy. Targets are most directly linked to results indicators, and the degree or level of achievement that a target measures can be based on a variety of comparative parameters, depending on the base comparator and the results being sought.

Step 3: Identify key activities

An activity is a specific programme, initiative or project that clearly supports reaching a target. Activities must be systematically and clearly linked to targets and should be expressed as action verbs. Thus, "train", "implement", and "build" all work well to lead an "activity statement" but "improve", "strengthen" or "enhance" for example, do not.

Step 4: Build output indicators

An output indicators measure progress with an activity, and thus these two components should be clearly linked. A well-constructed output indicator is measurable. Thus, it must be

Box 3.8. **From setting objectives to measuring results: A 7-step process** *(continued)*

quantitative (i.e. expressed in physical or monetary units) and time bound (i.e. limited to the lifetime of the corresponding activity). One key question to ask when establishing an output indicator is what will be produced by the activity being measured?

Step 5: Build results indicators

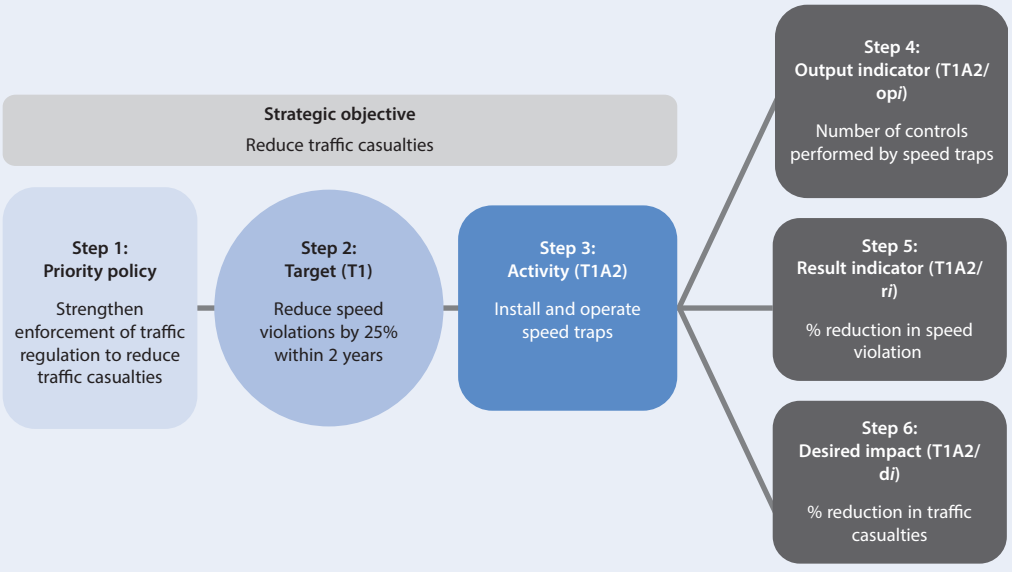
A results indicator measures the results of activities in terms of their contribution to corresponding targets. Thus, they are closely associated with targets.

Step 6: Identify the desired impact

An impact indicator sets a longer term perspective and provides insights on the effect that one or more key activities have on the Priority Policy, and ultimately on the strategic objective. Impact invdicators are particularly difficult to develop because attribution or causality is hard to establish – i.e. making a direct and complete link between the activity's impact and policy objective can be difficult. This is because other factors, often not within the control of government, may be involved with meeting a strategic or policy objective. Thus, it may be more rewarding and appropriate to identify desired impact – the desired impact of an activity on a Priority Policy, and more fundamentally the desired impact of a Priority Policy on a strategic objective. Such a conversation can *a)* help focus policy thinking by providing a framework or an orientation within which other decisions can be made; *b)* inspire extended institutional and individual effort (OECD 2009).

Step 7: Identify appropriate qualitative research methods

There are many approaches to determining the effectiveness of activities and/or Priority Policies. Output, result and impact indicators may signal problems and trigger governments to "dig deeper" to find the causes of the problem and identify the appropriate actions. Qualitative research methods can add value to the indicators and an understanding of policy effectiveness. Such research methods can include case studies, focus groups, interviews, and reviews (e.g. OECD peer reviews).



Source: OECD (2011, 2012), information taken from internal training material.

Colombia's policy and budget performance-management and monitoring tool: SINERGIA

For over twenty years Colombia has been developing information-management tools 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 SINERGIA (see Box 3.9), the set of tools designed to monitor and evaluate performance (*Sistema Nacional de Evaluación de Resultados de la Gestión Pública* – National system to evaluate public management results). The National Planning Department is in charge of managing SINERGIA. The Department provides technical support for managing the system since it is also responsible for the medium-term planning, programming, monitoring and evaluating public policies and programmes.[7]

Box 3.9. **SINERGIA**

- Colombia has developed and refined a comprehensive system of information to monitor and evaluate the country is reaching its main goals. This system, inspired by international experiences such as the Delivery Unit in the UK and the While House Dashboards, has allowed the country to discuss the priorities as well as identify the biggest challenges. Through it, Colombia has integrated all of the information from the different entities and sectors, with diverse indicators, clear guidelines and targets. Through a complete set of indicators we have developed user-friendly dashboards and traffic lights to display the information.
- The Colombian Constitution requires that all public policies are monitored and evaluated, and SINERGIA is the national system responsible for these tasks. SINERGIA is led by the Direction of Public Policy Monitoring and Evaluation within the National Planning Department and the Presidency of the Republic. A system of monitoring and evaluation of development plans must be implemented by all the sub-national governments, with the aim of aligning municipal and departmental policy interventions and investment agendas with those of the National Development Plan (this monitoring component is called SINERGIA TERRITORIAL). SINERGIA measures the progress and goals of the projects included in the National Development Plan through three main tools:
  1. *SINERGIA Seguimiento*: a set of performance indicators which measures policy outputs and outcomes as identified by the National Development Plan. The system is built following a pyramidal structure with three main levels: strategic, sector and management. Strategic indicators are at the top and are related to the main government pillars as stated in the National Development Plan. These are followed up by the President and the Council of Ministers. Sector indicators describe sector-specific goals and are monitored by the President and each Minister in bilateral meetings and within each Ministry. Finally, Management indicators are standard indicators that are measured for all of the entities to track institutional efficiency.
  2. *SINERGIA Evaluations*: a system to evaluate the outcomes of the main public policies and programmes implemented within the framework of the National Development Plan. Every year, the policies that will be evaluated are elected by a Committee of the DNP and approved by the CONPES. Policies are evaluated by a recognised, experienced third party (consultancy) so as to guarantee objectivity and transparency in the process. *Sinergia evaluations* has increased significantly, reaching 102 evaluations hired or supported in 2013.

Box 3.9. **SINERGIA** *(continued)*

3. Perception surveys: The National Development Plan Perception Surveys are conducted periodically so as to compare public perception and government results. The results of the polls are public and are found in the SISDEVAL website. Surveys measure perception of the way the government is achieving the goals set.

- In the beginning, SINERGIA focused on central-government management only; in 2004, its scope was broadened to include technical assistance for monitoring and evaluating sub-national governments' development plans. It now provides information on the overall performance of the national development plan at all levels of government in Colombia. However, at the territorial level, performance-management implementation remains relatively underdeveloped. In 2011, methodological guidelines were approved focusing on performance management at the sub-national level; a network of regional officials was created to encourage the exchange of best-practices in the field of performance management.
- Through SINERGIA, follow-up is readily available. The Presidency, the Government and citizens can follow up the government's performance. It is an essential tool for building trust in government.

Source : Colombian Government (2013), PGR Background Report (unpublished working paper)..

This system is, by Latin-American and OECD standards, one of the most advanced whole-of-government performance-monitoring systems used in the world today. The system tracks policy performance government-wide using an elaborate series of performance-based indicators covering the entire spectrum of activity related to the implementation of the NDP. 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 not perfect, it is considerably more advanced than in most OECD countries.

All Ministries and Administrative Departments set their policies, plans, programmes and projects according to the National Development Plan. In so doing, they are required to contribute regular performance information on the basis of formal indicators systematically recorded in the government's systems that monitor and evaluate performance in the pursuit of government goals. Through SINERGIA, the central government conducts the evaluation and monitoring of key national policy and programming performance. This system aims to provide performance information to assess whether the objectives envisaged by public policies and the budgets allocated to implement them have been achieved.

SINERGIA's tool to *monitor* the government's performance in the pursuit of its social and economic development policy goals – known by its Spanish acronym SISMEG (*Sistema de Seguimiento a Metas de Gobierno),* represents an innovative whole-of-government effort to co-ordinate initiatives and follow up on the performance of the different ministries and agencies contributing to the implementation of their contribution to advancing the goals set out in the National Development Plan:

- *SINERGIA-Seguimiento* is used by the President to support dialogues with Ministers and by government officials.

- *SINERGIA-Seguimiento* records general government objectives and individual Ministry and Administrative-Department goals stemming from the strategic plans approved by the President.
- Performance indicators can be product or results-oriented and are defined according to a periodicity that allows for adequate follow-up (monthly in many cases).
- For indicators that can't be defined within the desired periodicity (due to lack of information or budget constrains), proxy indicators are used to generate evidence on performance.

Each government unit is given a scorecard for its principal strategic goals complete with relevant performance indicators. It is filled out on a monthly basis and graded using a traffic-light notation. These scorecards (based on the US White House Dashboards) are reviewed by the National Planning Department, the office of the High Commissioner for Good Governance in the Presidency, and then by the President. They can be presented at Cabinet meetings and are used for discussion by the President with Ministers and Directors. Scorecards have been designed for key government priorities, including Employment, Poverty Reduction, Security, Environment and Innovation).

These scorecards are fundamental for co-ordinating policy roll-out between government units as they measure individual performance in relation to the pursuit of a common, multi-sector policy goal. All units that participate actively in the accomplishment of policy goals related to the government's economic and social development priorities have specific goals that are then reflected in the general government goals. SINERGIA is updated every month and all performance information is recorded in an information system that is made available to all government units and the general public.

In order to implement fully a performance budget system, budgetary structures and procedures should be adapted in order to integrate performance information in all the phases of the budgetary cycle. In Colombia, the General National Budget is presented based on a functional classification,[8] that is, expenditures are categorised according to the objective pursued. The functional classification is similar to the one used by the International Monetary Fund, so it is simple to make international comparisons.

The National Development Plan which presents the government's key medium-term objectives has recently been enriched with three budget tools which have helped improve strategic planning in Colombia:

- The government's recently-approved Fiscal Rule (see next section);
- The government's medium-term fiscal framework (MFMP), which is integrated into the Development Plan and presents the projections for the major fiscal and economic variables, framing the "fiscal context" to design public policies (see previous and next sections);
- The Plan's programming phase has been reinforced with a top-down budgeting system, meaning:
  - The draft budget law fixes the total amount of the budget resources available to the government;
  - The approved resource-ceiling enables discussion on resource-allocation government-wide.

By using a top-down approach, line ministries are forced to rank their priorities and budgetary programmes. During the stage of budgetary programming, performance information

is used not only to determine budget allocations but to reformulate programmes and to enhance the definition of policies.

One challenge in implementing performance-budgeting in many OECD countries is determining who establishes the objectives for budgetary expenditures. If these objectives are established by the technical entity responsible for achieving them (the line ministry, say), there is the possibility that an institutional bias will influence the nature and quality of the objectives being establishes because the entity will wish to define easy-to-achieve objectives in the interest of maximising their budget allocation. On the other hand, if these objectives are fixed by the budgetary authority, there is a risk that the objectives could be unreachable, because the budgetary authority tends not to possess the technical knowledge required to set realistic ones. In Colombia this challenge seems to have been addressed: the Planning Department is an institution with a vast technical knowledge that is closely linked both to the Ministry of Finance and line ministries.

When executing the national budget, it is essential that budgetary managers have clear objectives. This requirement is clearly fulfilled in Colombia due to the fact that each programme of SINERGIA is linked with a manager who is responsible for achieving the specific targets identified for this programme. Other important issue during budget-execution is to have timely and accurate information. This is another strength of the Colombian system, as SINERGIA is a powerful mechanism that provides appropriate information during budget-implementation. This information can be extremely useful for budgetary amendments.

Possible improvements to Colombia's budget-implementation and performance-assessment system

In Colombia the framework for planning is anchored in the Constitution. This is positive, of course, as it makes the exercise of planning more robust and stable. However, there is a risk of making the process too rigid. Many efforts have focused on regulating every procedure in detail, including the methodology to obtain information, define objectives, carry out the evaluations, and so on.

The concept of performance-oriented management is also anchored in the Constitution. Moreover, it benefits from strong political support (for instance, the *SINERGIA-seguimiento* scorecards used regularly by the President himself). As Colombia has spent three decades developing performance management tools, the design of the system has been improving over the years, based on learning from its own experiences and from international practice. 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 of Latin America in using performance information. Moreover, this information is public and accessible online, which is a fundamentally positive way to improve economic transparency.

So, the key challenge is how to integrate performance information more systematically into the budget process and how to use this information to inform and guide the preparation and execution of subsequent budgets. During budget-setting, performance information could be promoted not only when the government is preparing the budget but in Congress as well. During budget-execution, performance information could be used when the budget is amended, and could guide the preparation of subsequent budgets.

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, there is little room to apply performance information.
- 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.[9] Responsibility for evaluation is also split between these two institutions. While it is not the intent of this Review to recommend a change in these institutional arrangements, such a split, in the absence of closer and more ongoing co-ordination and information-sharing between these two key institutions, could complicate the use of common performance-budgeting information to guide the setting and execution of both the operational and capital-investment components of the Budget. The use of performance information is mainly used by the National Planning Department only.
- 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 the breadth and depth of performance information at the sub-national level to boost performance budgeting at the national and sub-national levels. While this information does exist, over the last few years, the development of performance information has focussed on indicators at the central level, with limited attention paid to enhancing the performance-assessment system in regional and local public administrations. It will be important to move forward to enhance national performance budgeting by broadening and deepening the range and quality of indicators at the regional and local levels.

So, while Colombia has achieved a high degree of implementation of performance budgeting, further improvements could be considered. 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. In Latin America, good practices in managing performance-based budgeting can be found in Mexico and Chile. Box 3.10 presents the Chilean experience.

Box 3.10. The Chilean experience in performance-based budgeting

Since the middle of the 1990s **Chile has been gradually developing processes and tools to implement a performance budget system**, reaching a highly advanced system in the 2000s. Nowadays, the system comprises a set of performance information tools and evaluations which are managed by the Budget Office in the Ministry of Finance. In addition, the National Congress and the press are also involved in this process. The most important tools of the system are the following:

- **Performance indicators:** The indicators seek to evaluate performance on different dimensions, including economy, efficiency and effectiveness. They include process, output, intermediate outcomes and outcomes indicators.
- **Evaluations:** The evaluations of public policies and programmes are key elements of the system. They are conducted by expert panels and independent consultants, who applied common methodologies for developing them. Currently, there are different types of evaluations: desk evaluations, impact evaluations and comprehensive spending reviews. Since 1997, when the evaluations were established, 370 programme evaluations have been conducted and 48 evaluations in institutions.

Taking into account **the recommendations of the evaluations**, the management units made commitments to improve their performance. Significant improvements in both the programmes' design and their management have been achieved thanks to this evaluation system, improving the quality of public finances.

Apart from the above-mentioned evaluations, all the **investment programmes** are subjected to **evaluations, formally known as the National Investment System.** Only those projects which achieve a minimum technical threshold in these evaluations are eligible to be funded by the public budget.

- **Management Improvement Programme**: this is an original benchmarking system which associates management objectives with monetary "bonus".
- **Comprehensive Management Reports:** All the institutions of the central government have to present a report with the financial and non-financial results achieved. With this mechanism accountability is boosted among the public institutions.

In comparison to other OECD member countries, the **Chilean system has combined successfully the integration of performance information in the budget with the sensible use of this information in the decision making,** and therefore, avoiding a direct link between performance and funding. To institutionalise the use of performance information in budget negotiations, Chile has created a **special evaluation unit** which supplies performance information to budget examiners, who are in charge of negotiating budget allocations with the line ministries.

Source: Blöndal, J. and T. Curristine (2004), "Budgeting in Chile", *OECD Journal on Budgeting*, Vol. 4(2), www.oecd.org/chile/40139802.pdf.

Consider reducing rigidities and enhancing contingency-funding

The government could also develop a strategy to reduce rigidities in the budget system caused by the allocation of significant resources by formula. This could facilitate the broader implementation of performance budgeting.

Identifying explicitly in each annual National Budget a national contingency fund could help avoid budget deviations during budget execution. While the Ministry of Finance currently has flexibility to use contingency-funding arrangements, it might make sense to

consolidate them and explicitly define their use: including an explicit, National contingency fund in the National Budget to address non-discretionary spending could reinforce programming and budget-execution. It could help manage unexpected situations, such us natural disasters, in a more transparent fashion without affecting either the Development-Plan-related programming or maintaining the country's fiscal balance under the Fiscal Rule. Indeed the Spanish experience (see Box 3.11) suggests that contingency-fund planning could be also included in the budgets of Departments and Municipalities.

Many OECD countries have included an explicit contingency fund in their budgets, with positive experiences. In Latin America there are experiences in this field in Chile, Mexico and Peru, for instance. In many countries the amount of this fund is a small percentage of the total amount of the budget, for instance 1% or 2%. To avoid abuses, rules could be defined governing when the contingency fund may be used.

Box 3.11. **Spain's contingency fund**

Since 2001, when the first fiscal rule was enacted in Spain, a contingency fund has been included in the budget to attend non-discretional and unforeseen needs that may arise during the budget execution. The amount of this fund is the 2% of the spending limit fixed for the state.

The results in using this contingency fund over the last decade have been extremely satisfactory, as it helped to avoid the deviations between the budget approved and the budget executed. In other words, it was a useful instrument to discipline the public finances.

Taking into account the positive experience in using a contingency fund in the State Budget, the new fiscal rule obliges the Autonomous Communities and the Municipalities to include a contingency fund their budgets.

Source: Government of Spain (2013), Prime Minister's Office.

Consider streamlining SINERGIA and enhancing it sub-nationally

Colombia could focus its efforts on streamlining the application of SINERGIA, as opposed to adding continuously to the stock of regulations governing its use. Efforts could focus on applying the current system government-wide and sub-nationally and on addressing whatever weaknesses still exist in order to make it more efficient. Indeed if the system follows the pattern of its implementation over the last few years, there is a risk of "bureaucratising" the process through too many rules-based minutiae that will render it unmanageable – and ineffective. Moreover, simplifying the process could rationalise costs.

Colombia could focus on sustaining improvements to the monitoring system of policy implementation and performance on a continuous basis. For instance, the number of indicators within SINERGIA, at 700, seems excessive. The dashboards used by the President and members of the Council of Ministers present 150 indicators, which also seems high. A concerted effort could be made to assess all indicators with a view to reducing their number, while focusing on enhancing their relevance to measuring performance, including to achieving value-for-money, and by ensuring that they are outcomes-based (when possible).

The central government is already aware, of course, of the need to link expenditures to outcomes more systematically. For instance, the Ministry of Information Technology and Communications is already focusing on this issue in its own government online strategies. Annex C on e-government issues highlights recent experience in this area in

Denmark as a means to assist the Colombian ministry in this area, where the government of Denmark has adopted a business-case model approach to making decisions regarding public investments in ICTs (see Box C.3 in Annex C). And obviously this is not an issue only faced by Colombia – determining an appropriate number of performance indicators is a key issue faced by many OECD countries that are developing performance information.

To implement performance budgeting in sub-national administrations, the government of Colombia could consider defining methodological guidelines to move forward, establishing a mixed working group with staff from the Planning Department and territorial administrations and focus on enhancing capacity to implement information system and databases at the local level within a regional approach to gathering and presenting performance data (see Chapter 4). In this regard, the Planning Department, through its Territorial Development Directorate and using the SINERGIA TERRITORIAL performance-assessment tool, is focusing on improving sub-national institutional capacity to formulate regional development plans and follow-up on regional development goals.

Consider introducing strategic expenditure reviews to define fiscal room for emerging priorities

According to OECD experience, it is easier to link budget with strategy if there is a medium-term planning framework in place and applied government-wide. In Colombia, several medium-term frameworks coexist in the Colombian budgetary system: the medium-term fiscal framework, the medium-term budgetary framework and the multiannual investment budget (which in practice is a medium-term framework for investment):

- The medium-term fiscal framework (MTFF[10]) includes the key fiscal estimations and targets for the current year and the subsequent *ten years* (this is the framework highlighted in the section above on strategic foresight). It was introduced in Colombia in 2003 when the Fiscal Responsibility Law was passed and the initial objective was to reduce the public debt and to guarantee its sustainability in the medium-term. However, with the implementation of this tool, the MTFF also has been proved as a tactical tool to reinforce strategic planning and boost transparency.
- Since 2006 Colombia uses a medium-term expenditure framework (MTEF) which contains the spending ceilings and priorities distributed by the sectors and spending categories listed in the National Budget for a revolving horizon of *four years* (annually revised). This framework uses a strategic process to plan and prioritise spending decisions, guaranteeing that annual budget decisions are in line with political priorities and complies with the medium-term budgetary constraints.
- A specific four-year investment budget is included in the National Development Plan, which contains the main investment programmes of the Republic. Within this multiannual framework, each year an Annual Investment Plan (*Plan Operativo Annual de Inversiones*) is approved with the main investment programmes classified by sectors, administrative units and programmes. The Annual Investment Plan is in principle consistent with the medium-term fiscal framework and the medium-term budget framework; once it is approved by CONFIS and CONPES, it constitutes the basis for the government's Annual Investment Budget.

Medium-term expenditure frameworks are extremely useful for multi-year strategic planning and budgeting. The existence of parallel budget-setting and implementation processes in Colombia, a consequence of the Colombian budgetary framework in which responsibility is shared between the Ministry of Finance and the Planning Department,

while certainly not an obstacle to setting and implementing government-wide, integrated MTEFs, implies the need for ongoing, robust co-ordination between the two institutions to guarantee their coherence over the course of planning period – whether this be the four-year electoral cycle or a longer-term planning horizon.

Several countries have introduced MTEFs and performance budgeting as part of the same reform package – for example Austria, France and Korea.[11] The Swedish experience (see Box 3.12) shows the importance of institutionalising a medium-term expenditure framework so that all actors are aware that government is committed to it.

Box 3.12. **Medium-term framework and expenditure ceiling in Sweden**

In Sweden the Parliament sets an expenditure ceiling for the next three years at the same time as it decides the limit for total central government expenditure for the coming budget year. The ceiling applies to all expenditure in the central government budget as well as the old-age pension system – only interest on national debt is excluded. Importantly, this includes transfers and other mandatory expenditures. The expenditure ceiling is given in nominal terms and works on a rolling basis based on proposals from government.

The total expenditure ceiling contains a "budgeting margin" for unforeseen expenditures and parliament has full discretion to revise the ceiling. These are elements of flexibility, but also elements which can undermine the function of the medium term expenditure framework. Thus, the ceiling does not only build on realistic and reliable projections but also on a parliament and government interested in actually restricting their own discretion of annual budget process according to medium term fiscal targets. In other words government and Parliament have to be committed to medium-term objectives, which has been the case in Sweden where the medium-term fiscal targets and the expenditure ceiling have become highly institutionalised.

Performance-based budgeting and performance-measurement frameworks are central to enabling governments to assess periodically whether the policy objectives for which spending was committed are in fact being achieved. And since it takes time for a strategic policy initiative to achieve fundamental outcomes – e.g. to reduce poverty, improve employment for students through enhanced academic credentials, reduce the number of road deaths or increase the environmental health of lakes and rivers, a multiyear perspective is necessary to allow for this analysis to be conducted meaningfully. This kind of performance assessment, based on the analysis of whether spending is achieving the policy objective it was designed to achieve – the quintessence of linking strategy to budget – is usually called a strategic operational review or a strategic expenditure review. It is carried out by the relevant CoG institution to monitor expenditure efficiency and effectiveness government-wide and to identify programme areas that no longer reflect government priorities or whose efficiency could be improved significantly to identify savings:

- The main strategic objective of strategic operational reviews is the identification of fiscal room based on evidence-based performance evaluation to meet emerging programming priorities efficiently without damaging the government's fiscal framework or threatening its capacity to meet its overall fiscal-consolidation goals.
- This takes on added importance given the development challenges Colombia is facing. It could therefore be helpful to introduce reviews of spending areas or programmes using performance information (see Chapter 1).

It appears that current fiscal oversight and performance-management practice in Colombia does not include the regular conduct by the Ministry of Finance (or of the National Planning Department for that matter) of this type of strategic review. SINERGIA – the perfect tool for this kind of analysis – does not seem to be used in this fashion. These CoG institutions could use SINERGIA to work with line ministries to identify programming areas where in-depth analysis that assesses single-sector or cross-sector expenditures against the integrated medium-term strategic objectives targeted by the government can pay off in savings through the elimination of lower-priority spending and improvements to higher-priority expenditures to enhance the achievement of relevant policy outcomes.

The government of Colombia might therefore wish to 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 should be broader and more strategic in scope than what the government of Colombia currently conducts – its monthly assessments of the execution of its operating and investment budgets, and its Ministry of Finance initiative on Project Effectiveness and Efficiency of Public Spending are of course useful, but they are not of the order of magnitude nor of the strategic importance of the Strategic Expenditure Reviews referenced here, which tend to be conducted annually, biennially or even every five years on strategic clusters of programming.

The government could first "test" the system by launching a couple of pilot-reviews in programme areas deemed particularly ripe for assessment. Canada has been using such a system since 2007. 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, along the lines of the Canadian and Australian "Strategic Reviews" as discussed in Boxes 3.13 and 3.14. Another source of inspiration, albeit on a smaller scale, could be the British Public Service Agreements (PSAs) based on spending reviews and binding medium-term budget envelopes for line ministries (see Box 3.15).

Box 3.13. **Canada's Expenditure Management System and Strategic Reviews**

The Government of Canada's Expenditure Management System (EMS) guides expenditure planning and decision-making, budget implementation and oversight. In June 2007 a renewed approach to the EMS was announced that ensures all government programmes are focused on results providing value for taxpayers' money and are aligned with the priorities of Canadians and federal responsibilities.

Strategic Reviews are an important element of the EMS: federal Departments and Agencies are required every four years to conduct a Strategic Review to examine their direct programming and operating costs to assess how and whether they are aligned with government priorities and whether they provide value for money. The results of Strategic Reviews are considered by Cabinet as part of Budget planning. Strategic Reviews have two overarching objectives:

- Management Excellence – Strategic Reviews support effective management of the government's resources to achieve results and drive excellence in programme performance and services to Canadians, and
- Fiscal Credibility – Strategic Reviews assist in ensuring that overall spending growth is consistent with the government's commitments in this regard – on average below annual GDP growth.

Box 3.13. **Canada's Expenditure Management System and Strategic Reviews** *(continued)*

Strategic Reviews enable the government to assess on an ongoing basis the relevance and performance of programme spending. To that effect, organisations undertaking a Strategic Review must:

- Comprehensively assess 100% of their direct programme spending and identify areas where programmes and policy adjustments can improve programming performance and relevance; and
- Assess opportunities for savings by identifying their lowest-priority and lowest-performing programming along with potential efficiency-gains in internal services.

To assist in these reviews reduction targets are provided from which funding could be reallocated to meet emerging government priorities. At the start of the review process the Treasury Board Secretariat sends a letter to each Department or Agency conducting a review setting out the scope of the review, including targets for the lowest-priority, lowest-performing programming. In conducting reviews, Ministers and Deputy Heads must provide evidence on the performance of 100% of their programmes and spending, which will allow the Treasury Board Ministers to answer the following key questions:

- Are all programmes and spending effectively aligned with the government's priorities?
- Are all programmes and spending consistent with federal roles and responsibilities?
- Are there other organisations [e.g. federal/provincial, private sector, or not-for-profit sector] better placed to deliver these programmes?
- Are all programmes and spending relevant and still meet the needs of Canadians?
- Are all programmes maximising value for money?
- Are all programmes effectively serving the purposes for which they were created?
- Are adjustments required to improve performance [including efficiency and effectiveness]?
- Can the same results be achieved using less money?
- Does the organisation have the capacity to spend and manage for results effectively?
- Can improvements be made to internal services in order to maximise efficiencies?
- Are there opportunities to reduce overlap and duplication as a means of achieving greater efficiency and savings?

Strategic Reviews use External Advisors to provide the responsible Minister with independent advice and an attestation to Treasury Board Ministers that a comprehensive review has in their opinion been performed.

Source: Government of Canada (2012), Treasury Board Secretariat website, www.tbs-sct.gc.ca/tbs-sct/index-eng.asp.

Box 3.14. **Strategic reviews in Australia**

The Strategic Review Framework was introduced in 2007 to work alongside Australia's decentralised departmental programme evaluation and review frameworks. Strategic Reviews are typically broader than departmental programme (or spending) reviews, take a whole-of-government perspective and provide a greater degree of independent scrutiny.

Strategic Reviews focus on major policy and spending areas across programmes or portfolios and other significant Australian Government initiatives. Reviews can also be targeted and focused on a particular issue of current interest to the Government. A particular feature of Strategic Reviews is that they focus on examining the continuing relevance and performance of on-going programmes and activities and are not necessarily about finding savings. Each Strategic Review operates from a Terms of Reference established for each individual review with the goal of addressing some or all of the Expenditure Review Principles, depending on their relevance. The Expenditure Review Principles address appropriateness, effectiveness, efficiency, integration, performance assessment and strategic policy alignment.

The programme of Strategic Reviews is either by endorsed by the Prime Minister or the Expenditure Review Committee of Cabinet and are reviews for consideration by Cabinet. Strategic Reviews are either led by an independent eminent person or a senior employee of the Department of Finance and Deregulation (Finance), depending on the nature of the review. The review teams vary in size and can include both Finance employees and secondees from relevant line agencies. All reviews are conducted within and managed by Finance. The length of a Strategic Review varies depending on the complexity and size of the policies and programmes being reviewed. However, most Strategic Reviews aim to begin after the budget and to be completed by the end of November, being approximately four to six months in duration with the aim that they report back to Cabinet prior to or as part of the next budget.

Source: Australia Department of Finance and Deregulation, 2013.

Box 3.15. **Spending Reviews and Public Service Agreements in the United Kingdom**

Starting in 1998 the Comprehensive Spending Reviews involved in-depth reviews of departmental aims, objectives and spending plans for each department for a three-year period. The Comprehensive Spending reviews of the first decade focused on combining multi-year spending plans with policy outcome targets for the period. This gave birth to Public Service Agreements (PSAs), which set measurable targets for the government's objectives for public expenditure programmes. Each department had its own PSA (quasi-contract) negotiated with the Treasury to present the outcome delivered according to the funding level for a three year period. Thus, Treasury had a main role both in the development of the PSA performance framework and the departments' actual PSAs as well as in the in the Spending Review process directed at each department.

The PSAs were introduced to ex post measurement of output/outcomes in relation to expenditures but also as an ex ante tool to motivate departments to direct operations to deliver the right results. However, it was also recognised that the PSA performance measures and target setting could not be applied to all government expenditure.

Later Comprehensive Spending Reviews in the previous decade took a deeper approach, turning from allocating incremental increases in expenditure to performing a set of zero-based reviews of involved departments' baseline expenditure. Departmental expenditures were analysed on the background of the government's long-term objectives in order to assess its effectiveness in delivering and fitting expenditure to current priorities.

Box 3.15. **Spending Reviews and Public Service Agreements in the United Kingdom** *(continued)*

The 2010 Spending Review is focused on establishing an encompassing framework for reducing the budget deficit involving budget re-allocation, value for money and targeted savings. PSAs are also evolving from a top down performance management system to "departmental business plans" which will provide information on performance and spending, including each departments:

- vision and priorities to 2014-15;
- structural reform plan, including actions and deadlines for implementing reforms over the next two years; and
- contribution to transparency, including the key indicators against which it will publish data to show the cost and impact of public services and departmental activities. This section will be published for consultation to ensure that the Government agrees the most relevant and robust indicators in time for the beginning of the Spending Review period in April 2011.

Reviews entail the setting of multi-year performance targets for a given policy sector. These targets could be linked to the Development Plan's multi-year financial plan (or better still the framework with the ten-year planning horizon). Indeed, based on recent trends among OECD members, long-term fiscal projections can improve the Colombian fiscal framework as they may help to address long-term challenges. Fiscal projections provide a means to assess fiscal sustainability based on assumptions of current policies, stable taxes, and other key demographic and micro- and macroeconomic parameters.[12] Among other benefits, these projections reinforce strategic planning in the long-run.

Box 3.16. **New EU Requirements for medium-term fiscal frameworks: The Spanish application**

- In order to incorporate the multiannual budgetary perspective of the budgetary surveillance framework of the Union, the regulation of the so-called "six-pack" establishes that the planning of annual budget legislation should be based on multiannual fiscal planning stemming from the medium-term budgetary framework. Thus, the EU members should approve medium-term budgetary frameworks, which should contain, inter alia, projections of each major expenditure and revenue item for the budget year and beyond. (***The Council Directive on requirements for budgetary frameworks of the Member States***).
- Since the beginning of the 2000s, Spain has been approving a 3 year-budgetary framework only for the Central Government. With the approval of the new fiscal rule in Spain, this practice has been extended to subnational administrations (Autonomous Communities and Municipalities) in order to reinforce budgeting techniques at territorial level and guarantee that the budget programming is fully consistent with fiscal and debt targets.
- The fiscal rule establishes the mandatory minimum content for these frameworks in order to assure that the budgetary programming of all levels of the Administration are consistent.

Source: Contribution from the Spanish peer reviewer.

Consider applying medium-term budget frameworks sub-nationally

The government could also consider extending the application of medium-term budget frameworks to territorial administrations, as they it has been proved to be an efficient tool for planning and budgeting, as can be illustrated by experience in the EU and Spain (see Box 3.16).

Colombia's fiscal rule: consider reinforcing it with a spending rule

To reinforce the Colombian budgetary framework and enhance fiscal discipline, the government of Colombia adopted a new fiscal rule in June 2011 (see Box 3.17). This constituted a major improvement, as this fiscal rule enhances discipline in the management of the country's public finances and helps lessen the budgetary volatility associated with the impact of changes in international commodity markets (see Chapter 1), while creating a friendly framework for planning. Colombia's new fiscal rule is targeted on the structural balance, following the OECD trends and, in particular, the Chilean experience which has recorded positive results.

Box 3.17. **Colombia's fiscal rule: A snapshot**

The **main objectives** of the Colombian fiscal rule are as follows:

- Buttressing fiscal sustainability by reducing debt.
- Improving the management of revenue windfalls: revenues in excess of structural commodity and non-commodity public revenues will be saved temporarily in the Savings and Stabilisation Fund.
- Enabling counter-cyclical policy, through the Savings and Stabilisation Fund.
- Facilitating the co-ordination of monetary and fiscal policy.

Key principles of the rule:

- The rule applies to the central government which has contributed most to the overall deficit and debt accumulation (87%) of the non-financial public sector in the past.
- The target: the central government's structural deficit should decline to 1% of GDP by 2022 (down from 2.7% in 2011), with intermediate targets aligned with presidential elections: 2.3% of GDP by 2014 and 1.9% in 2018.
- The structural deficit is defined as the difference between structural revenues and structural spending. The former are adjusted for the economic cycle and unexpected or transitory swings in commodity-related revenues (i.e. deviations from long-term prices and quantities). Structural spending is defined as total spending excluding specific counter-cyclical (discretionary) spending programmes.
- The new framework creates a Savings and Stabilisation Fund, to be managed by the Central Bank, where revenue windfalls (i.e. those resulting from a growth rate of the economy or from commodity prices above their long-term level) are to be saved. Up to 10% of the Fund's resources can be spent on counter-cyclical spending programmes.
- The rule includes an escape clause. When the output gap is negative and the expected real output growth rate is at least 2 percentage points lower than the long-term rate (estimated at between 4.3 and 4.8% by the government), a counter-cyclical spending programme can be launched. This counter-cyclical spending should be phased out two years after economic growth has returned to, or is above, its long-term rate.

Box 3.17. **Colombia's fiscal rule: A snapshot** *(continued)*

- Two committees consisting of independent experts are set up to provide estimates for the long-run growth rate of the economy and for commodity revenues. Another committee of independent experts – university teachers, economists and presidents of the Congress Economic Commission – will assess the parameters embodied in the fiscal rule and possible changes proposed by the government. It will also monitor the implementation of the rule.
- Each year the government has to present a report on the implementation of the rule to Congress.

Source: Echeverry Garzón, J.C., R. Suescún Melo and G. Alonso Masmela (2011), "Regla fiscal para Colombia", *Notas Fiscales*, No. 4, Ministerio de Hacienda y Crédito Público, www.minhacienda.gov.co/portal/page/portal/MinHacienda1/haciendapublica/CentroEstudios/publicaciones/notas/Boletin%204%20Regla%20Fiscal.pdf.

The Colombian fiscal rule follows international best practices, adapting them to the specific features of the country. The characteristics of this rule are in line with so-called "post-crisis fiscal rules"[13] or "second generation of fiscal rules". For instance, the fiscal rule is targeted at Colombia's structural deficit, rather than at the overall debt; it allows for counter-cyclical fiscal policy; it is a flexible fiscal rule, and includes an escape clause in the case of economic slowdown. The key challenge is the implementation of the fiscal rule. According to the forecasted macroeconomic data, the first years of the rule will take place in a boom period with significant GDP growth rates. In this context, pressures to lessen the fiscal rule may arise, as happened in the EU with the amendment of the Stability and Growth Pact in 2004.

Fiscal rules are for boom periods; this is one of the lessons learned from the EU crisis. During expansionary periods, fiscal rules help create the fiscal room needed to apply countercyclical policies during recessions. Colombia's fiscal rule is a clear improvement over the situation *ex ante* the rule. However, it could be strengthened further:

- Corrective actions to be taken in case of slippage are not clearly defined. To improve the government's credibility further, a notional "compensation account" or "contingency fund", similar to the Swiss debt brake framework (where deviations from the rule are accumulated with a requirement to adjust in a given time frame), could be created, as mentioned above.
- The coverage of the fiscal rule may need to be broadened as some public enterprises and entities in the financial and health sector, as well as sub-national governments (see Chapter 4), may cause fiscal slippage.
- If implementing the structural fiscal-balance rule is made difficult because setting reference prices and quantities for the commodity sector is not an easy task (as revealed by the Chilean and Mexican experiences), a spending rule could be added to the framework.

Indeed international experience suggests that fiscal rules based on the structural deficit have proved effective in injecting discipline into the management of public finances (i.e. Chile). However, these rules have some disadvantages linked to the degree of uncertainty in calculating the output gap and other factors that may lead to substantial revisions to structural-deficit estimations.

These methodological difficulties are even more complicated in Latin America, where it is necessary to estimate reference prices and quantities for the commodity sector, an important economic driver in Latin American economies. Experience in Chile and Mexico

reveals that these calculations engender an even greater degree of uncertainty. These methodological issues may therefore complicate the monitoring of the rule and hamper transparency and accountability. These limitations have been overcome by spending rules, as their target can be directly controlled by the government. Following international experiences, a spending rule could be added to the framework[14] which is easier to implement.

Furthermore, according to EU experience, spending rules have achieved an appropriate balance between budgetary discipline and macroeconomic stabilisation objectives,[15] playing an important role, especially in the boom periods, in controlling public spending. It is based on this rationale that the EU's so-called "Six Pack" – which reformed the Stability and Growth Pact – established the obligation to include spending rules in the EU member's fiscal framework (see Box 3.18 for the Spanish experience in implementing a spending rule).

Box 3.18. **Spain's spending rule**

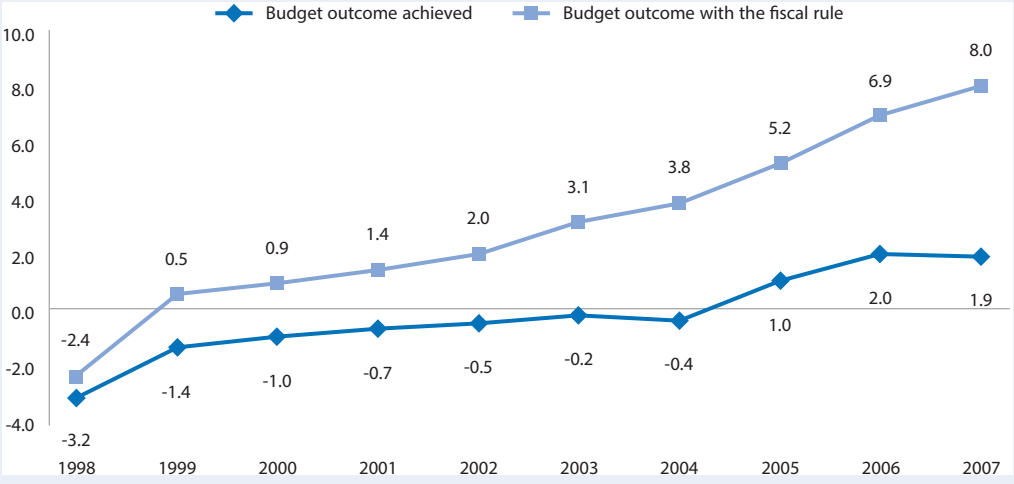
The Organic Law on Budgetary Stability and Financial Sustainability contains a spending rule in line with the requirements of the EU regulation. According to that rule the increase in public spending will not grow over the GDP growth rate. In addition, when the collection of public incomes exceeds the budget estimations, these incomes have to be invested in reducing the public debt instead of financing new spending.

The expenditure rule is a necessary complement of the balance budget rule which help to achieve better fiscal results and address some weaknesses of the latest. For example, during the period 2005-07 Spain recorded three consecutive fiscal surpluses. Although, the fiscal balance targets were achieved, the spending growth rate during this period was well above the GDP growth rate.

According to the Bank of Spain,* if Spain had had a spending rule in force during the expansive period, the fiscal surplus recorded would have been significantly higher (i.e. in 2007 the fiscal surplus should have reached 8% of GDP instead of the 1.9% achieved).

What would have happened if Spain had had a fiscal rule during the booming period?

Budget outcomes as a % of GDP



* Bank of Spain (2011), *La reforma del marco fiscal en España: Los límites constitucionales y la nueva regla del crecimiento del gasto público* [The reform of the budgetary framework in Spain: constitutional limits and the new rule for public expenditure growth], Bank of Spain Publications, www.bde.es/f/webbde/SES/Secciones/Publicaciones/InformesBoletinesRevistas/BoletinEconomico/11/Sep/Fich/art4.pdf.

The main disadvantage of including expenditure targets in the Colombian fiscal rule is that it will make the rule more complex to implement. In order to address this issue, taking into account that the fiscal rule was only approved recently, the government could consider delaying the introduction of the spending rule two or three years, until all the proceedings and institutions have adjusted to the new fiscal rule.

Consider applying the fiscal rule sub-nationally

The broader the scope of the fiscal rule, the better. The coverage of the fiscal rule should be extended to all the Public Sector, including those public companies and other entities mainly financed with public resources. Some changes may be required in order to apply the fiscal rule to public companies, as some of these companies may have also private incomes. For instance, following the Spanish experience (see Box 3.19), the Stability Law establishes special regulation for public companies different from the rest of the Public Administration. In this sense, public entities have to maintain a fiscal balance position, while they do not have fiscal targets.

Box 3.19. **The Spanish experience in extending the fiscal rule to the sub-national level**

- Spain has one of the highest decentralisation rates in public expenditure: around 45% of the public expenditure is managed by Autonomous Communities and Municipalities.
- The fiscal rules passed in 2001 and 2006 contained special provisions for sub-central governments. However, taking into account the need to boost fiscal discipline and co-ordination at all levels of administration, the new recently approved fiscal rule* – May 2012 – includes a detailed regulation for Autonomous Communities and Municipalities. Just to mention some examples:
  - Deficit and debt targets are fixed for all levels of Governments.
  - Preventive mechanisms were approved at sub-central level to guarantee these achievements of the fiscal targets (early warning mechanisms).
  - Corrective mechanisms were reinforced by establishing a gradual system of sanctions.
  - Economic transparency was enhanced at sub-central level, by increasing the obligations related to providing economic and fiscal information. Schedules to publish this information have been fixed by law.

* Organic Law 2/2012 on Budgetary Stability and Financial Sustainability.

Source: Government of Spain (2013), Prime Minister's Office.

The scope of the fiscal rule could be extended to departments and municipalities in order to create a more robust national fiscal framework. The national rule is only applied at national level based on the assumption that the central government has contributed most to the overall deficit and debt accumulation (87%) by the non-public sector in the past. However, there are several reasons to propose enlarging the scope to sub-national administrations:

- In the past, the sub-central administrations also recorded significant fiscal imbalances.
- The royalty-reform system directly affects sub-national public finances, significantly increasing public revenue for some departments. Discipline mechanisms should be promoted to control all these changes.

- Implementing the fiscal rule at the sub-national level could help manage a common fiscal-discipline framework at all levels of government. Planning at territorial level could also be reinforced.
- Guaranteeing that sub-national rules for public finances are fully in line with the national fiscal one by applying the same fiscal rule to all levels of government can strengthen Colombia's overall framework for managing fiscal discipline.

Auditing, oversight and control: An assessment

Overview

In Colombia the framework governing the public 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 control system is made up of the two following bodies:

- 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 (see next section). 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.
- 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 of Colombia 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.

Two other entities – although not being formally part of Colombia's control institutions – also play a key role within the country's control system:

- The Office of the Attorney General of Colombia (*Fiscalía General de la Nación*) was incorporated in 1991 with the enactment of the new Constitution. It belongs to the judicial branch of government and possesses full administrative and budgetary autonomy. Its main purpose is to ensure the efficient and prompt administration of justice for citizens. This includes anti-corruption oversight as well as oversight over the functioning of the public sector as a whole at all levels.
- The Auditor General of Colombia[16] (*Auditoría General de la República*) is an autonomous organ of the state created by the 1991 Constitution to oversee and control audit institutions. As auditor of the Government of Colombia it reports directly to the Office of the Inspector General of Colombia. The Auditor General is thus a second-tier financial supervisory body responsible for monitoring the fiscal management of the country's *Contraloría General* and its sub-national counterparts in departmental and municipal comptrollers' offices, and ensuring that fiscal supervision is conducted in an efficient and effective manner.

At the territorial level external control is carried out by such institutions as the territorial *Contralorías*, the *Veedurías* and the *Personerias*. Internal control is carried out by the Internal Control Offices (ICOs) located in line ministries.

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.[17] 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 development of these control institutions 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 broad responsibilities and complex interrelations. This section assesses these control institutions, focusing on their competencies and the horizontal and vertical relations between them.

At its broadest level, this Review finds that Colombia not only possesses proper control institutions, but the enhancements to their collective ability to carry out their mandates since the adoption of the 1991 Constitutions constitute a tribute to Colombia's unflagging policy and political commitment to the fight against corruption. However, co-ordination challenges between these institutions can cause overlaps in mandate-execution, creating inefficiencies in the system. This diagnosis of Colombia's control system thus draws inspiration from that of Mexico, whose control system has just undergone significant reform due to the co-ordination challenges it was facing (see Box 3.20).

Box 3.20. **Mexico's control system and its recent reform**

In México a significant number of control institutions within the public administration exercised internal and external audits: the Public Service Secretary, the Internal Control bodies of the Federal Administration, the State Contraloría, the Supreme Federation Audit Office, the Supreme Local Audit Offices and the Internal Contralorías of the independent constitutional bodies.

However, insufficient co-ordination between these institutions resulted in sub-standard performance. The Supreme Federation Audit Office* confirmed that the opacity and corruption in public resource management had not been curbed due to the atomisation and disparity in effort on the part of the different audit institutions at the three levels of government. The diagnosis was clear: Mexico had proper audit institutions but due to a lack of the co-ordination and a wide range of methodologies, results were not as expected. Key challenges were: *a)* disengagement between institutions; *b)* different legal framework and roles; *c)* the level of independence; *d)* technical aspects regarding the planning of the audits, the methodologies and the different deadline to present the results.

In 2010, Mexico launched a reform called S*istema Nacional de Fiscalización* (SNF)** (the National Auditing System). The reform examined in detail the public management and use of public resources within the control system. The reform was framed by a set of interrelated principles and activities to establish effective co-ordination between all institutions exercising auditing and control functions in Mexico. The key outcomes sought by the reform are:

- Eliminate overlaps, omissions and contradictions.
- Boost the effectiveness and broaden the scope of performance evaluations.

Box 3.20. **Mexico's control system and its recent reform** *(continued)*

The implementation of the SNF seeks to provide certainty to those public entities being audited and to guarantee to citizens that the evaluation of public resources management's is exercised in a more organised, systemic and comprehensive way. The plan to implement the SNF has 6 strategic objectives:

Implementation Plan for the *Sistema Nacional de Fiscalización*

Objective 1: To define standards for the audit's planning, execution and reports.
• To define a common regulation to develop the audits at all levels of Government, in line with the international rules.
• To revise the internal control process through appropriate patterns, highlighting the importance of prevention and early detection of the irregularities.
Objective 2: Personnel trainee
• Through trainee programmes covering all the fiscal institutions and peer reviews, with the aim of improving the professional quality of the public auditors.
• The trainee programme will be based on the areas in which the members of the SNF will be most interested.
Objective 3: Exchange of information and joint work
• To identify common areas to exercise joint audits or co-ordinated audits between the institutions. Based on that, annual programmes of audits will be defined involving all audit institutions.
• To promote internal control in the entities audited, through technical assistance and institutional support.
• A peer review plan to exchange experiences and best practices between the audit institutions part of the system.
Objective 4: Legal framework's changes related to audit
• Survey to identify the necessary changes in the legal framework from the point of view of the members of the system.
• Law and regulation amendments in order to boost continuous improvements in the performance of supreme fiscal audit offices and internal control offices.
• A new Law about the *Sistema Nacional de Fiscalización* to make binding the implementation of principles, methodologies and audit regulation.
Objective 5: Boosting the achievements of the fight against corruption
• To define and approve a common framework with general criteria for prevention, detection, deterrence and punishment regarding corruption behaviours.
• To promote public management transparency and evaluation, incorporating best practices.
Objective 6: Strengthen the role of the audits in the setting of public employees responsibilities
• To define effective disciplinary mechanisms, taking into account the disciplinary competences of each audit institution member of the System.
• Lay down common guidelines about the disciplinary proceedings.

The Mexican reforms are in their early implementation phase. Results cannot yet be assessed. However, a strategy to monitor their impact has been designed in order to evaluate results achieved.

*In Spanish, Auditoría Superior de la Federación.

**On 17 February 2010, during the presentation of the Auditing Results of the Public Accounts belonging to 2008 in the Parliament, the Supreme Auditor of the Federation mentioned for the first time the need to set up a National Auditing System. Later, due to the importance of the implementation a National Auditing System in Mexico, the Supreme Federation Audit Office included that target as one of the Strategic Plan for 2011-17.

Based on the current approach to reforming the public control system in Mexico, the government of Colombia could consider:

- **Enhancing the professionalisation of the public sector in charge of control tasks by establishing a formal, merit-based system and building professional capacity at all levels of the control administration**. This recommendation aims to achieve a double purpose: first, to improve the qualification of the public controllers with a high technical profile and, second, to guarantee their independence from electoral cycles.
- Although the improvement of human resources is a key challenge for the entire Colombian administration, it takes on significant importance in the case of those public employees who are responsible for control and accountability tasks, taking into account the specific country characteristics. In Spain, for instance, there are different competitions for public employees in charge of control tasks, differentiating internal controller's posts from external controller's posts. Besides, the difficulty of the competition increases with the level of the specific post applied to, so there are different exams for senior auditors, accountants, etc.
- **Enhancing the focus by external and internal control institutions on performance-oriented audits, including measuring performance against outcomes and maximising value for money, in line with trends in OECD countries.** Financial and legal audits are important but effectiveness and effective audits should be boosted following the trends of OECD member states[18] especially in the case of external control institutions.
- **Pursuing the implementation of transparency initiatives such as the publication of audit reports and corrective actions.** These transparency initiatives have a deterrence-effect and may be seen as a way to fight corruption.
- **Strengthening co-ordination mechanisms between control institutions in order to achieve broader coverage in the auditing of public resources, both at the national and territorial levels.** The pillars to strengthen this co-ordination are to execute complementary audits and the exchange of timely and accurate information.

The rest of this section assesses the current state of each of Colombia's main control institutions as well as the state of horizontal co-ordination between these institutions at the central level, and the state of vertical co-ordination in this area between the central and sub-national levels.

The Contraloría: consider enhancing its leadership role at the national and sub-national levels

The *Contraloría*[19] is a constitutionally-mandated institution that exercises the highest level of fiscal control in Colombia. Its purpose is to ensure the proper use of public resources and contribute to the modernisation of the State by means of advising on continuous improvements across the public administration. By introducing ITCs in its operations, it acts as a modernising agent,[20] boosting electronic proceedings. Both control reports and warnings are published in the web site of the *Contraloría*. This may be seen as a good transparency initiative that reinforces the framework to fight against corruption.

The 1991 Constitution constituted a turning point in the role of this institution. It shifted from conducting *ex ante*, perceptive controls to *ex post* audits on a selective basis, in line with international trends. However, this new approach also allows for *ex-ante* controls,

called "prevention control" or "warning control". These controls enable the *Contraloría*'s sister institution, the *Procuraduría*, to communicate inconsistencies identified in real-time and recommend corrective measures. The objective of this prevention role is to achieve more efficient and effective institutions. That said these "prevention controls"[21] may in fact be stifling the public service as these preventive actions appear to be excessive: between 1 August 2011 and 13 June 2012, 163 such controls took place.

The most important characteristic of the *Contraloría* is its independence, recognised by the Constitution. Indeed the Constitution specifies that the Head of the *Contraloría* is to be elected by Congress for a period equal to that of the President of the Republic, from a list of three candidates, one nominated by the Constitutional Court, one by the Supreme Court of Justice, and one by the State Council, and may not be reelected. The Constitution also specifies that anyone who has held the office of *Contralor General* may not hold any other public office at the national level, nor present him/herself as a candidate in a popular election until one year following retirement from this office. The *Contralor* cannot be a member of the President's political party nor the President's coalition.

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 which handle funds or assets belonging to the taxpayer.
- Jurisdictional oversight: To establish where responsibility lies in fiscal management and impose financial sanctions as necessary.

In addition, The *Contraloría* evaluates internal control quality and efficiency[22] and assesses Colombia's National Accounts,[23] which are kept by the *Contaduría*.[24] The *Contraloría* is entitled to 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.[25] 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.

Depending on the nature of these findings, the reports will be submitted to the following institutions: the *Procuraduría*, in case of a disciplinary finding, or the *Fiscalía* (the Attorney General's office) in case of a finding resulting in an allegation of illegal activity. The *Contraloría* is entitled to impose sanctions in the case of a fiscal finding. The *Contraloría*, as an external audit institution, has followed international practice in exercising its role as Colombia's supreme audit institution. Colombia is a member of INTOSAI (International Organization of Supreme Audit Institutions) and, in particular, participates in the regional working group OLACEFS (Organization of Latin American and Caribbean Supreme Audit Institutions).

The assessment has found that the key challenge for the government is to boost co-ordination with other institutions, especially the *Procuradoría*, in order to increase efficiency and remove overlap in activity. To do so, the government could consider:

- **Reinforcing the advisory role of the *Contraloría* and boosting its independence from internal-control bodies.** Currently, the Contraloría is a member of the

Advisory Council which approves internal-control guidelines. Since the *Contraloría* is already in charge of evaluating internal-control proceedings, it cannot carry out this function in an objective fashion if it is also part of the Council that sets internal-control policy. Thus the Contraloría could be accorded the right to speak but not to vote in the Advisory Council.

- **Ensuring that the *Contraloría General* play a leading role in the process of addressing disparities in capacity in the territorial Contralorías.**

The Procuraduría: consider improving its efficiency and rationalising its mandate

The *Procuraduría*[26] *General de la Nación* is a constitutionally mandated institution, whose main functions are:

- To supervise compliance with the Constitution, laws, judicial decisions, and administrative decrees.
- To protect human rights and ensure their effectiveness, with the assistance of the Ombudsman.
- To defend the interests of society and the collective interests, especially the protection of the environment.

As in the case of the *Contraloría*, the *Procuraduría* is an independent institution from the three branches of the State. The Constitution establishes its independence; the Head of the *Procuraduría* (the *Procurador General*) is elected by the Senate for a period of four years from a list of candidates selected by the President of the Republic, the Supreme Court of Justice, and the Council of State.[27] The Constitution identifies three types of actions to be exercised by the *Procuraduría* – preventive, intervention and disciplinary:

- The *preventive* role which is considered the main responsibility of the *Procuraduría*, as this institution is to "prevent before imposing sanctions". The *Procuraduría* supervises public employees' performance and issues warnings if there are facts/behaviour that may violate rules or procedures. Warning will not suspend administrative processes, so the preventive role is exercised in parallel with public management. The execution of these preventive actions does not imply co-management or interference in the management of a file by public entities. Through preventive actions the *Procuraduría* oversees all aspects of public management beyond the control of public funds.
- The *intervention* role enables the *Procuraduría* to intervene in legal proceedings in the presence of the judicial (or administrative) authorities, to defend legal order, the public interest or fundamental human rights.
- Under the disciplinary role, the *Procuraduría* is in charge of initiating, developing and ruling on investigations against public officials or any individual who exercises public functions or manages public resources, in accordance with the *Unique Disciplinary Code*.[28]

The *Procuraduría* executes its disciplinary powers based on actions initiated by the Offices of Internal Disciplinary Control located in line ministries and other public entities. At the sub-national level, the *Procuraduría* execute its disciplinary powers based on actions initiated by the *Personeros* in sub-national entities. The *Procuraduría'*s fiscal management is overseen by the *Contraloría*.

The *Procuraduría* is one of the most appreciated institutions in Colombia. This fact empowers the institution and reinforces its legitimacy. This institution is widely anchored and present at all levels of the Colombian public sector. The scope of its functions 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 the internal control system; this potentially wastes resources in addition to slowing decision-making.

To address these issues, the government could consider **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.**

Internal control: consider rationalising its operations and providing effective oversight

The current system of internal control[29] is also anchored in the Constitution, which establishes that public-sector entities have to design and implement internal-control methods and procedures. Colombia has followed international references such us COSO[30] and COCO and the International Organization of Supreme Audit Institutions (INTOSAI) to develop its internal control system. The philosophy of these internal-control frameworks is to integrate controls as a part of the public-administration process, by analyzing procedures, identifying risk and defining and implementing controls to mitigate it. Similar internal-control frameworks have been implemented all around the world.

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. The Internal Control Standard Model (the MECI) is used, in line with the international trends. This model defines how to implement a control strategy in each public entity, its control management and its evaluation.

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 monitoring and evaluating of the system. 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 National ICOs 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. Previously, they were appointed by the host entity's management. The heads of the internal-control offices cannot participate in the entity's administrative proceedings.

Internal co-ordination between the ICO and its host entity is developed through an internal Committee for Internal Control Co-ordination, made up of the head of the ICO

and the highest managers of the host entity. Its role is to co-ordinate and advise the legal representatives of the public entity on internal-control issues.

Everything is done to guarantee the independence of the internal control system:

- ICOs are autonomous and self-organised – ICO heads are free to define the nature and scope of their internal evaluations for their host ministry and public entity; they are completely autonomous in proposing an audit plan based on a simple risk-assessment and response matrix, which is to be approved by the Committee of Internal Control Coordination.
- There is no general government-wide plan governing audits; nor is there much in the way of systematic co-ordination among ICOs government-wide. The audit plan is proposed by the internal control head and approved by the Committee for Internal Control Co-ordination. Every year the President of the Republic receives a report summarising audit reports prepared by the ICOs and used as inputs for the *Contraloría* and *Procuraduría*.

Budgets allocated to the ICO are decided by the entity in which the ICO resides. Moreover there is no regulation establishing common provisions for all ICOs regarding wages, personnel, etc. This has led to significant disparities in the structure, staff and wages scales of ICOs across the government. In some cases the number of employees in an ICO bears no relation to the size of the public entity being controlled. Furthermore wages tend to be much higher in public enterprises than in line ministries. Significant differences exist in the technical profile of the staff. For instance, there is no obligation to have an accountant in the staff. In addition, the qualifications of ICO staff are sometimes not appropriate to the role assigned to these offices. Although the *Departamento Administrativo de Función Pública* (DAFP) has made important efforts recently to improve training of public employees in ICOs, more specific training could be developed and delivered (for instance, specific courses on risk-assessment).

Every four months the head of the ICO publishes a detailed report on the internal-control situation in their organisation, which is made available on the website of each public entity. Indeed plenty of information appears on the websites of ministries and public entities regarding the audits that have been carried out; specific regulations ascribe to heads of ICOs specific "transparency" responsibilities such as the obligation to publish a detailed report on the internal-control system in the organisation (non-compliance can lead to disciplinary action against the ICO head). This is a positive finding that highlights transparency.

Each year, an executive report is submitted to the appropriate Minister (or Director) with the major findings from the internal-control evaluation of the host entity, its results and its recommendations to make management more efficient, effective and transparent. This annual executive report is also submitted to the President of the Republic each year. These reports form the basis of the annual whole-of-government executive report submitted to the President with the main results and conclusions of all ICO reports.

These reports are also sent to the government of Colombia's Advisory Council and the DAFP. The DAFP plays a significant role in internal control since it is in charge of training public employees as well as developing guidelines for internal-control policies. For these purposes, the DAFP contains a specific Directorate in charge of the approval of methodological guides and other tools for ICOs. These guides are binding for the entities of the Central Administration and of the territorial level.

While government-wide oversight of audit reporting is non-existent, the internal control system is extensively regulated in Colombia, not only because it 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 fight corruption. Significant efforts have been made to institutionalise and approve internal-control regulation. However, the regulatory framework is atomised across a myriad laws, decrees, presidential directives, etc.

To address these issues and reinforce the ICOs as a key pillar of Colombia's control system, the government could:

- **Develop and implement legislation on the status and functions of the Internal Controller, as a follow-up to proposals of the Institute of Internal Auditors, to regulate the competencies, powers, obligations, responsibilities and other specific issues that directly affect internal auditors, and to establish an Internal Audit Service (see below).** This recommendation could help differentiate the role of the ICOs from that of other control institutions.
- **Establish an Internal Audit Service through legislation, either as a stand-alone technical department or as a unit in the DAFP, that could take over the existing ICO-related competencies currently carried out by such entities us the DAFP, the government of Colombia's Advisory Council and the relevant Ministerial Committees,** to **co-ordinate ICOs and give specific support to them**, perhaps following the example of Chile and the European Commission (see Box 3.21). This Service could:
  - **Develop a strategy to harmonise the structure of ICOs to improve the effectiveness of the system**. For instance, currently, ICOs depend on their host entity for operational support. This Service could focus on developing a wage scale reflective of the complexity of the functions developed; standardise the size of the control team based on the dimension and complexity of the entity controlled and regulate the composition of these offices by establishing the need for accountants, legal specialists, etc (currently the technical profile of the staff is not regulated). In Spain, for instance, the number of public controllers and accountant officers in each ministry and public entity is fixed based on the size of the entity controlled and also on the complexity of the audits. Implementing this strategy could improve the autonomy and the independence of the ICOs.
  - **Supervise ICO performance** with the aim of ensuring the quality and reliability of the ICO actions.
  - **Initiate and oversee audit planning and establish cross-audits within the Public Administration**. By doing so, major weaknesses of the administrative procedures may be identified and, thus, the implementation of risk-management could improve. The initiative to propose the audit plan could be attributed to the ICOs, as they are close to the management and have a deeper knowledge. However, the overall audit plan could be approved by the proposed Internal Audit Service to guarantee that all processes and areas of the public sector are covered.
  - **Support the Advisory Council by acting as its secretariat**.
  - **Design and implement a National Training Plan** for internal controllers.
  - **Address technical matters and define and approve methodological guides** to standardise internal control proceedings according to international rules and the design of the MECI.

- **Boost co-ordination between the Internal Audit Service and the *Contraloría***, and ensure that all the reports of the former are submitted to the latter. Horizontal co-ordination across the central government in this area is an important issue – it is discussed below.

Box 3.21. **The Internal Audit Services in Chile and the EC**

In Chile, there is an Internal Audit Government Board *(Consejo de Auditoría Interna General del Gobierno, CIAGG)*with competences such us: the proposal of a General Plan of Internal Audit focused on the government priorities and key issues of the public management; the approval of the Internal Audit Plan of each Ministry;* the CIAGG may execute audits focused on specific issues, for instance, the audits regarding the administrative integrity in the human resources and public procurement;** and, finally, the CAIGG has competences to co-ordinate the auditors' work and to revise it, proposing recommendations.

In the European Commission the pillar of internal control system is the Internal Audit Service.*** While the internal audit controllers develop their functions in every Directorate General as well as the EU autonomous bodies, the Internal Audit Service is dependent on the Commission Vice-presidency. The competences of the Internal Audit Service are the following: to make recommendations, helping Commission managers provide value for money in the use of resources; to contribute to providing efficiency and effectiveness across the Commission and to help the Commission to control risks, safeguard assets and monitor compliance. Besides, this service has competences to develop specific audits requested by the Vice-presidency.

*See the methodological guide nº 33 about the General Annual Audit Planning 2011.

**See the methodological guide nº 44 about administrative integrity.

***Second independent experts reports regarding the Commission reform: www.europarl.europa.eu/experts/default_es.htm.

Consider encouraging greater horizontal co-ordination at the central level

As in most countries, external and internal control institutions work together to address issues of common concern, share knowledge and support each other's compliance requirements. In Colombia, the relationship between the *Contraloría* and the ICOs is based on the following:

- The *Contraloría* uses ICO reports as the basis to start its own evaluation of a public entity or set of entities.
- When a public entity implements a plan to follow-up on an audit conducted by the *Contraloría*, the entity's ICO assumes responsibility for monitoring the implementation of this plan.
- The *Contraloría* can audit and evaluate a public entity's ICO and the control system it has put in place.

The ICOs and the *Contraloría* are thus each other's regular interlocutors. On the other hand, the *Procuraduría* has no on-going relationship with ICOs beyond their having to transmit to the *Procuraduría* any issues they uncover when exercising their responsibilities in their host entity.

The relationship between the *Procuraduría* and the *Contraloría* is based on two elements:

- The *Procuraduría* has an override right to audit. By using this override, the *Procuraduría* may interrupt the proceedings launched by the *Contraloría*.
- *Ad hoc* collaboration can occur between the *Contraloría* and the *Procuraduría;* it is not institutionalised.[31]

In addition, depending on the results of performance-evaluation or audit of a public entity, one or more of the external control institutions may be required to intervene. Facts could lead to a disciplinary finding, a penal finding or a fiscal finding. If it is a disciplinary responsibility, the *Procuraduría* will be called upon to assess the issue and impose a penalty. If it is a fiscal issue, the *Contraloría* will determine the penalty. If it is a penal-code issue, the *Fiscalía* (the Attorney General's Office) will assess the facts. Indeed the same case could lead to three different procedures at once, which could lead to inefficiencies in the system for sorting out the facts and determining responsibility. Other countries have addressed this issue. Spain, for example, ensures that the penal jurisdiction has priority to analyse the facts that may cause a penal irregularity. Hence, disciplinary and/or fiscal/accounting proceedings are suspended until criminal liability has been determined.

In Colombia, in addition to the external control entities discussed above, the *Comisión Nacional para la Moralización* (National Moralisation Commission), led by the President, was created in 2011 to fight corruption.[32] The *Contralor General*, the *Procurador General* and the Attorney General are members of this Commission. Its main responsibility is to work jointly with the other control entities to fight corruption. Several advisory bodies influence the internal control system as well: The DAFP and several Committees and Councils (ie, the Committee for the Internal Control Coordination or the Advisor Council). These entities can propose regulations to strengthen the internal control system.

Hence, the system's main inefficiency stems from actual or potential overlaps in the exercise of control responsibility, as many procedures happen at the same time. The key challenge is thus to avoid duplication and guarantee the quality of proceedings carried out by the ICOs which then establish the basis for the work by the *Contraloría* in addition to providing reliable input to the government of Colombia's Advisory Council. To address these issues, the government could consider:

- **Clarifying the responsibilities of the control institutions to make the system more effective in its day-to-day operations.** Although in theory the definition of competency is clear, in practice overlaps arise mainly between the *Procuraduría* and *Contraloría* regarding disciplinary and fiscal assessments/audits/controls. To avoid overlap, the government could:
  - Define a performance protocol on how to proceed when a single case involves more than one control institution. The government could decide which issues take precedence in a case involving multiple infractions. Once this hierarchy is defined, each control institution can then proceed in their area of responsibility.
  - To boost co-ordination between the *Contraloría* and the *Procuraduría*, provision could be given to execute joint audits (with a mixed team of *contralores* and *procuradores*); the government could permit the *Procuraduría* to request that the *Contraloría* execute special audits.

- **Renewing the focus on *ex-post* control while reducing *ex ante* controls.** International trends show that all countries are shifting from *ex-ante* control to *ex post* controls as the former slow down public management. *Ex-ante* controls could be limited to specific cases where there is presumption of effective damage.
- **In case it is established, ensure that the Internal Audit Service (see above) and the ICOs communicate their relevant activity to the *Contraloría* in order to facilitate co-ordination between internal and external control units where this makes sense**. In particular, the *Contraloría* could be informed about audit planning and audit results.
- **Define common methodological guidelines to evaluate internal control**. The Contraloría could evaluate common methodologies to execute internal controls and work with the Internal Audit Service, should the government create it, to implement them government-wide.

Consider deepening vertical co-ordination with the sub-national level

At the territorial level, control is exercised by the same institutions as at the central level. At the local level, fiscal supervision is exercised by the territorial *contralorías* (districts, departments and local municipalities) which are autonomous entities. They have a separate budget from the *Contraloría General* and fully autonomy in carrying out their functions.[33] Likewise, the departments, districts and municipalities have autonomy to organise their own internal control systems. So, as at the central level, the size of the ICO does not have to be proportional to the dimension of the host territorial administration. The budget of these institutions is financed by the budget of the territorial entity. The distribution of responsibilities is as follows:

- Territorial *contralorías* are in charge of controlling the resources of the territorial entities ("*territorial resources*"). However, the General *Contraloría* is also entitled to control these same funds.[34]
- Territorial *contralorías* also have responsibility to audit transfers received from the National Budget. It is a shared competency with the General *Contraloría*, which takes precedence in case of conflict.
- For projects financed jointly by territorial and national resources, responsibility to execute the audit is attributed to the *Contraloría* from the level of government with the highest percentage in the project, as a general rule. However, the General *Contraloría* may intervene if it considers it appropriate.[35]

There are 32 Regional *Procuradurías* with competences related to the public employees in Departments and 52 Provincial *Procuradurías* with competences over municipalities. Therefore, at local level there are two additional institutions which carry out the responsibilities of the *Procuraduría* at the territorial level: the *Personeros* and *Veedores.* However, the *Procuraduría* has the right to revise their reports. To fight corruption, Territorial Moralisation Committees, which meet at least once every quarter, support the work of the National commission created in 2011 (see above).

Internal control at the territorial level is weaker than at the central level:

- Considerable effort has 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 explain 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 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. Staffing levels in the *Contraloría General* have recently been increased for this purpose.

The recommendations in the previous section on horizontal co-ordination can be applied to the sub-national level. In addition, the government could the following additional recommendations, mindful of the acute disparities in capacity across departments and municipalities that will need to be taken into account if they are implemented:

- **Develop joint audits between the *Contraloría General* and territorial *contralorías* in order to make the system more efficient.** These joint audits could be a good opportunity to share knowledge.
- **Link capacity-building in the territorial control system to the implementation of the *regalías* reform**. As in many departments resources will significantly increase, there is a high risk that current control proceedings at territorial level will not be enough to monitor all the regalías projects. The regalías reform could thus be harnessed to enhance control capacity through financial support at the territorial level, working with the new staff provided for this purpose in the *Contraloría General*.

- **Develop and implement a plan to professionalise the internal-control function at the territorial level, including possibly by centralising the recruitment and training of auditors in a national body**, for instance in the proposed Internal Audit Service, the DAFP, or the *Escuela Superior de Administración Pública*.
- In Spain, for example, internal controllers at the local level have to be recruited on the basis of a national competition to guarantee their independence from their host entity. Training for these public employees is also centralised at national level in the Public Administration National Institute in order to guarantee a certain level technical competence. Municipalities are ranked by category, which determines the size of the internal control office (and the number of internal controllers assigned).
- In February 2013, the Spanish Council of Ministers approved draft legislation on local administrative reform in which the independence of internal controller will be reinforced and the National Budget Law will set the wages for these public employees (currently, a percentage of the salary is fixed by the local authority). In addition, local collaboration with the National Internal Control Authority will be promoted through multi-level agreements.

Conclusion

This chapter focused on the use of sound evidence in decision-making by the central government to implement Colombia's national development strategy. The chapter highlighted strategic foresight, recommending that the government of Colombia consider establishing long-term foresight capacity to embed its four-year medium-term planning within a long-term set of vision-based strategic outcomes for the country as a means to build stability in planning beyond the horizon of the presidential electoral cycle and a more robust degree of continuity in planning to achieve the prosperity objectives the government has identified for the country and its people.

This chapter identified ways to build on an already impressive capacity to measure spending performance against strategic outcomes by addressing rigidities in the budget-implementation system, streamlining the performance-measurement system, enhancing the budget's fiscal rule with a spending rule and implementing capacity to conduct strategic operational reviews to identify fiscal room to meet emerging policy priorities.

This chapter focused on regulatory reform, highlighting the advice contained in the recently-completed OECD Regulatory Reform Review to implement a comprehensive, mandatory Regulatory Impact Analysis system in the government's decision-making processes. Finally, this chapter underscored the need to reinforce the government's already elaborate control system and boost its efficiency without slowing down public-sector decision-making and service-delivery at the central and sub-national levels, particularly as the government proceeds with its decentralisation agenda and its new royalty-distribution system.

The next chapter examines Colombia's approach to multi-level governance.

Notes

1. That is countries whose GDP output is converging on the EU or OECD average.
2. Some ministries and regulatory commissions have implementation and supervisory functions. In most cases this function is reserved to *Superintendencias*.
3. Colombia's Ministry of Technology, Information and Communications.
4. Chapter II of Decree 2696 of 2004.
5. OECD, 2012.
6. OECD, 2007. Budgeting Practices and Procedures Database: Q. 71 "What types of performance information are produced to assess the government's non-financial performance?".
7. The Planning Department also administers other information-management tools, including those to build the National Development Plan's investment budget: the SUIFP (*Sistema Unificado de Inversiones y Finanzas Públicas*) and the SPI (*Seguimiento a Proyectos de Inversión*).
8. Organic and economic classifications are also available.
9. In Colombia the budget is articulated on the basis of a classification that does not coincide with the notion of capital and current expenditure. On the one hand, the Directorate General for the Budget manages more than three quarters of the budget (77% in the National Budget for 2013). This portion includes part of the current and operational expenditures such as acquisition of equipment, maintenance, and personnel, as well as debt service. On the other hand, the National Planning Directorate manages investment spending, including that related to education programmes, as well as health subsidies, military expenditure, fixed capital, and transfers to subnational entities.
10. *Marco Fiscal de Mediano Plazo.*
11. OECD, 2008b.
12. Anderson, 2009.
13. Shick, 2010.
14. OECD, 2013.
15. Ayuso-I-Casals, 2012.
16. Article 274 of the Constitution of Colombia.
17. With the changes in public administration in the last 30 years, there has been a shift in the emphasis from the financial and legal audits to performance control, which evaluates the efficiency and effectiveness of public management.
18. Ruffner and Sevilla, 2005.
19. In English, "the Office of the Comptroller General of the Republic of Colombia" or the "Supreme Audit Institution". In this report, the word *Contraloría* will not be translated in order to be more accurate.
20. Canales Aliende, 2012.
21. The Presidential Directive 02 of 2010 establishes the instructions to carry out and monitor the warning functions.
22. Article 268 of the Constitution of Colombia.
23. *Balance General de la Repúblia*.

24. 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.

25. Article 5.7 Decree 267 of 2000.

26. In English, "the Office of the Inspector General of Colombia". In this report, the word Procuradoría will not be translated in order to be more accurate.

27. Article 276 of the Constitution of Colombia.

28. Law 734 of 2002.

29. Internal controls are defined as the management processes, regulations and structures that assure senior management that the actions being carried out are legal, efficient and cost-effective and comply with the regulations.

30. The COSO (Committee of Sponsoring Organizations of the Treadway Commission) is a widely used internal control framework originally created in the United States and COCO (Criteria of Control) was first published by the Canadian Institute of Chartered Accountants in 1995.

31. For example, in 2009 la Procuraduría together with the Contraloría, conducted a technical inspection of the pollution of the Manglar Caimanera due to the inappropriate management of the sewage treatment plant at Coveñas, Sucre (management report of the Procuraduría 2009-2012).

32. Decree 1474 of 2011 (article 62).

33. For the smallest municipalities which do not reach a minimum threshold of incomes and population, there aren't territorial contralorías. In these cases the fiscal control is assumed by the departmental contralorías.

34. Law 42 of 1993 (article 26).

35. Organic Resolution 6289 de 2011 approved by the General Contraloría (Article 36).

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Chapter 4

Multi-level governance in Colombia

This chapter highlights the importance of effective and efficient multi-level governance to enhance national development outcomes for citizens and businesses. The chapter highlights the history of Colombia's approach to multi-level governance, noting the commitment of the central government to decentralisation through the political and fiscal empowerment of sub-national authorities since 1991. The chapter suggests that Colombia build on its successes in this area by focussing on ways to link national and regional strategy-setting and implementation more explicitly in the pursuit of development outcomes, and by building capacity sub-nationally to ensure vertical coherence so that all levels of government can contribute effectively and efficiently to addressing regional disparities and persistent poverty.

Introduction

The OECD uses the term "Multi-level Governance" (MLG[1]) to characterise the relationships between public actors at different administrative levels, also referred to as "intergovernmental relationships". MLG refers to the explicit or implicit sharing of policy-making authority, responsibility, development and implementation at different administrative and territorial levels. Therefore, MLG focuses on interactions:

- Across different ministries and/or public agencies at the central-government level (upper horizontally);
- Between different orders of government at the local, regional, provincial/state, national and supranational levels (vertically), and
- Across different actors at the sub national level (lower horizontally).
- This definition excludes interaction between public and private entities, including citizens and businesses.

The concept of MLG was introduced to describe the governance mechanism within the European Union in the 1990s (Marks, 1996). It helped describe 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 (Skelcher, et al. 2005). 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 (Hooghe, Marks, 2003).

Empirical evidence and OECD analysis demonstrate 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.

This chapter illustrates multilevel governance in Colombia, assesses its main challenges, and provides policy advice based on international good practice. Indeed Colombia has stressed the importance of deepening collaboration between levels of government as it proceeds with the implementation of its decentralisation agenda. The analysis in this chapter takes this agenda into account and seeks to bolster the government's efforts in this area with advice based on practice that has worked in OECD countries. This chapter also discusses specific issues related to human-resource management and e-government from a territorial perspective. Finally, Annex 4.A1 at the end of this chapter presents the case study of the municipality of Barranquilla, the findings of which inform some of the advice presented here.

The government of Colombia has identified as a governance priority its aim to improve and fully exploit the advantages of citizens' participation in policy making as part of its efforts to enhance citizen engagement and public consultation, pillars of the Open Government Partnership (OGP) in which Colombia is an active member. Part of Colombia's Action Plan under the OGP is to focus on open-government reforms at the local level using a number of instruments to encourage civil society to play an active role in the construction of an open and participatory government. Mechanisms adopted by Colombia at the local

level include "Visible Audits" and the Prosperity Agreements[2] to improve citizen-centred services at the local level.

The policy rationale behind decentralisation in Colombia[3]

This section provides background information on the decentralisation process in Colombia and on the main steps to achieve it, and is divided into three parts. The first part discusses the key impact of the 1991 Constitution on decentralisation; the second section presents the various positions that influenced the constitutional debate in the country. The last part discusses whether there exists an optimal level of decentralisation that can help countries deliver better public policy more efficiently and effectively.

Different drivers of decentralisation in Colombia

The Constitution of Colombia states that the central government is to devolve powers to sub-national governments and ensure that they have the resources required to implement their new mandates. The 1991 Constitution represents both an achievement and a starting point for the country:

- It ended a long-standing debate about the need to allocate more power and responsibilities to sub-national governments to improve accessibility to key public services across the country and promote greater income equality.
- It constituted the starting point of a trial-and-error process through which the central government has tried to co-ordinate fiscal discipline, economic sustainability and regional development with the process of democratisation across the country.
- It increased the number of relevant players – including territorial entities – within the national governance framework. This arrangement increased political transaction costs in several policy sectors, forcing government entities at all levels to improve co-ordination and co-operation.

Over the past thirty years Colombia has gone through waves of devolution and re-centralisation in an attempt to find a balance between fiscal sustainability and more inclusive and shared governance. This evolution was also influenced by international considerations:

- By the early 1990s, Colombia was able to attract FDI since its economic performance was seen as positive. FDI was then used to finance public debt, including that of sub-national entities.
- However, during the international crisis of the late 1990s and because of the persistence of severe domestic security issues, FDI slowed to a trickle. The government could no longer afford the unlimited costs of decentralisation as promised in the Constitution.

Colombia's national government has traditionally been centralist to offset the country's natural geographic fragmentation while containing the centrifugal forces of interest groups, extra-democratic insurgencies and regionally-based ethno-cultural minorities (see Chapter 1). Strong economic and political constituencies have traditionally dominated national political discourse. Some have sought to operate within the legitimate political system, like teachers and producers of coffee and sugar, while others have taken up arms to challenge the political system, from guerrilla and paramilitary movements to the drug cartels (see Chapter 1). What is specific to Colombia's political history, however, is that

the traditional, legitimate interests within the system have been successful in making demands on the government and obtaining results using the implicit (or explicit) threat to rally regional (or illegitimate) forces to their cause. Indeed Colombia enacted reforms to pursue decentralisation, or to reduce regional fiscal autonomy to generate resources to deliver central-government programmes to address inequality and regional disparities, as much as a response to pressure groups operating outside the legal political framework as to the agenda of legitimate interest groups exerting democratic pressure on the government (IDB, 2010).

Decentralisation started in Colombia with the 1968 deconcentration of national revenues to sub-national administrative units, with revenue-sharing set by formula and essentially earmarked for specific sectors (Bird, 1984). Then, political debate shaping devolution in the country crystallised into two major – and sometimes opposing – narratives (Leyva, 2011):

- The first narrative – which could be called the "political" view in favour of decentralisation – emerged in the early 1980s as a reaction to the social unrest that was to define the period (see Chapter 1). As Maldonado (2005) suggests, the objectives articulated in this narrative focused on improving local democracy, local participation and the quality and coverage of public services. This was given effect through the measures that were included in Act 01 of 1986 and in all subsequent reforms prior to 1995. It was this narrative that informed the 1991 Constitution, which introduced direct elections for the office of governor (mayors had been elected since 1981 – see Chapter 1), and called for the expansion of the amounts of revenues assigned to departments by broadening the base of the existing revenue-sharing system. Law 60 of 1993 enhanced the *situado fiscal* formula (see next section). The Constitution and Law 60 thus committed the national government to expand revenue-sharing with territorial governments until it reached approximately half of total state revenues – projected in 1993 to occur by 2002.
- The second narrative – which could be defined as the "sceptical" view of decentralisation – emerged in the mid-1990s in reaction to the loss of fiscal discipline caused by the initial fiscal-sharing formulas enacted to give effect to the 1991 Constitution's prescriptions in this area. Transferring power and resources to sub-national authorities without technical assistance, capacity-development and proper performance-monitoring and evaluation caused public spending at the sub-national level to skyrocket. Accordingly, this narrative posited that high levels of decentralisation clearly lead to mismanagement – and rampant corruption at the local level since local agents were being left free to pursue their own agendas without any meaningful degree of fiscal accountability.

The paradox is that both the "political" and the "sceptical" narratives generated the same governance issue: sub-national governments and other governance actors were left bereft of political responsibility. Indeed Castro (2007, p. 115) argues that the vast majority of policy initiatives implementing decentralisation only had "fiscal and/or administrative content and impact", while merely a few focused on political reforms. According to Castro (ibid.) these reforms failed to stimulate the emergence of a new sub-national social and political leadership able to govern decentralisation: the rules governing political participation and elections remained unchanged during this reform period thereby generating dysfunctions in sub-national governance (ibid.), since the traditional local groups in charge were suddenly awash in vast amounts of new fiscal resources which they had no meaningful capacity to manage in a way that achieved development outcomes effectively and efficiently and for which they remained unaccountable.

The proponents of the "political" narrative, in their efforts to support the broadening of the democratic process, tried to articulate and implement a comprehensive approach that sought to regulate all possible relationships between the central and sub-national governments. This ambitious objective explains why it took Colombia 20 years to enact its organic territorial law (the 2011 Organic Law on Territorial Organisation – LOOT in its Spanish acronym), which is derived from the 1991 Constitution and regulates the devolution of powers to territorial entities (this is not to suggest, however, that the central government did not regulate intergovernmental relations prior to implementing this piece of legislation – to the contrary it had passed several pieces of legislation over the period between 1991 and 2011, including the successive pieces of legislation regulating fiscal relations between levels of government mentioned above and described in further detail in the next sections).

With the LOOT, the central government implemented a specific type of devolution: sub-national entities implement decisions and strategies designed at the central level while working to promote their own region's development. This approach was, at least initially, devoid of any transfer of policy-making or strategy-setting responsibility (or capacity) to sub-national authorities. And since the central level cannot take informed decisions all the time about the specific needs of all communities in the country, and since local governance and administrative capacity was not enhanced to meet the new political, social and economic demands that flow from the influx of new fiscal resources, local public and private actors have had to fend for themselves to generate endogenous policy responses to their regions' development needs. The case-study of Barranquilla (in Annex 4.A1 at the end of this chapter) illustrates this issue well.

Informal networks of political and economic actors have shaped multilevel governance in Colombia over the last two decades in reaction to the shortcomings of the various approaches to decentralisation and the norms and institutions they produced. Although the hierarchical inter-governmental order is clearly defined in law, in practice, it functions differently, based on a complex power-grid in which information-brokers, contracts, relations and social capital have created their own procedures where no clear multi-level framework for effective decision-making exists. In the beginning, this situation caused challenges related to corruption and accountability on the part of sub-national entities. Then, to compensate for these sub-national institutional deficiencies, the Presidency of the Republic had to intervene to address the malfunctioning of the system. The President has in effect become a "multilevel governor" (Leyva, 2011) – a facilitator of relations between levels of governments. In attempting to combine the two decentralisation narratives, the Presidency of the Republic has now created its synthesis in the National Development Plan (NDP), which is both the political agenda of the President and the regional socioeconomic development strategy for the years in which the President is in office.

In sum, although a unitary state, Colombia has become one of the more decentralised countries in Latin America. The 1991 Constitution framed the implementation of several laws intended to enforce political, fiscal and administrative decentralisation. The Constitution introduced direct elections of departmental authorities (mayors were already elected) as well as local councils and assemblies. This severed the previous links between the President and governors. At the same time, sub-national authorities were given responsibility for delivering important programming and services to their residents in such areas as education, health-care, drinking water, sanitation and sewage, and public infrastructure. The Constitution thus provided sub-national governments with renewed fiscal capacity, including the right to borrow funds and to receive inter-governmental transfers, with the aim of enhancing their financial autonomy vis-à-vis the centre.

Today, the country is facing new demands for urban development and the government is engaged in enhancing institutional arrangements at the sub-national level. In this context, a set of laws (the National Development Plan, the LOOT, the new Districts and Municipal governments' legal regime, as well as the Public-Private Agreements' law) provides sub-national authorities with new tools to enhance their institutional ability to face new challenges. Local authorities will now be able to perform their tasks through such associative mechanisms as regions, metropolitan areas and public associations, among others (see section on associative tools, below). These mechanisms provide them with the option to reduce fiscal costs and enhance the quality of public-service provision through the inclusion of the private sector in investing in local public infrastructure and services.

Is there an "optimal" level of – and approach to – decentralisation?

As a general rule it is easy to demonstrate that there is no single optimal level of decentralisation, either by public-policy field or for the entire range of public-policy interventions. Rather, an *efficient* level of decentralisation depends on key co-ordination and capacity issues related to managing relationships based on the mutual interests of different levels of government. Moreover, how competencies are shared is strongly country-specific, and each country determines its own mix of decentralisation and centralisation that suits its specific conditions.[4]

In any given political unit, citizens both participate in and are subject to public decisions taken by many different levels of government. In most countries, the responsibility to provide goods to citizens is partially decentralised, with some goods and services provided and funded at the local level, while other goods are provided at the central level or even at an international level such as the European Union. In the United States, for instance, education is mostly funded at the local level from property taxes, while spending on national parks or inter-state highways is mostly decided at the federal level.

An extensive theoretical literature provides normative analysis based on trade-offs among different combinations of costs and benefits such as local-preference diversity, economies of scale, public-good or budgetary spill-overs across districts, political-agent considerations, and risk-sharing between districts. The usual approach in this literature is to derive "normative" statements from comparing welfare-delivery in the polar cases of full centralisation and full decentralisation (Hatfield, Padró i Miquel, 2008). In reality, forces for decentralisation and centralisation are in a sort of unstable equilibrium that generates different combinations of the two approaches at different times; this equilibrium tends to be determined by the extent to which the specific approach leads to policy outcomes as measured in terms of total welfare for all.

There are several dimensions in the rationale for decentralisation that should be taken into account (Charbit, 2011). For instance, it is not always clear whether decentralisation has an impact on economic growth and the reduction of spatial inequality. Positive impact also depends on the institutional capacity of the territorial bodies to which power is devolved. However territorial institutional capacity can be increased along with the allocation of more responsibility to territorial bodies (Box 4.1).

The important components in the rationale for decentralisation are fiscal and political. Governments have used decentralisation as a means to improve public-spending effectiveness based on the idea that sub-national governments have better information on local spending needs and preferences, and are better positioned to deliver public goods to their citizens as a result. Politically, decentralisation is rooted in democracy and the need to respond to the needs of citizens at the local level. This is coupled with the notion that political competition

Box 4.1. **Decentralisation and growth**

Opposing theoretical views have provoked a great deal of interest in the links between decentralisation and economic performance. However, the many empirical studies conducted over the past two decades have not significantly reduced the uncertainties associated with decentralisation and its economic impacts. Economists who favour decentralisation often assume that it leads to better resource allocation and a more productive, and possibly smaller, public sector (Oates, 1972, 1999; Shah, 1998). Their logic is that locally determined policies are better able to take account of local conditions for the provision of public goods, such as infrastructure, health and education. Others assume that decentralisation will produce healthy competition among different levels of government, which in turn will promote lower tax rates and the efficient delivery of public goods and services (Brennan and Buchanan, 1980). Yet others have argued that decentralisation may also give local governments incentives to innovate in the production and supply of public goods and services (Vasquez and McNab, 2003, cited in Thornton, 2007). Some theories point out that the arguments that link decentralisation and economic growth are often based on the assumption that the decentralised units have sufficient institutional skills to carry out the delegated responsibilities, but that this is not always the case. These theories do not reject the potential benefits of decentralisation, but focus on the capacities of sub-national governments to execute the devolved responsibilities. In this regard, some research reveals the potential reinforcement of territorial disparities as a result of decentralisation owing to pre-existing inequalities, especially when decentralisation is not accompanied by allocation of funds and institutional and technical support to match the new responsibilities (Rodriguez-Pose and Gill, 2004).

Economists who are more sceptical about the economic benefits of decentralisation argue that it creates many difficulties for managing macroeconomic policy, especially in terms of ensuring fiscal co-ordination and implementing stabilisation policies (e.g. Prud'homme, 1995; Tanzi, 1996). More specifically, several studies question the desirability of transferring responsibility for revenue and expenditure functions to local levels because a tax assigned to local governments might be more efficiently managed centrally. A second worry is that sub-national governments would have an incentive to spend excessively on public consumption rather than on public investment, which would lead to suboptimal levels of expenditure.

among local officials rises with decentralisation, and that the impact of decentralisation on both democracy and competition leads to increased political accountability and transparency as well as to better overall results since resources – both human and financial – will shift to places which can best serve their needs.

Yet, counter-arguments against decentralising also exist with respect to these components. Fiscally, sub-national governments may not show prudence or sufficient ability to manage their financial affairs; politically, corruption might be reinforced (even if World Bank papers tend to show the opposite (Shah, 2006)); administratively, sub-national levels may lack the capacity to discharge their responsibilities properly. Additionally, there are practical limits to the "allocative model" of decentralisation which supposedly leads to an optimal size and number of local authorities. These limits include practical impediments to resources mobility, imperfect information and the impact of an uncertain external environment on regional performance. In any country, decentralisation entails risks related to achieving effective and efficient multilevel governance, including:

- A potential race to the bottom, e.g. for redistributive systems such as social welfare, or environmental targets, because of potentially damaging inter-local or inter-regional competition to attract investment though tax cuts or, say, the limited implementation of standards;

- A failure to exploit region-wide economies of scale due to excessive multiplication of administrative overhead (e.g. to increase public employment and expenditures) which usually leads to duplication of tasks.
- Difficulty in meeting national macroeconomic goals such as fiscal discipline and equalisation. Sub-national governments may pursue different fiscal policies than those being implemented by national governments.
- High transaction costs, particularly with respect to achieving coherence across policy sectors when these are provided by multiple units in different levels of government. This complexity can slow reform and/or lead hinder implementation (e.g. simplifying an inefficient tax system).

Centralised and decentralised approaches can work relatively well, or relatively poorly, depending on a country's historical, cultural and political context, as well as on its ability to exploit inherent strengths and minimise potential weaknesses. In addition, the performance of decentralised public policies is strongly related to the effectiveness of co-ordination between different levels of government. However, assuming that certain pre-requisites are met, such as initial good conditions for local democracy and information-sharing among public authorities, decentralisation has positive outcomes; for example:

- Public-service and investment priorities that reflect local preferences and provide well-tailored responses to problems thanks to strong, in-depth local knowledge on the part of policy-makers.
- Progress in good practices from a process of policy innovation, thanks to competition and comparison between local governments in the provision of services and investment activities.
- Political achievements: reinforcement of local democracy through citizens' participation, effective political counterweight to the central government, preservation of local identity by giving specific groups a degree of self-rule while maintaining the effective unity of the country.

Monitoring performance to improve multilevel governance

In general, a first step to assess the performance of decentralisation (or centralisation) arrangements is to identify clearly who is in charge of what, in terms of design, regulation, budget and implementation in the policy sector that government wishes to improve. Triviality in this "institutional mapping" approach is merely apparent: many actors will be seen at first glance to be overlapping in their functions with others, while being dependent on others' decisions and being influenced by the use of one administrative tool or another. Overlapping *per se* is not a concern if co-ordination among stakeholders in public-policy delivery is effective. If not, various co-ordination "gaps" can explain some failure in efficiently managing public policies.

The mapping of responsibilities against powers is particularly important when a government is addressing emerging issues. For instance:

- A given government could be confronted by new environmental concerns or by an evolution in demography that needs a specific policy response. These new issues can generate an overlapping of competencies: two different ministries may be in charge of existing issues that are interrelated within the new one.

- Alternatively, the new issue ends up not being addressed by any part of government at any level: i.e. a policy "vacuum" occurs due to the absence of clear responsibilities. Again the question of capacity and co-ordination with other stakeholders will be crucial to address the issue.

The OECD has identified a series of common challenges – or "gaps" – that countries face when implementing multilevel-governance arrangements to design and deliver public policies. These seven dominant gaps lie in the areas of information, delivery capacity, financial resources, policy design, administrative capacity, incoherence in policy objectives, and accountability (Box 4.2) (Charbit, 2011). The "gap approach" argues that it is essentially through greater coherence in public action that public-policy outcomes such as efficiency, equity and sustainability can be achieved. That said co-ordination does not come without costs. However, since levels of government cannot avoid carrying out their responsibilities regarding the provision of public services, at issue is the identification of obstacles to – and solutions for – improving it.

Box 4.2. **The seven gaps in multi-level governance**

The OECD approach of co-ordination and capacity "gaps" has to be considered as a diagnosis tool for identifying the main difficulties in implementing effective policies in decentralised contexts. It can also serve to assess the instruments used by governments to face them. The series of "gaps" does not just concern the current dimension of the interdependence among public actors; it also engages their dynamic relationship and risk for future difficulties if the interaction between levels of government is not fructuous. In particular, the seven gaps are the following:

- The information gap is characterised by information asymmetries between levels of government when designing, implementing and delivering public policies. Sometimes the information gap results from strategic behaviours of public actors who may prefer to not reveal too clearly their strengths and weaknesses, especially if allocation of responsibility is associated to conditional granting. However, it is often the case that the very information about territorial specificities is not perceived by the central decision maker as well as sub national actors may be ignorant about capital objectives and strategies.
- The capacity challenge arises when there is a lack of human, knowledge or infrastructural resources available to carry out tasks, regardless to the level of government (even if, in general, SNGs are more considered as suffering from such difficulty than central government).
- The fiscal gap is represented by the difference between sub national revenues and the required expenditures for SNGs to meet their responsibilities and implement appropriate development strategies. In a more dynamic perspective, fiscal difficulties also include mismatch between budget practices and policy needs: in the absence of multi-annual budget practices for example, SNGs may face uncertainty in engaging appropriate spending, and the absence of flexibility in spending which is very beneficial in uncertain environment. A too strict earmarking of grants may also impede appropriate fungibility of resources and limit sub national ability to deliver adapted policies.
- The policy challenge results when line ministries take purely vertical approach to be territorially implemented, while SNGs are best placed to customise complementarities between policy fields and concretise cross-sectoral approaches. Limited co-ordination among line ministries may provoke heavy administrative burden, different timing and agenda in managing correlated actions, etc. It can even lead to strong inconsistencies and readability concerns when objectives of sectoral policy-makers are contradictory.

Box 4.2. **The seven gaps in multi-level governance** *(continued)*

- The administrative gap occurs when the administrative scale for policy making, in terms of spending as well as strategic planning, is not in line with functional relevant areas. A very common case concerns municipal fragmentation which can lead jurisdictions to set ineffective public action by not benefitting from economies of scale. Some specific policies also request very specific, and often naturally fixed, boundaries.
- The objective gap refers to different rationalities from national and sub national policymakers which create obstacles for adopting convergent strategies. A common example deals with political parties' belonging, which may lead to opposed approaches. In such a case divergences across levels of government can be "politically" used for cornering the debate instead of serving a common good. Even without any difference in political "colour" from the central government, a Mayor may prefer serving his/her local constituencies, instead of aligning decisions to national broader objectives which may be perceived as contradictory.
- The accountability challenge results from the difficulty to ensure the transparency of practices across different constituencies and levels of government. It also concerns possible integrity challenges of policy-makers involved in the management of public investment.

Source : Charbit, C. (2011), *Governance of Public Policies in Decentralised Contexts: The Multi-level Approach*, OECD Regional Development Working Papers, 2011/04, OECD Publishing, Paris.

Multi-level governance in Colombia

This section is divided into three parts. The first part illustrates how responsibility to deliver public policy is distributed across sectors and between levels of government in Colombia. The role of control authorities is also presented here. The second part assesses decentralisation efforts by examining how sub-national levels are funded. The third part examines the impact on decentralisation and MLG of the key fiscal reforms Colombia put in place over the last twenty years, the national planning system, and the new General System of Royalties.

Organisational and legal framework

Colombia is a unitary state with a multi-level governance structure containing three political orders of government: the central level, departments, and municipalities (see Chapter 1). The Presidency controls the activity of central-government ministers. Department governors and mayors are elected by local residents and are independent from the President of the Republic. Governors and mayors have the legal mandate of co-ordinating the goals of the National Development Plan with those in their local plans; their incentive to engage in this co-ordination is potential access to national resources. The Presidency of the Republic controls the activity of central-government ministers and department governors, who are elected by local residents but who report directly to the President of the Republic. Governors, in turn, co-ordinate the activity of mayors (also directly elected) within their department. Assemblies are elected at all three levels. The national Parliament is based on the Senate, whose representatives are elected at the national level, and the Chamber of Representatives, whose representatives are elected at

the territorial level: each department is allocated a certain number of representatives by the Constitution based on the demographic size of the department. Roles and responsibilities of the national government and the sub-national levels are defined by the 1991 Constitution – and by the LOOT.

The 1991 Constitution increased the number of relevant players – including territorial entities – within the national governance framework, which thus gained representation in the National Chamber of Representatives (Cárdenas, et al. 2006). The Constitution strengthened the checks and balances of the political system in an effort to endow political institutions with greater legitimacy after decades of limited participation and low representation (see Chapter 1). In particular, it reduced the capacity of the President of the Republic to act as the sole agenda-setter, while Congress and the Constitutional Court gained relative power.

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 new Constitution covers many specific, previously non-constitutional aspects of policy, thus reducing the body of policy issues formerly delegated to the technocracy. This is particularly the case for fiscal policy, where key components of public expenditures, such as pensions, fiscal transfers for education and health, and public sector wages, have been "hard-wired" into the Constitution (Cárdenas, et al. 2006).

The Constitution also decentralised power – it empowered the territorial levels by ensuring that they are governed by their own authorities and they administer their resources and raise taxes necessary for their operations and their citizens' contribution to national revenues. Some of these territorial entities, such as departments, municipalities, and metropolitan areas exist already, while others are only mentioned in the Constitution – for instance, administrative or planning regions, which can result from the merger of two or more adjacent departments. The Constitution does not provide details about the division of responsibility between the central government and territorial entities. Box 4.3 presents the responsibilities of national and sub-national authorities.

Box 4.3. **Allocation of responsibilities across levels of government in Colombia**

- The 1991 Constitution defines Colombia as a Unitary Republic. Decisions about the distribution of functions and resources between levels of government and about the distribution of political power are taken at the national level (Maldonado, 2005).
- Colombia has three subnational levels of government comprised by departments, districts, and municipalities. The Constitution refers to these as *territorial entities* and Article 287 establishes that they have autonomy for the management of their interests within the Constitution and the law. Their rights include:
  - To govern themselves under their own authority.
  - To exercise the jurisdictions appropriate to them.
  - To administer their resources and establish the taxes necessary for their operation.
  - To participate in national revenues.

Box 4.3. **Allocation of responsibilities across levels of government in Colombia** *(continued)*

- The functions of each level of government can be summarised as follows:
  - The central government legislates on all matters and has functional responsibilities in such areas as national defence, security, foreign affairs, macroeconomic administration, transport infrastructure, mining and energy, foreign trade, planning and regulation on social sectors.
  - The Departments are responsible for planning and promoting the economic and social development of their territory. They exercise administrative functions, co-ordinate with the municipalities, intermediate between the central government and municipalities. They deliver public services determined by the Constitution and the law (see examples below).
  - Districts and municipalities provide those public services determined by the law, build infrastructure required for local progress, ensure the development of their territory, and promote civil participation, social and cultural development of their population (see examples below).
- Territorial entities elaborate and adopt in a co-ordinated manner development plans with the national government. The distribution of legal functions between levels of government is carried through two main normative proceedings. First, through the enactment of general laws for the distribution of functions and resources that regulates transfers from the central government to the territorial entities. Second, through sector-based laws that regulate the different sectors of the public administration; these include education, health, public services, transport infrastructure, and disaster prevention, among others (Maldonado, 2005). Each of these specifies the functions and their corresponding resources are distributed between levels of government.

Education		
Department	Certified Municipalities (62)	Non-certified Municipalities (1039)
• Direct, plan and deliver the service in municipalities that are not certified. • Administer the staff in the municipalities that are not certified (selection, appointment and transfer). • Provide technical assistance.	• Direct, plan and deliver the service. • Maintain and broaden coverage. • Administer the staff (selection, appointment, and transfer). • Provide technical assistance to educational institutions.	• Administer the resources of educational quality.

Health		
Department	Certified Districts and Municipalities (442)	Non-certified Municipalities (1039)
• Public health actions. • Provide services for the uninsured poor population. • Direct the hospital network.	• Administer the subsidised scheme. • Public health actions. • Provide services for the uninsured poor population.	• Administer the subsidised scheme. • Public health actions.

Water and basic sanitation	
Department	Certified Districts and Municipalities
• Co-ordinate and co-finance departmental water schemes.	• Responsible for service delivery (contract with operators). • Infrastructure. • Scheme for subsidies.

Source : National Planning Department of Colombia (1991), 1991 Constitution, Bogotá.

The LOOT specifies legal arrangements and forms of territorial co-operation enabling land use, planning and territorial development across the country. It creates a governance framework in which different levels of government and different territorial entities can interact and co-operate. The LOOT 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. The LOOT also sets out rules for a series of associative territorial arrangements, thus expanding the forms of territorial organisation already identified in the Constitution. These include legal frameworks for:

- Administrative and Planning Regions;
- Management and Planning Regions;
- Associations of Departments;
- Special constituencies' associations;
- Administrative and Planning Provinces;
- Associations between Municipalities; and
- Areas for Territorial Development.

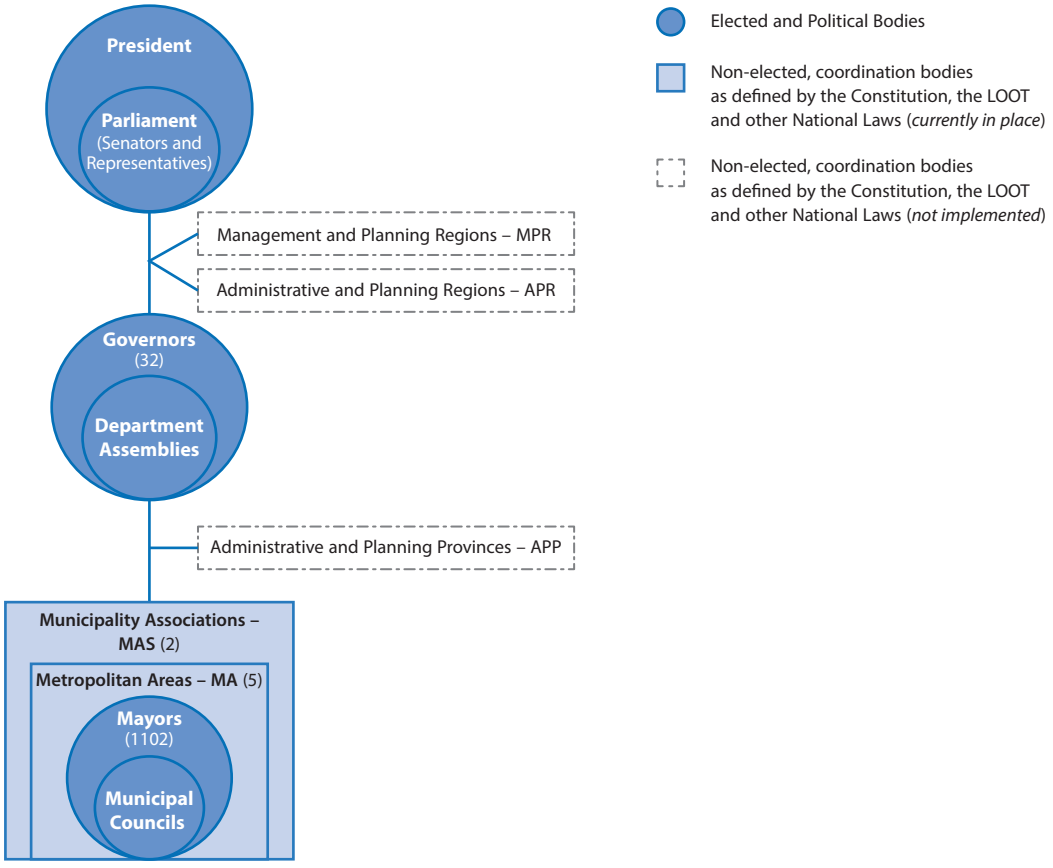
A parallel set of rules to enhance territorial co-operation is embedded in the current Law of Metropolitan Areas – *Ley de Áreas Metropolitanas*. The main objective is to "… dictate organic norms to provide Metropolitan Areas with a political, fiscal and administrative regime, which serves as an instrument of management to accomplish their goals and functions, while being respectful of the autonomy recognised in the Constitution and the Law". Additionally, this legislation empowers metropolitan areas to set and implement an action plan for their metropolitan development and a strategic plan for managing their metropolitan territory.[5] Figure 4.1 summarises the different entities – already in place, or mentioned in the Constitution or the LOOT but yet to be created – which frame the multilevel governance framework in Colombia.

Control bodies within the multilevel governance framework

Control institutions (see Chapter 3) represent another pillar of Colombia's multilevel governance. The 1991 Constitution established a multidimensional system of judicial and fiscal control over the decisions and actions of Colombia's public authorities at all levels. Control institutions comprise government and non-government public officials who work alongside one another. For example, the public inspector-general works closely with the government's comptroller-general whose job is to ensure governmental fiscal probity. An independent Ombudsman deals with complaints against the administration and functions as the national human-rights institution.

The 1991 Constitution also established independent audit and financial oversight institutions at the sub-national level (see Chapter 3). The territorial control system is "mirror-similar": territorial entities replicate almost completely at the local level their national counterparts' functions. Sub-national Comptroller's Offices are financed by sub-national governments to guarantee their independence from the central level. The Comptroller is selected by the judicial branch (from a shortlist of candidates) and elected by the assembly of the sub-national entity – department or municipality – in which the office is located. The local Comptroller's Office can start control procedures on their own

Figure 4.1. **National and territorial government bodies in Colombia**



initiative or following a citizen's complaint. They can also transfer relevant information to the Attorney General. Finally the Attorney-General's Office has representatives (*Personeros*) active at the department and municipal levels. *Personeros* monitor the action of local authorities and have the power to sanction their actions.

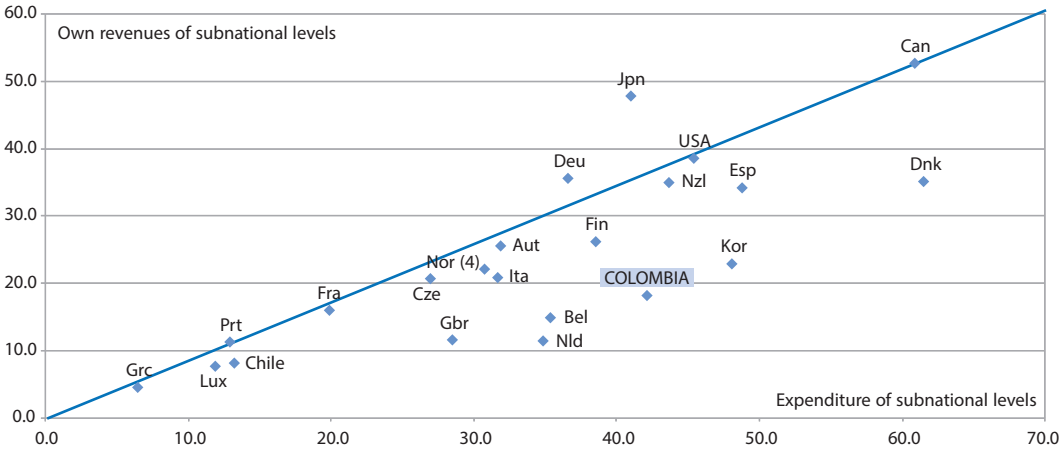
Overall, control bodies at the central and local levels have strong powers and responsibilities. They monitor the activities of public authorities and the allocation and use of public funds. They are also in charge of verifying the outcomes of public policies and assessing that policy interventions deliver expected results. Control bodies can remove elected officials; they co-operate with the Office of the Attorney General to prosecute them.

Funding of sub-national governments: limited earned tax-revenue and significant transfers

Sub-national governments are funded by the central government, and they collect their own revenues through local taxes. Colombia's levels of fiscal decentralisation track those of several OECD countries (Figure 4.2). Colombia's fiscal decentralisation process has paralleled an increase in the revenues of sub-national governments, which fall under three categories: direct transfers for programming from the central level; capital investment provided by the central government under the framework of the National Development Plan; funds to support investments that flow to sub-national governments from the royalties generated by the extraction of natural resources in Colombia.

Figure 4.2. **Fiscal decentralisation in OECD countries and Colombia**

Share of subnational governments in general revenues and expenditure in 2005 (expressed in percentage)



Source: Colombian Government (2013), PGR Background Report (unpublished working paper) and OECD data

Colombia's Constitution provides departments and municipalities with the power to collect their own taxes. Departments, in particular, collect excise taxes from cigarettes and tobacco, from gasoline and diesel, and from an alcoholic beverage tax. Municipalities have a broader tax base which includes taxes on business activities and on property. Table 4.1 illustrates how departments are suffering of a progressive contraction of their tax base, due to a general reduction in the consumption of the items they depend on, while municipalities have been able to marginal increase their tax revenues. Compared to the OECD average, Colombia has a bimodal distribution of tax revenues: the central level has higher tax revenues than an average OECD country; departments are largely below the OECD average; municipalities have higher tax revenues than the average OECD municipality (Table 4.1).[6]

Direct transfers from the centre

The aim of direct transfers is to promote equity of access by citizens regardless of where they reside in the country to key public services in healthcare and education. The General System of Transfers (*Sistema General de Participaciones*) is regulated by the 1991 Constitution. It is based on an important and increasing component of automatic transfers funded from the VAT and income taxes. The concurrence of these sources allows for a financing model that supports the decentralisation of the fiscal sphere and the territorial decentralisation in its political and administrative aspects. As a result of combining territorial financing sources, between 1985 and 2010, decentralised public expenditures – more specifically by municipal governments – grew significantly as a percentage of GDP and as a proportion of total spending by the three levels of government.

Increasing direct transfers to sub-national governments, however, also generated significant challenges to the overall fiscal sustainability of the country. For instance, rapid increases in government expenditures, mostly by autonomous sub-national entities, coupled with the acute recession at the end of the 1990s, severely challenged the fiscal stability of the country. In 2002, the debt-to-GDP ratio reached the unsustainable level of 52% (Bird, et al., 2005). Short-term tax increases did not restore Colombia's fiscal balance. Hence, the national government had to undertake radical reforms to put the country on a more sustainable fiscal footing while respecting its Constitutional mandate to implement fiscal decentralisation.

Table 4.1. **Attribution of tax revenues to sub-sectors of general government as percentage of total tax revenue**

	Central government			State or Regional government			Local government			Social Security Funds		
	1995	2000	2009	1995	2000	2009	1995	2000	2009	1995	2000	2009
Federal countries												
Argentina	59.0	66.4	63.9	17.5	17.8	14.7				23.4	15.8	21.5
Brazil	45.0	48.1	46.0	26.3	24.9	23.4	3.7	3.4	3.9	24.9	23.6	26.6
Mexico	80.1	80.7	79.6	2.1	2.0	2.4	1.1	0.8	1.3	16.6	16.5	16.7
Venezuela	94.6	94.6	93.3							5.4	5.4	6.7
OECD[b c]	53.8	56.6	53.6	15.9	15.4	16.4	7.7	6.9	8.0	22.9	21.1	22.3
Regional countries												
Colombia[d]	61.5	66.7	73.7	5.8	5.0	2.9	9.0	11.3	11.7	23.7	16.9	11.7
OECD[e]	50.9	49.4	27.7	4.8	7.7	23.7	8.5	9.1	9.4	35.8	33.8	39.2
Unitary countries												
Chile	89.9	87.8	86.3				6.5	7.9	7.5	3.6	4.4	6.2
Costa Rica	66.2	65.3	64.3					2.1	3.0	33.8	32.6	32.7
Dominican Republic	99.3	99.0	99.5							0.7	1.0	0.5
El Salvador	85.9	83.6	87.9							14.1	16.4	12.1
Guatemala	83.8	83.6	83.3				0.6	0.9	1.5	15.6	15.5	15.2
Peru	88.2	87.9	85.2						4.2	11.8	12.1	10.6
Uruguay	60.8	63.2	75.7							39.2	36.8	24.3
OECD[b f]	66.6	66.8	63.5				10.7	11.0	12.1	23.1	22.2	24.6

Notes: a. The figures exclude local government revenues for Argentina, Costa Rica (up to 1997), Dominican Republic, El Salvador, Peru (up to 2004), Uruguay and Venezuela as the data are not available.

b. Chile and Mexico are also part of the OECD group.

c. Represents the unweighted average for OECD federal member countries.

d. Colombia is constitutionally a unitary country with high autonomy of its territorial entities.

e. Represents Spain, which is constitutionally a non-federal country with a highly decentralised political structure.

f. Represents the unweighted average for OECD unitary countries.

Source: OECD (2012b), *Revenue Statistics*, OECD Publishing, Paris.

Key fiscal reforms in Colombia

Rationalisation and control of government spending, in particular by sub-national levels, have been the main targets of Colombia's fiscal reforms over the last 15 years. In fact, the only type of reform that helped to control expenditures and the growing deficit was the reform to decentralisation that limited increases to regional transfers. Following the introduction of the 1991 Constitution, sub-national entities increased dramatically their expenses and had to borrow and constantly increasing amount of funds from the private sector. This required the central government to enact a fiscal responsibility law (FRL) to address the imbalances created by sub-national expenditures. Colombia already had various laws constraining sub-national borrowing; it had to pass an explicit FRL in 2003 to obtain more institutional backing to pursue its national fiscal-balance strategies. The FRL adds to the *ex-ante* constraints on sub-national governments, although it does not

contain strong enforcement provisions, and it sets up some transparency and accountability procedures for encouraging fiscal prudence at the national level.

The process that led to the FRL began in the 1980s and is intertwined with the decentralisation process Colombia has been implementing over the last three decades. In the late 1980s and 1990s the trend toward political decentralisation was accompanied by more freedom for sub-national domestic borrowing. There was no effective *ex-ante* controls on cash advances from banks, and sub-national debt with the banking sector rose from 2.6% of GDP in 1991 to 4.6% in 1997. To increase the central government's control over sub-national debt, the so-called Traffic Light Law of 1997 introduced a rating system for territorial governments, based on indicators of liquidity (interest payment/operational savings) and solvency (debt/current revenue) (IDB, 2002). Highly indebted local governments were prohibited from borrowing (thus given a red light), and intermediate cases (given a yellow light) were required to obtain permission from the central Ministry of Finance. However, some governments with a red-light rating obtained new financing without the permission of the Ministry of Finance.[7] Rather than moving from yellow to green, as hoped, departments often moved from yellow to red.

The importance of bank lending as a source of financing for sub-national governments in Colombia turned bank regulation into an alternative way to control sub-national borrowing. The Financial Superintendence of Colombia thus altered its requirements regarding provisions against non-performing territorial loans.[8] After sub-national governments' borrowing from banks expanded in 1993-94, the Superintendence required that all sub-national loans with over a year maturity be classified as risky. However, these regulations were relaxed in 1996, leading to two years of high borrowing by sub-national governments.

In a new attempt to implement fiscal rules to stabilise sub-national finances, Colombia passed Law 617 in 2000, which functioned in many ways as a FRL for sub-national entities. This law introduced several constrains on sub-national capacity to acquire debt. In particular:

- Primary current expenditure could not exceed non-earmarked current revenues, and could not exceed a fixed percentage, depending on the state or municipality category; governments must make across-the-board cuts whenever effective non-earmarked current revenues are lower than budgeted;
- State and municipal administrations are not allowed to make transfers to their public entities;
- Strict limits apply to the creation of new municipalities, and municipalities proven non-viable have to merge with others;
- When sub-national governments do not comply with the limits imposed by the Law, they have to adopt a fiscal-rescue programme to regain viability within two years;
- To promote transparency, there is an extensive list of characteristics and requirements for the election of governors, majors, congressmen and their relatives.

In 2001, the central government modified the Constitution to rationalise the system of transfers to sub-national governments. The Legislative Act 012 of 2001 modified Articles 356 and 357 of the Constitution and created the general system of transfers (*Sistema General de Participaciones*), which replaced the old *situado fiscal*, the educational compensation fund (FEC) and the municipal transfers system. It also de-linked regional

transfers from the central government's current income. Moreover, the central government (through Law 715 of 2001) improved the criteria to allocate funds to education and health services at the regional level. For example, transfers are now assigned to departments and municipalities according to the number of enrolled students, instead of as a result of the previous set of complicated rules for the *situado fiscal* and the old FEC, which based the transfer formula on the value of total wages for education in each territorial entity (IDB, 2002).

This led to the passage in June 2003 of a proper FRL, which applied to the national as well as the sub-national governments. The FRL spelled out a process for setting budget targets at sub-national levels and linking them to target ranges for debt and deficits. The FRL introduced an obligation to publish quarterly fiscal results, define deficits on the basis of cash revenue and accrual of spending obligations, and define debt to include floating debt. The FRL set a target to eliminate *reservas presupuestales* in two years. The other part of floating debt, *cuentas por pagar*, was counted as regular debt and controlled by the fiscal/financial plan. To help with fiscal discipline at all levels, the FRL prohibited the national government from lending to sub-national governments or guaranteeing their debt if they were in violation of Law 617 of 2000 (which set limits to municipal expenditure based on the demographic size of the municipality) or Law 357 of 1997 (the "Traffic-Light Law"), or if the sub-national government was in arrears on any debt service to the national government. Indeed, a sub-national government in this situation was no longer able to borrow (legally) from anyone.

To discourage tying fiscal policy to the electoral cycle, the 2003 FRL also prohibited any governments from committing future spending (*vigencias futuras*) or increasing personnel spending in an election year. For sub-national governments there were additional constraints on deficits: the Law eliminated the "yellow-light" category in the Traffic-Light Law (thus placing tight fiscal restraints immediately on sub-national governments showing signs of problems), and required that departments and large municipalities obtain satisfactory credit ratings from international rating agencies before they could borrow.

In general, the FRL and the other rules to enhance controls on sub-national expenditure have been quite successful. Since 2001, these rules have led to a significant reduction in transfer/GDP ratios, contributed to a levelling of public expenditures/GDP ratios. This reduced the central government's deficits, and made possible aggregate surpluses in sub-national balance-sheets in years marked by positive economic performance.

There is, however, a series of challenges related to fiscal sustainability and sub-national governments' fiscal behaviour that Colombia still has to address. Measures implemented by the Colombian government since the early 2000s simply mark a return to a principal-agent model in MLG arrangements. The central government (the principal) designs policies, and local governments (the agent) execute them. Greater fiscal discipline is assured, but efficiency suffers without accountability and autonomy at the local level (IDB, 2002). Sub-national government have little or no incentives to increase their own revenues, i.e. their own fiscal foundation (OECD, 2013).

Investment to promote regional growth: the National Development Plan

Sub-national governments also receive funds within the framework of Colombia's four-year National Development Plan (NDP), as mandated by the Constitution (see Chapter 2). The NDP sets the overarching goals and objectives for growth and improvement in the country and articulates the planning to be implemented to meet them. The NDP codifies the strategic policies formulated by the President in security and defence, the economy, environmental

management, and citizens' participation. The NDP is the formal, legal instrument by which policy objectives are identified for pursuit by Government, which allows for the subsequent evaluation of the government's performance in achieving them. As discussed in Chapter 2, the National Planning Department, as the leading planning body in the government, guides the design of the Plan by co-ordinating input from the National Council of the Plan, which includes representatives of sub-national governments, ethnic minorities and civil society, the National Council for Economic and Social Policy (CONPES), and selected constituencies from sub-national governments and civil society.

The current NDP – *Prosperidad para Todos* – co-ordinates a total forecasted investment of USD 317 billion (60% from public funds and 40% from leveraged private investment) for the period 2010-14. Since unemployment, inequality and regional disparities remain key development challenges across the country with several regions, especially in remote areas, lagging in terms of GDP per capita and accessibility to basic public services (OECD, 2013) the NDP aims to generate job opportunities through significant investments in innovation and human capital formation across the country. Positive trends are also influenced by the success of Colombia's Consolidation Plan (formerly, Plan Colombia), whose aim is to stabilise regions where guerrilla organisations had an important presence (Box 4.4).

Box 4.4. **Colombia's National Consolidation Plan**

- The The National Policy on Consolidation and on Land Reconstruction and its National Consolidation Plan (NCP) are the backbone of Colombian regional development and reform programmes. The NCP's whole-of-government approach aims to strengthen legitimacy, governance and state presence in specific areas of the territory to create conditions for economic and social development of areas that have been affected by decades of violence and of illegal crops.
- The NCP is designed to expand state presence into vulnerable areas where poverty, absence of rule of law, illegal armed group activity, drug trafficking and cultivation, recognised ethnic territory disputes, and human rights violations are most pronounced. The NCP seeks to deploy comprehensive, gradual and co-ordinated actions of the State under three Pillars in order to:
  - **Retrieve or set irreversibly institutional and legal control of the territory**, by articulating a comprehensive and co-ordinated presence of the state to ensure full enjoyment of fundamental rights for citizens, taking into account, management and regulation of the territory. This line includes programmes that work towards strengthening the capacity of institutions to administer justice thus providing public goods and services
  - **Ensure public participation, promote local governance**, so that communities and citizens take ownership of the NPC and participate responsibly and actively in decision-making, monitoring and social control of what is going to be invested in their regions, thus patronising the community and contributing in the reconstruction of the territory. In the same way, it works on the implementation of strategies for strengthening local governments, in order to generate endogenous development capabilities.
  - **Achieve economic, social and institutional integration of targeted regions**, by supporting infrastructure projects that will enable connectivity and mobility (roads, electricity, communications and information technology, radio, etc.), and provide basic education, health, water and sanitation, recreation, as well as the presence of financial and technical supporting institutions to promote regional development.

Box 4.4. **Colombia's National Consolidation Plan** *(continued)*

- The model being pursued is called "Integrated Action" or "Consolidation." Several small, historically ungoverned regions of the country have been chosen as targets for a phased, co-ordinated "hold and build" effort. A new committee in Colombia's central government, the Center for Coordination of Integrated Action (CCAI), co-ordinates military efforts to establish security conditions in these territories, and then civilian efforts to introduce the rest of the government and the services it provides.
- The desired end state is that violent, lawless zones become integrated into national civic and economic life, with their inhabitants becoming full citizens, supporting the state and abandoning illegal activity. In some zones, the Consolidation experience has operated long enough to make evaluation possible. Some aspects of this experience appear to be working well: drug production is reduced, and security, particularly in town centres, has improved. Other aspects, however, pose risks that threaten the success of the entire Consolidation effort. These issues include "militarisation," lack of civilian agencies' co-ordination and participation, local corruption, human rights abuse, and land tenure, among others.

Source : Based on http://bogota.usembassy.gov/plancolombia.html with input from the DNP.

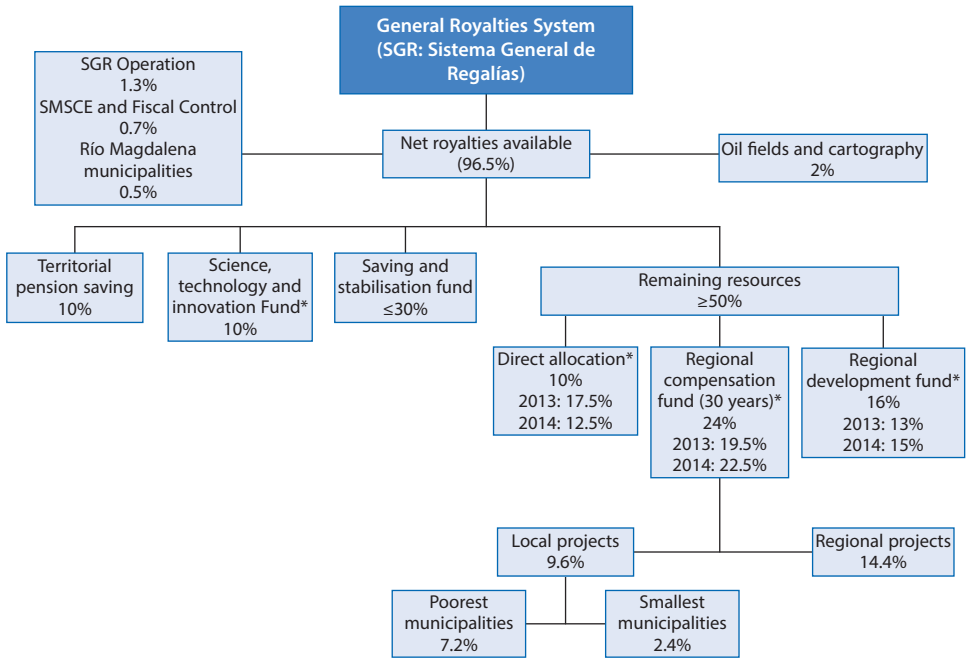
Public funds to sub-national governments from the General System of Royalty Payments

Colombia's booming natural-resource extraction and processing industries provide the country with increasing resources generated from the royalties paid by their companies. After significant changes to the national royalty payment system, these funds are now allocated to sub-national entities throughout the country for basic infrastructure, job creation and regional economic development. In particular, the new General System of Royalty Payments promotes regional development and competitiveness; it is also an important instrument that co-ordinates departmental and municipal interventions within common regional frameworks. A large share is also set aside, to reduce public debt in local entities and to protect investments against decreases in the exploitation of natural resources.

The new General Royalty System (SGR in its Spanish acronym) was significantly altered in 2012. The aim of these reforms was to allocate more effectively royalty funds generated by the extractive industries across the country (see Figure 4.3). Before the reform, 17% of the population of Colombia benefitted from 80% of the resources generated by royalties (almost 1.4% of GDP in 2011) (Colombia Background Report, 2012). Sub-national governments in resource-based regions used to invest these resources in projects that were only partially responding to local needs for infrastructure and development. The reform allocates revenues from royalties to all departments and lagging municipalities throughout Colombia. Resource-based communities will receive a fixed share of locally-generated royalties (20% once the reform is fully implemented). The SGR allocates royalties across six main funds (Figure 4.3):

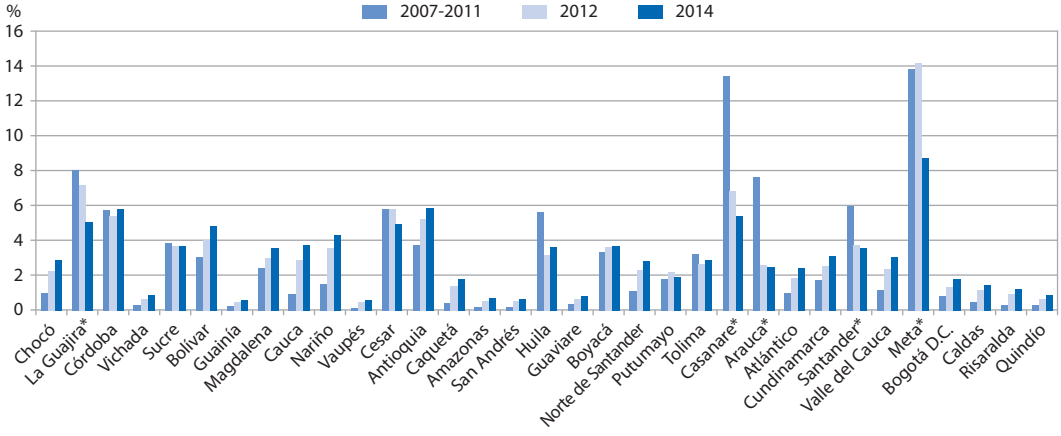
- 10% finance the territorial pension savings fund (*FONPET*), managed by the Ministry of Finance, which covers pensions for sub-national public employees;
- 10% are allocated to the science, innovation and technology fund managed by *Colciencias* (the Department of Science, Technology and Innovation). Regional universities are included in the selection process;

Figure 4.3. **The New General Royalty System**



Source: OECD (2013), *Economic Surveys: Colombia*, OECD Publishing, Paris.

Figure 4.4. **Share of total royalties allocated to individual regions before and after the reform**



Source: Colombian Government (2013), *PGR Background Report* (unpublished working paper).

Note: Departments are ordered by an indicator combining Unmet Basic Needs (UBN) and population, Chocó having the highest value of this indicator. * denotes the departments receiving the largest amount of direct royalties from commodity production in 2007-11 (i.e. Meta, Casanare, La Guajira, Santander and Arauca).

- Up to 30% are allocated to the sub-national Savings and Stabilisation Fund (managed by the Central Bank of Colombia). In the first year, 25% is allocated to this Fund and in subsequent years the amount saved is to grow at half the rate of increase in expected royalty revenues;
- The remaining 50% of royalty-revenues are divided into direct allocations to producing regions, the Regional Compensation Fund and the Regional Development Fund. The main purpose of the two last funds is to improve regional productivity, with most of the resources to be spent on infrastructure projects (OECD, 2013):
  - Of the remaining 50% of royalty-revenues, direct allocations to producing regions will decline from 50% in 2012 to 20% after 2014. The funds thus saved will be redirected to the Regional Compensation and Development funds;
  - The Regional Compensation Fund, to last 30 years, will receive 48% of the remaining royalties after 2014 and will invest in local infrastructure and economic development projects in the poorest regions and municipalities (more than two departments have to be involved);
  - At the end of the 30th year, the resources from the Regional Compensation Fund will migrate to the Regional Development Fund. In the meantime, the Regional Development Fund will receive 32% of remaining royalty-revenues after 2014. The money is not earmarked for specific spending items. This fund will operate indefinitely.

All sub-national entities receiving funds under the SGR are to frame their investment projects within a development strategy. In particular, funds to promote regional development are allocated to finance investment projects presented by municipalities, departments, and other territorial entities to their OCADs (*Órganos Colegiados de Administración y Decisión*), public-sector management bodies that cover large geographical regions. Colombia's six regional OCADs (*Región Caribe, Región Centro-Oriente, Región Eje Cafetero, Región Pacifico, Región Centro-Sur-Amazonía, Región del Llano*)[9] are responsible for defining, evaluating, making viable, prioritising, approving and designating the executor of investment projects presented by territorial governments within the SGR framework. The governance of OCADs includes representatives of municipalities, and departments. The Senate and the Chamber of Representatives, and the representatives from indigenous communities and other minorities also participate in the OCAD but cannot vote on decisions. In the case where an OCAD rejects the an investment project presented by a sub-national entity, the funds allocated to that entity are held in escrow, at the disposal of the sub-national government, which has to re-design a new project. Unspent funds from previous years are allowed to accumulate.

Tools for intergovernmental policy co-ordination in Colombia

This section describes the tools used to promote vertical and horizontal co-ordination in Colombia. The first part focuses on tools to co-ordinate vertically, and is divided into two subsections:

- The first sub-section focuses on the NDP and the National System of Royalties as broad co-operation instruments to align development policy agendas.
- The second sub-section describes a new tool adopted by the national government: contracts (*Contratos-Plan*, in Spanish) between the central government and subnational entities.

The second part of the section illustrates tools to underpin policy co-ordination horizontally between sub-national entities, and discusses the main tools that Colombia has introduced (through the NDP and the LOOT) to promote the creation of shared regional-development strategies. In general, policy co-ordination between single-sector policies or between different levels of government is a key issue for OECD and non-OECD countries, which have adapted a broad range of solutions (Box 4.5).

Box 4.5. **Mechanisms for national multi-sector regional-development policy co-ordination in OECD countries**

- **Co-ordinating structures such as interministerial committees and commissions.** This is one of the simplest systems for horizontal governance, since it is based on the existing government structure. Examples include the Ministerial Committee for Regional Policy in Denmark, the Presidential Committee on Regional Development in Korea, and the Cabinet Subcommittee on Rural and Regional Policy in Norway.
- **Fully fledged ministries with broad responsibilities and powers that encompass traditionally separate sectors.** Some positive implications of the concentration of different responsibilities within the same authority include a more open and coherent perspective, a concentration of expertise and the possibility of a more integrated approach. Specific ministries for regional development were created in Chile, the Czech Republic, Poland, Slovenia and the Slovak Republic.
- **Strategic planning and programming, including agreements, frameworks and instruments.** The formulation and implementation of national regional policy programmes and/or spatial planning can provide the framework for greater central co-ordination and is widely used across OECD countries. Planning and programming have been recognised as policy tools for regional competitiveness policies. In many countries, spatial planning is gradually moving from land-use regulation frameworks towards long-term strategic documents, focusing on the co-ordination of diverse issues and interests across sectors as well as between levels of government. It often incorporates monitoring, feedback and revision mechanisms. Examples include the National Strategic Reference Framework in EU countries, the National Spatial Strategy in Japan, and the Comprehensive National Territorial Plan in Korea.
- **Special units or agencies that provide planning and advisory support to facilitate policy coherence across sectors at the central level.** High-level "special units" have been created in several countries to ensure consistency among sectors. The closer such units or co-ordinators are to a chief executive, the greater the incentives are for co-operation across sectoral ministries. Examples include the French interministerial Delegation for Spatial Planning and Regional Action (Délégation à l'Aménagement du Territoire et à l'Action Régionale, or DATAR), which is linked to the Office of the Prime Minister and the Austrian Conference on Spatial Planning under the auspices of the Federal Chancellery. Special units under sectoral ministries include, for example, the National and Regional Planning Bureau of the Ministry of Land, Infrastructure, Transport and Tourism in Japan and the Spatial Economic Policy Directorate of the Ministry of Economic Affairs in the Netherlands.
- **Regional ministers.** Ministers must take into consideration the territorial aspects of the programmes and policies of their portfolios. For example, Canada appoints "regional ministers" who have regional responsibilities and represent the interests of their respective regions. Ministers combine their regular (sectoral) portfolio duties with their regional political roles. France and the Netherlands have appointed a minister who represents the interest of the leading region in the country, i.e. the state secretary for the development of the Ile de France and the minister for Randstad.

Box 4.5. **Mechanisms for national multi-sector regional-development policy co-ordination in OECD countries** *(continued)*

- **Territorial proofing mechanisms.** Territorial proofing is a mechanism that monitors government policies to prevent them from having a negative impact on certain types of territories. Ideally, proofing should be implemented in the early stages of designing policy. In addition to the rural proofing system of the United Kingdom and Canada, Korea and Sweden recently introduced a rural proofing mechanism. In Sweden, the rural development strategy was developed in 2009, and every ministry was tasked with looking at its own policy area and putting a rural perspective on it. In Finland, the Ministry of Employment and Economy has required sectoral policy makers to clarify their regional strategies and has assessed regional impacts (regional proofing) since 2004. Ten key sector ministries must define regional development plans in their field of responsibility, which fit into the Regional Development Act guidelines defined by law and the nine regional development targets adopted by the government in 2004.
- **Combining financing and/or creating a consistent and comprehensive budget.** The budgeting system is also a powerful tool for integrated policy making. Integrating financial tools and programmes can improve transparency and synergy across sectors and facilitate accountability and performance monitoring. Mexico grouped together ministerial budgets for rural policies into an official rural budget under the Special Concerted Rural Development Programme. Korea transformed many specific-purpose national grants into general grants, and established the Regional Development Special Account. A block grant was then adopted to give local municipalities the authority to autonomously design projects.

Source: OECD (2010), *Regional Policy in OECD Countries*, pp. 25-27, OECD Publishing, Paris; and: OECD (2010c), *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*, OECD Publishing, Paris.

Co-ordinating national and sub-national development agendas

One of Colombia's main governance challenges in pursuing its development strategy is the alignment of 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 NDP 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 to implement the agenda promoted by the elected mayor. A large part of these sub-national development plans is in line with the policy interventions of the NDP and accomplish its strategy across the country.[10]
- In the same vein, the General System of Royalty Payments offers an example in which investment decisions of departments and municipalities are co-ordinated by bodies (the OCADs mentioned above) in which the central government plays an important role.

Within this framework, the government of Colombia is now taking co-operation with sub-national level a step further with the introduction of contracts that promote *ad hoc* co-operation: the central level and a given sub-national entity can become allies in the delivery of a given policy or a given service to a specific region or local community.

Vertical contractual arrangements in Colombia: Contratos-Plan *and* Acuerdos para la Prosperidad

The *contratos-plan* tool (referred to here-after as contracts) promotes co-ordination between the central government and one or more sub-national entities. The aim of these contracts is to implement and finance strategic development projects, mentioned in the NDP, in given territories, which implicate more than one sub-national entity. Contracts are based on the principles of co-ordination, subsidiarity and concurrency defined by the National Development Plan 2012-14, and more generally by the Colombian Constitution. Contracts list projects, programmes and public policies based on national and sub-national priorities such as peace consolidation, gender equity and sustained economic growth.[11]

Contracts have so far been signed between the National Planning Department and local governments, but can also be signed by municipalities and departments without the participation of the central government. The National Planning Department has the responsibility to provide sub-national entities with technical assistance to help implement the agreed contract. The contracts programme also promotes co-operation between the different sub-national governments involved in its implementation. For example, contracts create territorial associations to co-ordinate capacity, capabilities and resources of the sub-national governments to consolidate a shared vision of the development of a given territory.

These contracts are thus a tool to carry out objectives under the National Development Plan: they seek to align national and regional development agendas, and to monitor and evaluate results. Co-operation between the central government and sub-national entities starts by assessing the characteristics and the growth potential of a given territory. Based on this assessment, the central government and the sub-national entities participating in the contract harmonise their development strategies. This co-ordination arrangement is formal and based on contractual guidelines lasting four years, the same period as the National Development Plan. Contracts are public and are the subject of consultations with the local business community and citizens. Contracts also clarify policy objectives and allocated funds, thus simplifying monitoring and evaluation of policy interventions. Monitoring and evaluation activities are done by SINERGIA (see Chapter 3).

An informal co-ordination process also supports the implementation of these contracts. The alignment of the National Development Plan with Territorial Development Plans depends on the capacity to create support at the local level for the general policy goals identified in the National Plan. This informal process is important to ensure that the development policy objectives identified in the contract are realistic and supported by local constituencies (business communities, citizen associations, etc.). The success of these informal co-ordination processes depends on the political capital of sub-national governments: their capacity to involve key local actors and gain their support.[12]

Agreements for Prosperity (*Acuerdos para la Prosperidad* – APP) are co-ordination institutions which derive from the Communal Councils, established by the previous Government.[13] The aim of APP is to facilitate co-ordination between central and sub-national governments. The main focus of APPs is citizens' participation to promote transparency and efficiency in policy-making and implementation. APPs support regional development by promoting dialogue among key stakeholders (the central government, sub-national entities and local stakeholders) on a specific policy issue that is central to the development strategy of a given territory. The Presidential Regional Office is in charge of the defining the topic of the APP, and has also the responsibility of monitoring the process assuring that national and regional counterparts respect their commitments. One of the most relevant characteristics of the APP is that the President of the Republic participates

directly in public debates on developing the APP together with the regional community, the sub-national government(s) and other stakeholders that have a vested interest in the specific issue being addressed in the APP. APPs have also only recently been implemented so information about their actual performance is still limited.

Depending on the central topic in the APP, a different Ministry is responsible to lead the exercise. So, for instance, if the focus of the APP is agriculture, the Ministry involved in the APP will be the Ministry of Agriculture. If the focus is on education, the ministry in charge of leading the APP preparations will be the Ministry of Education, and so on.

Horizontal tools supporting coordination between sub-national levels

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 is linked to the NDP. 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 framework and adds new instruments to promote territorial partnerships among sub-national entities. Some of these co-ordination tools have already been taken up, while some others have yet to be implemented. These tools include:

- **Associations of municipalities**: voluntary association between two or more municipalities from one or more departments. Their aim is to improve service delivery, infrastructure, and more generally promote efficiency and effectiveness in municipal administration. Associations are organised as legal administrative entities that are independent and manage their own resources. They enjoy the same legal benefits provided to municipalities (Law 136/94).
- **Metropolitan Areas**: based on two or more neighbouring municipalities which are part of the same functional region (i.e. they share the same labour market and have a common transportation infrastructure). Metropolitan areas are legal entities that are independent and manage their own resources. The governance body leading the metropolitan area is the Metropolitan Board, which comprises the mayors of the partner municipalities, the governor of the department in which the metropolitan area is located, a representative of the Local Assembly or Municipal Council (Consejo municipal) of the core or main municipality, and a representative from the other the local Assemblies. Metropolitan areas are usually organised around a core municipality (Law 136/94). There are five Metropolitan Areas in Colombia: Valle de Aburrá (Medellín, Bello, Barbosa, Copacabana, La Estrella, Girardota, Itagüí, Caldas y Sabaneta); Bucaramanga (Bucaramanga, Floridablanca, Piedecuesta y Girón); Barranquilla (Barranquilla, Soledad, Puerto Colombia, Malambo y Galapa); Cúcuta (Cúcuta, Villa del Rosario, El Zulia, San Cayetano y Los Patios); Centro Occidente (Pereira, Dosquebradas y La Virginia). Metropolitan areas are a common co-ordination tool in OECD countries (Box 4.6).
- **Administrative and Planning Provinces**: formed by two or more municipalities within a single department. Administrative and Planning Provinces are created by the central level to provide public services, to carry out specific tasks related to local infrastructure development and more generally to support more integrated sustainable development (Article 16 from the LOOT).

- **Administrative and Planning Regions**: an association between two or more departments, with legal status and managing its own resources, working for the socioeconomic development of a specific territory that straddles departmental boundaries (Article 319 of the Constitution).
- **Management and Planning Regions**: a mechanism through which sub-national governments (or the central government) can provide assistance to other sub-national entities whose capacity to deliver key services is significantly challenged (Article 19 from the LOOT). Management and planning regions are based on the three key principles of regulating public co-ordination in Colombia: complementarity, concurrence, and subsidiarity (Box 4.7).

Box 4.6. **Types of metropolitan governance in OECD countries**

Many cities have placed greater emphasis on voluntary instruments for co-ordination and co-operation. The discussion of how to manage metropolitan areas better revolves principally around a spectrum of models that range from relatively "heavy" to relatively "light" in terms of the scope of the reform they imply.

- At the relatively heavy end are functional models whereby governance structures are reshaped to fit or to approximate the functional economic area of the metropolitan area. Examples include the creation of a metropolitan government and the amalgamation of municipalities.
- At mid-position are a wide range of co-operative arrangements through inter-municipal joint authorities, most often on a voluntary basis, such as sectoral or multi-sectoral agencies whose main functions generally include transport, urban planning or economic development (sometimes on ad hoc basis).
- At the light end are informal co-ordination bodies such as platforms, associations or strategic planning partnerships, often relying on existing networks of relevant actors, without necessarily following the logic of territorial boundaries.

Source : Colombian Government (2013), PGR Background Report (unpublished working paper).

Box 4.7. **On complementarity, concurrence and subsidiarity**

Coordination: calls for the systematic, coherent, efficient and harmonic organisation of the state bodies throughout the sub-national levels, in order to achieve the objectives of the State.

Concurrence: demands the joint participation of the different subnational levels in the scenario in which the territorial bodies are incapable to provide key public services.

Subsidiarity: Demands the central state bodies to take on or support the competences and functions of the subnational entities, in case they are lack of administrative, institutional and financial capacity in order to develop them.

Source : Colombian Government (2013), PGR Background Report (unpublished working paper).

Other co-ordination arrangements governing territorial association that are minor or have yet to be implemented include:

- Associations of departments;
- Association of special constituencies;
- Association of metropolitan areas; and
- Associations between municipalities;
- Areas for Territorial Development, identified in the National Development Plan; and
- Agencies for Local Economic Development, created to boost equitable economic and social development based on a locality's endogenous potential. There are approximately eleven of these Agencies active at the department level.

The government of Colombia has also adopted instruments that promote co-ordination between sub-national entities while not requiring the creation of new institutional arrangements. The two main tools are:

- **Territorial Pacts**. Sub-national authorities (municipalities and departments) belonging to a same territory can work together to shape a common vision for the economic development of their region. One of the most emblematic examples of this type of arrangement is the one signed by Bogotá and the 116 municipalities constituting the department of Cundinamarca. The partnership created a Regional Planning Board with the task of producing a shared vision for the region, which will be used as the main framework for policy interventions, notably in regional transportation infrastructure.
- **Territorial Alliances**. Sub-national entities can create a territorial alliance to find solutions to a common challenge. A good example of this type of arrangement is the Alliance Pro-Development for the eco-region of La Mojana (*Alianza Pro-Desarrollo para la Ecoregión de La Mojana*), which co-ordinates the actions of all sub-national governments within the region with that of the central government.

Linking regional and national performance: Achieving development outcomes more effectively

This section discusses possible improvements to the current functioning of multilevel governance in Colombia, and is divided into two parts:

- The first focuses on the need to clarify the rationale underpinning decentralisation in Colombia, and to use decentralisation as a tool to align investment agendas at the national and regional level through a set of specific policy interventions ("put decentralisation to work"). This can be done by providing territorial entities with technical assistance and capacity-building support; promote transparency and integrity at the local level to improve institutional trust; and reduce 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.
- The second part of the section focuses on the need to improve knowledge concerning the needs of territorial communities and the performance of regional policy. This can be done by improving evidence-based policy-making capacity, as well as transforming territorial entities into active agents in monitoring and evaluating regional policy.

Clarifying the rationale for decentralisation in Colombia: Putting decentralisation to work

Once amongst the most centralised countries in Latin America, Colombia has adopted a system of "diffused" democracy in which sub-national governments play a key role in delivering policy to citizens. The decentralisation process, however, has swung between extreme positions: total autonomy for sub-national governments – which caused territorial entities to reach an unsustainable level of indebtedness – and more cautious arrangements in which the regional autonomy has been framed by a set of strict fiscal rules to guarantee the country's fiscal stability (see previous sections).

This dynamic renders the role territorial entities could play within the national governance framework unclear. For instance, current arrangements reduce the capacity of sub-national entities to support the central government in delivering its policies, and impinge upon the capacity of territorial governments to tailor policy interventions to meet the needs of their own residents. In particular, under current arrangements sub-national levels depend mostly on transfers from the central level; they thus spend money for which they are not accountable. This reduces the incentive for local authorities to ensure (and make public) value-for-money expenditure performance.

Supporting capacity-building at the sub-national level through the NDP

Sub-national governments can be peers and allies in the delivery of centrally-designed public policies, instead of being perceived as potential threats to national fiscal stability. To achieve this result, the central government could capitalise on past and current efforts to support territorial bodies in areas such as spatial planning and public finance/budgeting, and invest more in capacity-building at the local level:[14]

- The NDP could play a key role in supporting sub-national capacity building. Capacity-building could be defined as a mainstream objective within the NDP and specific funds could be allocated to engage in technical assistance and capacity-building in territorial bodies.
- These activities could become very important, since the central government, through the NDP and the General Royalty System, is asking more and more territorial communities to identify development opportunities in their regions. This has also an impact on human resource management, as sub-national levels should have the capacity to deal with the new tasks (see section on HRM at the end of this chapter).
- To support this, Colombia could consider adapting international good practice in this area – for instance in Canada, where the government of Québec strongly supports capacity-building in its rural areas facing economic decline, or in the European Union, where its structural funds provide Europe's lagging regions with specific funds for capacity-building and technical assistance (Box 4.8).[15] This could be particularly effective to support the implementation of the new Royalty System.

Box 4.8. **Capacity-building and technical assistance: Experience in Canada and the European Union**

- **Canada (Québec)**. Resource-based rural communities in Québec suffered from international competition and/or reduction of the resources they were depending on. The provincial government of Québec assisted them with a 7-year plan (*Politique Nationale de la Ruralité*) that provided them with community developers and facilitators (rural agents) helping them to identify new opportunities for economic development and also to restore community and place attachment. Several of these communities were able to identify new economic niches in which investing to create job opportunities for the local population, thus buffering the demographic decline.
- **European Union**. The EU supports regional development through Structural Funds. The main aim of these funds is to promote productivity gains in lagging-behind regions; in order to avoid that investment converges only into Europe's main growth poles. Each structural fund (i.e. European Social Fund, European Regional Development Fund, etc.) is activated by an Operational Programme that regions have to present and discuss with the EU. In addition, there are specific Operational Programmes supporting governance improvements and providing technical assistance to lagging-behind regions to help them designing their development strategy and also implementing it. For instance, in the case of Italy, the technical assistance plan aims to improve the technical and political competences of the administration and implementing bodies. Technical assistance supports the alignment of national and EU Regional Policy programming and look to enhance the efficiency of public administrations involved in Regional Policy planning, implementation, monitoring and evaluation. The main beneficiaries are be the regional, central and local administrations acting as Managing Authorities and implementing bodies for regional and national Operational Programmes.

Source : OECD (2010), *Regional Policy Inforegio*, http://ec.europa.eu/regional_policy/country/prordn/details_new.cfm?gv_PAY=IT&gv_reg=642&gv_PGM=1163&gv_defL=7&LAN=7 (accessed on February 2013).

Promoting transparency and integrity for territorial entities

Another key challenge for Colombia is promoting transparency and integrity in territorial entities. Colombia currently ranks 94th of 176 in the Corruption Perceptions Index of 2012, tied with Benin, Djibouti, Greece, India, Moldova, Mongolia, and Senegal (Transparency International, 2012[16]). Colombia has made efforts to fight corruption and is in the process of ratifying the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions. Still corruption remains an issue and perceptions of corruption affect the ease of doing business.

Corruption affects sub-national governments in particular. In 2011 about 500 mayors (out of 1 102 municipalities) were punished by the Inspector General and more than 90% of them have been suspended from office. Furthermore, indicators show that the risk of corruption is high in some of the key institutions dealing with infrastructure and innovation. This suggests the need for better information systems as well as more transparency and accountability. These institutions include regional authorities in charge of granting environmental permits (*Corporaciones Autónomas Regionales*, CAR), port managers, and the institution in charge of financing research and development, *Colciencias* (ITN, 2010). For example, CARs lack technical and administrative capacity, are allegedly influenced by political pressure and use procedures which fail to comply with basic legal and oversight requirements (Blackman *et al.*, 2006). Furthermore, the institutional set-up

granting environmental permits for mining activities creates backlogs and delays, as more than five entities are involved. Increasing the monitoring of CARs and making the appointment of CAR managers less dependent on the political cycle could be considered.

Transparency and integrity lie at the core of good multilevel governance (OECD, 2012). It is thus necessary that sub-national governments embed a culture of integrity in public service in line with the "OECD Principles for Managing Ethics in the Public Service". In this context, sub-national governments should seek to prevent conflict of interest by identifying and managing such conflicts, in accordance with the "OECD Guidelines for Managing Conflict of Interest in the Public Sector". They should also reduce the potential for capture by lobby interests in relation to investment decisions, in line with the "OECD Principles for Transparency and Integrity in Lobbying" (Box 4.9).

Box 4.9. **Guidelines for managing conflict-of-interest and principles for transparency and integrity in lobbying**

Through guidelines and principles the OECD assist the international community to improve the quality of legislation and rules in sectors that are of international interest (guidelines for multinational enterprises, guidelines for protection of privacy, principles for corporate governance, etc.).

The **OECD Guidelines for Managing Conflict of Interest in the Public Service** supported the debate, reviews and the update of conflict-of-interest policy and practice in member and non-member countries. Within this process, two thirds of OECD countries reviewed their conflict-of-interest policy and practice and identified weaknesses, particularly the lack of clarity and awareness, put forward proposals for tightening restrictions and simplifying rules, strengthening implementation and enforcement mechanisms and also mapped out risks and identified emerging challenges such as dealing with appearance of conflict of interest. Reviews focused mostly on adequacy of existing legal rules and codes and occasionally on specific instruments. Some reviews put the spotlight on specific measures and mechanisms, including control mechanisms, for example in Belgium, Mexico and Greece; and financial disclosure systems, for example in Hungary, Spain and the United States. Proactive reviews were conducted internally by the administration and exceptionally externally. Over three quarters of OECD countries updated conflict-of-interest policy and practice to improve legal frameworks and make existing arrangements more effective. The Guidelines also supported dialogue with non-Member countries in the framework of a global partnership and reached out to the private sector.

The OECD set 10 **Principles for Transparency and Integrity in Lobbying**. Decision makers may use all available regulatory and policy options to select measures, guidelines or rules that meet public expectations for transparency and integrity. The Principles are primarily directed at decision makers in the executive and legislative branches. They are relevant to both national and sub-national level. Lobbying, the oral or written communication with a public official to influence legislation, policy or administrative decisions, often focuses on the legislative branch at the national and sub-national levels. However, it also takes place in the executive branch, for example, to influence the adoption of regulations or the design of projects and contracts. Consequently, the term public officials include civil and public servants, employees and holders of public office in the executive and legislative branches, whether elected or appointed. The ten principles are listed below.

1. Countries should provide a level playing field by granting all stakeholders fair and equitable access to the development and implementation of public policies.
2. Rules and guidelines on lobbying should address the governance concerns related to lobbying practices, and respect the socio-political and administrative contexts.

Box 4.9. **Guidelines for managing conflict-of-interest and principles for transparency and integrity in lobbying** *(continued)*

3. Rules and guidelines on lobbying should be consistent with the wider policy and regulatory frameworks.
4. Countries should clearly define the terms "lobbying" and "lobbyist" when they consider or develop rules and guidelines on lobbying.
5. Countries should provide an adequate degree of transparency to ensure that public officials, citizens and businesses can obtain sufficient information on lobbying activities.
6. Countries should enable stakeholders – including civil society organisations, businesses, the media and the general public – to scrutinise lobbying activities.
7. Countries should foster a culture of integrity in public organisations and decision making by providing clear rules and guidelines of conduct for public officials.
8. Lobbyists should comply with standards of professionalism and transparency; they share responsibility for fostering a culture of transparency and integrity in lobbying.
9. Countries should involve key actors in implementing a coherent spectrum of strategies and practices to achieve compliance.
10. Countries should review the functioning of their rules and guidelines related to lobbying on a periodic basis and make necessary adjustments in light of experience.

Source: OECD (2007), *OECD Guidelines for Managing Conflict of Interest in the Public Service*, OECD Publishing, Paris, www.keepeek.com/Digital-Asset-Management/oecd/governance/lobbyists-governments-and-public-trust-volume-1_9789264073371-en.

Procurement is a strategic function of government which represents huge financial flows and has direct impact on economic and social development at the sub-national level (this is explored in detail in Annex B to this Review). Public procurement by general government and state-owned utilities represented over 17% of GDP in the OECD in 2008.[17] A large share is carried out by sub-national governments, responsible for more than half of all public-procurement expenditures. It is also one of the government activities most vulnerable to waste, fraud and corruption.[18] A survey conducted in 16 OECD countries demonstrated that almost half of the sample (7 out of 16) reported that fraud in public procurement is a challenge.[19] Capital-intensive public works tend to be particularly prone to corruption and abuse in many countries because they involve industries with a limited number of potential participants, a limited number of licenses and detailed specifications for the participants.[20] The more complex or infrequent the investment, the greater is the difficulty in monitoring procurement (OECD, 2012).

Weak capacity and corrupt practices at sub-national levels can reduce trust, deter external investment, increase borrowing and investment costs, and potentially compromise quality. Lack of capacity to manage public procurement can be more challenging in small regions/municipalities, which may lack officials trained to manage procurement issues, or where decentralisation has outpaced capacity for developing internal control systems. Procurement systems should be transparent throughout the procurement cycle; competitive, with measures taken to enhance integrity if exceptions to competitive processes are made; and monitored to ensure that funds are used as intended and complaints can be registered and addressed. To support more effective and transparent procurement, sub-national governments could

consider adopting the *OECD Principles for Enhancing Integrity in Public Procurement* and the *OECD Principles for Fighting Bid Rigging in Public Procurement.*

A key challenge for sub-national governments is implementing procurement rules developed at the national level. Instability of the legal framework for procurement can generate additional costs for public and private actors. Another challenge is the compliance-based approach imposed by the central level, which may lead to inconsistent or disproportionate sanctions as well as create a risk-averse climate and mistrust. Many OECD regions have highlighted what they view to be excessive administrative procedures, problematic time constraints and overly restrictive bid specifications. Good practice includes co-operation with the business and non-profit sectors to solicit feedback in the development of procurement standards and their application, as well as ensuring awareness of the consequences of non-compliance.[21] Sweden and Spain (Galicia) provide useful examples about good practices that a country can implement to guarantee transparency and integrity (Box 4.10).

Box 4.10. **Good practice in promoting transparency and integrity at the sub-national level**

- **Sweden:** The Open Comparison project aims to encourage comparison and increase transparency on the cost of local public services. Around 200 municipalities (out of 290) participate in networks of five to ten municipalities to develop new methods for comparing costs and quality of public services.
- **Spain (Galicia):** Galicia launched a shared web platform for managing its public procurement system available to all public entities in the region (around half already involved). Public tenders are published on this platform, where companies can register (3500 thus far) for pre-approval and access past successful tender applications. Bid submission online is in a pilot stage. Increased transparency and competition is visible through an increase in tender applicants as well as a reduction in contracting costs for municipalities.

Source: OECD (2012a), *The Case of Future OECD Principles of Public Investment Across Levels of Government*, 28th session of the Territorial Development policy Committee, OECD, Paris.

Improving the effectiveness of public investment for regional development

Significant regional disparities still persist despite the significant resources Colombia invests to promote regional development:

- Direct transfers represent the largest stream of funds from the central level to sub-national entities (see previous sections). These funds cover operating costs for public administration at all levels; and are earmarked to sub-national entities to guarantee that each citizen in Colombia has access to a basic basket of key public services of comparable quality. When the sub-national government is not able to deliver such a basket of public services, the central level steps in to provide citizens with the public goods.
- Capital investment represents the second stream of funds from the central level to territorial governments. Capital investment is framed by the National Development Plan, which also co-ordinates funds provided by the General Royalty System.

This system presents several challenges:

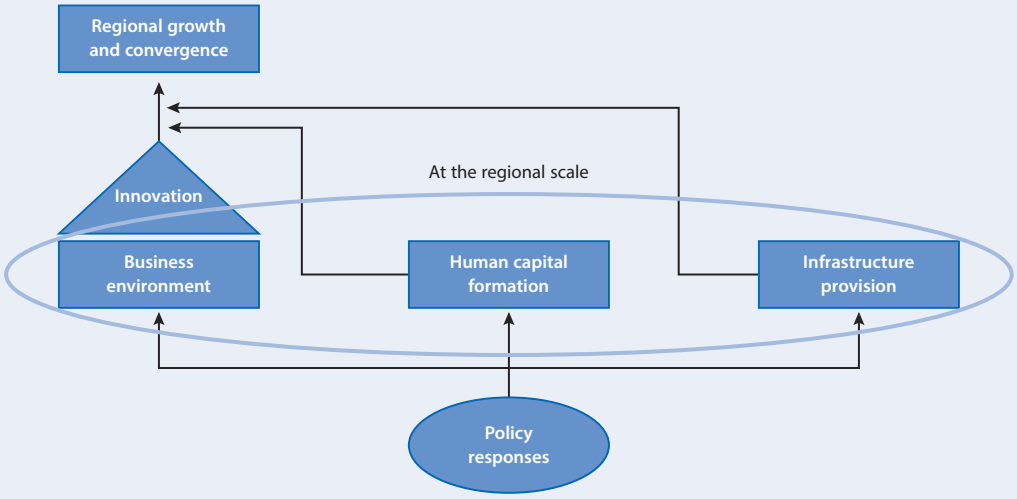
- A first challenge is generated by the split between operating cost (transfers, local taxes, etc) and capital investment (transfers, royalties, National Investment Budget investments, among others). The current split between the National Planning Department (which manages capital investments) and the 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 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 (2012) 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 (Box 4.11).

  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 NDP 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 NDP is a menu of policy interventions that they adapt to their specific context and local assets in order to access the resources on regular offer 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. The overall result of this system can be summarised in four points:
  - First, local development plans appear similar, prioritising the same types of investments in basic infrastructure an in public goods that involve a minimum level of complexity, notwithstanding sometimes profound differences between localities.

Box 4.11. **The policy headache: Isolated single-sector action may cause unintended outcomes**

OECD studies suggest that constructing or upgrading of transportation infrastructure can have a positive influence on a region's economic development, but that economic growth is not automatic. Growth effects are likely to appear only when positive externalities exist in the region. Faster transport connections can exploit potential positive externalities that exist in various markets – typically unexhausted economies of scale, scope, agglomeration, density or network – and consequently improve (labour) productivity, enhance output, reduce production costs and promote more efficient use of resources. If such latent economies do not exist, however, improvements in accessibility could lead to changes in existing transport flows and spatial patterns without having long-term effects on growth.

If regional policy concentrates only on providing capital in the form of infrastructure, a lagging region may end up losing economic resources (the "leaking by linking" phenomenon). By reducing interregional transport costs, firms continue to find it cheaper to concentrate in the core regions, to reap the benefits of agglomeration economies and thick markets and to ship the goods to the periphery. For example, improved motorways in eastern Poland will enable goods to reach foreign markets faster and at lower cost, but competition from other parts of Europe will also increase for local firms (OECD, 2008a). Regional development policy therefore requires a multi-dimensional approach.



Source: OECD (2010c), *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*, OECD Publishing, Paris.

- Second, it is often difficult to make a clear link between policy interventions and policy outcomes. While control bodies active at the national and local level can audit local spending, it is very challenging for them to evaluate the impact of a policy in terms of its outcomes. In fact, policy evaluation is not their task and they are not equipped (either politically or in terms of human resources) to engage in this task.
- Third, the planning system does not always identify priorities that are *realistic and well-informed*: based on clear evidence that points to the region's ability to make fruitful use of the investment (i.e. absorption capacity). The priority is on

the need to spend all the resources allocated by the NDP within the specified time-frame.

- Finally, the four-year NDP, although guarantees a certain degree of continuity in the national development strategy, is not *forward-looking* beyond its time horizon, and has limited capacity to position regions in the context of global trends. For instance, a specific study realised by the OECD and involving 20 member countries demonstrated that the large majority of them (18 countries) consider the lack of a long-term view to be a key challenge for sub-national governments.[22] This issue is also discussed in Chapter 2.

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 (Olivera and Perry, 2009).

The government could therefore consider the following to optimise the effective use of royalties:[23]

- The central government could focus on sub-national capacity-building by earmarking operational funding within the programme envelopes to provide assistance in the form of training as well as information and communication technologies to municipalities and departments to identify worthwhile projects and advise on their implementation.
- 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 may be needed 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.

Sound strategic development therefore requires both skills and resources that can be encouraged and supported by both national and sub-national governments. Different public, private and civil society stakeholders should inform investment priorities. Box 4.12 displays some good practices concerning development strategies in OECD countries.

Colombia's current solution is for the central authorities to increase dramatically their control over spending by sub-national authorities – a sub-optimal solution – rather than to replace transfers to sub-national entities with earned-revenue expenditure capacity for which these authorities would be publicly accountable, or to institute some form of policy "conditionality" and a public-accountability framework in exchange for the transfers. Either scenario would constitute a better solution for ensuring value-for-money expenditures that can survive public scrutiny.

Box 4.12. OECD Good Practice on Inclusive Governance in Public Investment for Regional Development

- **European Union:** There is a new requirement for a "smart specialisation" strategy as an *ex ante* condition for regions to access EU Structural Funds for innovation, with an emphasis on the process of strategy development to prioritise relevant choices.
- **United States:** The US Department of Labour WIRED Initiative highlights skills in creating effective regional economic development strategies, based on a planning process with a diverse set of stakeholders and levels of government. Grants support strategy development through data tools to inform the strategy, capacity building support and connections to programmes and investments at nine other federal agencies.
- **France**: DATAR (French inter-ministerial delegation to promote regional attractiveness and development) developed a good practice guide and worked with regions to develop regional innovation strategies given that existing regional strategies were too similar and not sufficiently tailored.
- **European Union:** The first wave of the LEADER programme was a bottom-up, community-based process to identify and execute projects in rural areas to promote their development. The success of the first round was attributable to the catalytic effect of the small amounts of money associated with the programme and the information-revealing nature of the process to select development projects.

Source: OECD (2012a), *The Case of Future OECD Principles of Public Investment Across Levels of Government*, 28th session of the Territorial Development policy Committee, OECD, Paris.

The current planning system may be a legacy of a past in which Colombia was a relatively simpler economy with a few primary and secondary sectors (e.g. coffee, agriculture and mining). However, now that Colombia is home to a complex economy with several high-performing clusters and multiple formalised international economic and trade relationships, planning becomes a more challenging, as the government itself knows. Clearly, producing a comprehensive plan every four years has generated several advantages:

- The DNP, for example, constitutes one of the better public-sector organisations in the country in terms of capacity, reliability and on-the-ground presence through its regional offices and local officials across the country.
- Colombia – despite its inequalities – is winning its fight against extreme poverty. And it is thanks to its national development planning that Colombia can continue to this fight against extreme disparities. The central government has been able to improve youth well-being throughout the country by implementing an integrated policy called *De Cero a Siempre* (From Birth to Forever) to assure children have access to key public services (Box 4.13).

Yet the importance of the point made above regarding the need to embed four-year plans within medium-term (say, ten-year) and long-term (say, thirty-year) vision statements for the country's national development cannot be underestimated. Over time, as Colombia achieves four-year development policy objectives more easily, and as its economy becomes increasingly intertwined with those of its neighbours and partners across the globe, defining ten and thirty year development objectives along with the plans to achieve them will become more important than ever to sustain prosperity for the country and its citizens into the future, while ensuring a suitable degree of planning continuity and performance-measurement and assessment capacity beyond a planning horizon defined by the national electoral cycle (see Chapter 2).

Box 4.13. **Implementing national policy at local level: The example of *De Cero a Siempre* (From Birth to Forever)**

De Cero a Siempre is an example of the way the central level addresses capacity issues at the local level in poor areas, when delivering key policy interventions, such as support to children and youth. *De Cero a Siempre* was launched in 2007 as part of a broad policy framework to improve the conditions of Children and Youth in Colombia. It has three main objectives:

- The first is to assure that all children in Colombia have access to health care, education, and proper nutrition.
- The second is to reduce duplication of policy interventions, co-ordinate actions at different levels of government and improve efficiency to promote policy sustainability in the long run.
- The last is to centralise information about the performance of policy interventions to allow monitoring and evaluation. Monitoring is based on information provided by the local governments that have to follow national guidelines in selecting relevant indicators, evaluate the performance of the institutions in charge of the implementation of the policy.

De Cero a Siempre is managed at the central level by the *Instituto Colombiano Bienestar Familiar* (Colombian Institute for Family Welfare). ICBF's capacity to co-ordinate such a large-scale policy is an example of the progress Colombian institutions have made in dealing with policy delivering. ICBF collects detailed information about policy performance and about the conditions of kids all over the country. It provides local governments with technical assistance and capacity building activities, and – if needed – can directly deliver policy interventions to children.

De Cero a Siempre is a good example illustrating the functioning of the National Development Plan of Colombia. The central government has developed a good capacity to deal with complex and multidimensional policy issues, such as youth well-being. It delivers policy despite the absence of capacity at the sub-national level able to link regional communities with national policy strategies effectively. The presence of effective sub-national authorities would reduce the burden on the central government, and would probably improve the overall performance of the policy allowing for a level of tailoring of policy interventions that at the moment is not possible due to the high costs this would entail.

Source : Comisión Intersectorial de Primera Infancia (2012), *Atención Integral: Prosperidad para la Primera Infancia*, www.deceroasiempre.gov.co/QuienesSomos/Documents/Cartilla-Atencion-Integral-prosperidad-para-primera-.infancia.pdf.

Building knowledge on regional needs and performance

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. Over the last 20 years Colombia has engaged in the creation of an advanced system of whole-of-government monitoring and evaluation: SINERGIA (see Chapter 3). As already discussed SINERGIA organises a large set of indicators to monitor and evaluate policy interventions, including most recently SINERGIA TERRITORIAL, the tool's set of regional performance indicators. An assessment of SINERGIA done by the World Bank (2009[24]), recognised the value of the system, but identified some key challenges:

- The assessment identified the need to improve the use of SINERGIA throughout the policy cycle (in which policies are formulated, then implemented and ultimately

evaluated to determine their effects and inform policy design), which will involve institutional bodies such as the Presidency, key Ministries and Departments.

- In addition, SINERGIA, although representing a good example of a monitoring and evaluation system, remains isolated from the policy process and especially from the planning process, in spite of its management being located within the National Planning Department.

The institutional isolation of SINERGIA depends on different factors:

- First, government bodies are still familiarising themselves with it.
- Second, as with other whole-of-government evaluation systems, SINERGIA suffers from "indicator-inflation". It is supposed to monitor such a large number of government activities (central government activities and all priority NDP programmes) that transforming information into knowledge becomes a real challenge[25] (see Chapter 3).
- Third, the NDP itself focuses more on spending than on achieving policy outcomes, hence the set of indicators provided by SINERGIA does not fulfil the short-term needs of the Department of the Plan and other public bodies involved in implementing the NDP (Chapter 3).
- Last, the monitoring and evaluation system in Colombia suffers from relatively weak consultation between the central and territorial levels. There are few formalised tables that allow sub-national governments to participate actively in national policy-making. In the CONPES, for instance, only members of the central government have the right to vote on the decisions of Council.

A multilevel governance approach could help Colombia integrate SINERGIA into the policy cycle. For instance, to improve the use of SINERGIA, SINERGIA TERRITORIAL and of the evaluation system in general, territorial entities could become key on-going 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.

Embedding national statistics within a spatial framework

Many of the key development challenges Colombia faces have a strong territorial feature. Poverty and unemployment, for instance, tend to concentrate in space. This is equally true at the regional level – in lagging departments – and at the sub-regional level – within municipalities, metropolitan areas and sparsely populated areas. Following the experience of OECD countries, Colombia could organise this information within a spatial framework. The NDP is already producing key national information using performance statistics produced by DANE, the Colombian National statistical agency. Labour statistics already provide information 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 (Box 4.14 provides information about how the OECD defines Functional Urban Areas; a similar methodology also exists for sparsely populated – rural – areas).

Box 4.14. **Functional Urban Areas (FUAs) in the OECD Metropolitan Database**

With over half the world's population now living in urban areas, defining an urban area is critical in order to reflect the reality of where people live and work, as well as the connections between cities and surrounding areas. A common definition of urban areas increases international comparability of the economic, social and environmental performances of cities, adding to what can be learned from the countries' definition already in use.

Against this background, the OECD in collaboration with the EU (Eurostat and EC-DG Regio) has developed a harmonised definition of urban areas as "functional economic units", thus overcoming previous limitations linked to administrative boundaries. According to this definition, an urban area comprises highly densely populated municipalities (the smallest administrative units for which national commuting data are available in non-European countries and LAU2 municipalities in Eurostat terminology), referred as urban core, as well as any adjacent municipality that have high degree of social and economic integration with the urban core, measured by commuting to work.

The methodology is applied to 29 OECD countries and 1 175 urban areas of different size are identified. On the basis of this methodology, the OECD metropolitan database includes a set of annual variables related to 268 OECD functional urban areas with 500 000 population and more. It is publicly available at http://measuringurban.oecd.org/.

Several steps are involved in defining OECD Functional Urban Areas.

STEP 1. Identification of core municipalities through gridded population data:

In the first step of the procedure, the gridded population data are used to define urbanised areas or "urban high-density clusters" over the national territory, ignoring administrative borders since urban cores are defined through gridded population data. The population grid data (1 km²) for European countries comes from the Corine Land Cover dataset, produced by the Joint Research Centre for the European Environmental Agency (EEA). For all the non European countries, gridded population data comes from the Landscan project developed by Oak Ridge National Laboratory.

An urban core consists of a high-density cluster of contiguous grid cells of 1 km² with a density of at least 1 500 inhabitants per km² and the filled gaps. A lower threshold of 1 000 people for km² is applied to Canada and the United States, where several metropolitan areas develop in a less compact manner. Small clusters (hosting less than 50 000 people in Europe, US, Chile and Canada, 100 000 people in Japan, Korea and in Mexico) are dropped.

A municipality is defined as being part of a urban core if at least 50% of the population of the municipality lives within the urban cluster.

STEP 2. Connecting non-contiguous cores belonging to the same functional urban area

The urban cores defined in STEP 1 are found to be good approximations of contiguous, highly built-up surfaces. However, not all the urban areas in the OECD are characterised by contiguity in built-up development. Many of them are developing in a polycentric way, hosting high densely inhabited cores that are physically separated, but economically integrated. An important innovation of this methodology identifies which urban areas have such a polycentric structure. This is done by simply looking at the relationships among the urban cores, using the information contained in the commuting data. Two urban cores are considered integrated, and thus part of the same polycentric metropolitan area, if more than 15% of the residence population of any of the cores commutes to work in the other core. This step allows a correction for possible discontinuities in population density within the same urban centre (e.g. natural surfaces larger than 1 km² splitting one city in two parts).

Box 4.14. **Functional Urban Areas (FUAs) in the OECD Metropolitan Database** *(continued)*

STEP 3. The identification of the urban hinterlands

Once the densely inhabited municipalities are aggregated to form urban cores, and polycentric metro areas with tied cores are identified, the final step of the methodology consists in delineating the hinterland of the metro areas. The "hinterland" can be defined as the "worker catchment area" of the urban labour market, outside the densely inhabited core. The size of the hinterland, relative to the size of the core, gives clear indications of the influence of cities over surrounding areas. Urban hinterlands are defined as all municipalities with at least 15% of their employed residents working in a certain urban core. Municipalities surrounded by a single functional urban area are included and non-contiguous municipalities are dropped. Data on commuting referred to circa 2000 year and are being updated on the base of the most recent data from 2011 Censuses.

Source: OECD (2011a), *Regions at a Glance*, OECD Publishing, Paris.

Creating indicators on regional performance

Currently, the National Planning Department (DNP) uses a number of financial and performance indicators for subnational governments. Considering the heterogeneity of municipalities and departments across the country, these indicators are useful to characterise Colombia's local development. They support public interventions and technical assistance by evaluating the subnational government's developmental conditions, identifying potential improvements and allocating resources based on equity criteria that can reduce existing gaps. They are used to produce information of interest to citizens, promote accountability, and support Control Agencies (like the *Procuraduría* and the *Contraloría*) in their audit role.

The main indicator is the "Integral Performance Index (IPI)", a composite index which measures local government capacities in public administration. The index measures four components:

- The percentage of compliance with the goals of municipal development plan (efficacy),
- The efficiency of municipalities in enrollment and educational quality, subsidised membership in vaccination and expanded immunisation and household water quality,
- Compliance with budget execution requirements defined in Law 715 of 2001 and
- Administrative and fiscal capacity.

The IPI and its components are published in national circulation media. They support decision-making related to technical assistance on financial matters, allocation of subsidies, contribute to transparency, identify good management practices and generally rate the performance of subnational authorities. The IPI is used to support improvements in local goods and services.

A clear understanding of regional trends and the capacity of policy to deliver results for territorial communities can facilitate the task of streamlining the current large set of performance indicators into more focused and useful set linked to measuring performance against the achievement of multi-year strategic policy outcomes. Indeed as a large part of

Colombia's public expenditure occurs at the local level, improving the quality of indicators on regional performance would be a rational decision. Colombia could consider at least two factors in deciding whether to involve territorial governments actively in the definition of regional performance indicators (OECD, 2008[26]):

- First, a predominately top-down approach to the design and use of indicators by the central government – as the one currently in use in Colombia – can be perceived as an *ex-post* substitute for *ex-ante* control of sub-central public services. Intergovernmental collaboration is essential for addressing tensions caused by the nature of this control over sub-national institutions to produce relevant and useful information. It could also help reduce the perception on the part of sub-national institutions that they are not accountable within the system.
- Second, a way to involve sub-national governments in the design and implementation of the indicator system is through the introduction of incentives. Incentives are in fact inevitable. The choice is whether, and to what extent, the system will rely on implicit or explicit incentives to achieve objectives. Both are a function of system-design and should be given careful consideration, particularly because incentives affect in positive and negative ways both the information relayed by sub-central authorities and their behaviour in this activity (Box 4.15).

Box 4.15. **Incentives to sub-national entities to promote performance indicators**

Implicit incentives arise because reporting performance data is not neutral. The strength of these implicit incentives will depend on how the information is used and by whom. For example, systems can be designed to produce competition through public ranking of performance. For sub-central governments comparatively poorer performance in this context – along the dimensions of cost, efficiency, quality, etc. – raises a variety of risks not least when households "vote with their feet." Invoked in this way, reputation effects can be used to generate external pressure for accountability and reform. Alternatively, the central government may choose not to rank sub-central authorities, but rather to make data available for comparisons and rely on intrinsically motivated public servants to identify and learn from good practices. There will be little disincentive to reveal information if the risks to sub-central authorities and the burden associated with providing it are low. Risks are low if the use of information has a net positive (or zero) consequence for sub-national authorities and if this use is predictable. By contrast, as risks to sub-central authorities increase, the incentive to reveal information declines and the incentive to alter behaviours to avoid risk (in perverse and legitimate ways) increases.

In contrast to reliance on implicit incentives, countries can attach explicit rewards and sanctions to indicators to stimulate effort by sub-national actors where specific performance objectives are to be met. These incentives are traditionally of two types: financial and administrative. Financial incentives refer to the availability of funds based on performance. Administrative incentives are changes to central rules and regulations that affect sub-national authorities, such as a relaxation (or tightening) of budgetary rules, decreased (or increased) oversight, etc.

Source : Mizell, L. (2008), *Promoting Perfomance: Using Indicators to Enhance the Effectiveness of Sub Central Spending*, OECD Network on Fiscal Relations Across Levels of Government, Working paper No. 5.

Multi-level governance as a whole can benefit from the use of sound indicators. Indicators 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. Indeed the use of performance indicators may improve policy performance in several areas (OECD, 2008):

- Improving specific strategies: Information can reveal strengths and weaknesses in a regional economy and thus increase the likelihood that policy objectives can be met.
- Monitoring policy implementation: Once specific policies are implemented, information from indicators can monitor input utilisation and the achievement of milestones.
- Increasing accountability: Information systems can enhance accountability by offering information about the characteristics and results of what has been done.
- Creating knowledge and improving policy choices: Comparative performance data can generate implicit incentives by encouraging stakeholders to improve their performance and efficiency and search for better strategies.
- Creating a common framework for dialogue, by sharing common references and objectives and contributing to a common learning process.

The effective implementation of performance indicators poses some 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. Finally, 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. The experience of Italy, which faces challenges related to the socioeconomic performance of its southern regions, could inform Colombia in shaping its own performance indicators (Box 4.16).

Box 4.16. **Italy's new performance reserve system 2007-13**

Following the end of the 2000-06 EU performance reserve experience, the Italian authorities adopted a new performance reserve system for 2007-13 with distinctively new contours. The new approach draws on lessons from the previous experience, such as focusing on a more limited number of objectives to obtain greater visibility and adopting final objectives that are easily understandable by the public to avoid formal compliance and strengthen the accountability of local administrations. The major difference between the former and the current systems lies in the transition from a performance assessment of process and output indicators to one based on outcome and equity indicators.

The mechanism is enclosed within the National Strategic Framework, the document that provides the basis for implementing Italian regional policies (both national and European Structural Funds) for the period 2007-13. The system of indicators focuses on a set of objectives considered to be strategic for regional development. Four "essential" collective services have been identified, which are decisive in determining a citizens' quality of life and business' propensity to invest. These services, with their associated strategic goal are listed in the table below.

Box 4.16. **Italy's New Performance Reserve System 2007-13** *(continued)*

Objectives, indicators, and targets in the new performance reserve for 2007-13

Objective	Indicator	Baseline (%)	Target in 2013 (%)
Education: Improve students' competence, reduce drop-outs and broaden populations's learning opportunities	% of early school leavers	26	10
	% of students with poor competencies in reading	35	20
	% of students with poor competencies in maths	48	21
Child and elderly care: Increase the availability of child and elderly care to favour women's participation in the labour market	% of municipalities with child care services	21	35
	% of children (age 0-3) in child care	4	12
	% of elderly people with home assistance benefits	1.66	33.5
Urban waste management: Protect and improve the quality of the environment, in relation to urban waste management	Amount of urban waste disposed in refuse tips	395 kg per capita	230 kg per capita
	% of recycled urban waste	9	40
	% of composted waste	3	20
Water service: Protect and improve the quality of the environment, in relation to integrated water service	% of water distributed	63	75
	% of population served by waste water treatment plants	56	64

Source: Ministero dello Sviluppo Economico, Dipartimento per le Politiche di Sviluppo [Ministry for Economic Development, Department for Development Policies] (n.d.), *Measurable Objectives for Essential Services*, www.dps.tesoro.it/obiettivi_servizio/eng/ml.asp (October 2008).

Eleven quantifiable indicators are associated with the four strategic goals. They are all outcome or equity indicators except one that is an output indicator (concerning child care). Targets have been set for the eight regions of the Mezzogiorno and the Ministry of Public Education. The minimum achievement levels are the same for the eight regions as they are considered to be the minimum acceptable service standards. The total amount of the reserve is around EUR 3 billion. Two deadlines exist, one in 2009 to compare progress with the baseline, and the other in 2013 to assess if the minimal thresholds have been reached. As in the past, the objectives, indicators and targets have been selected on the basis of in-depth consultations between the central government and the regions and the involvement of a technical group (Ministero dello Sviluppo Economico, 2007c).

The main difference between the past and present mechanism is that objectives are no longer intermediate ones (e.g. to monitor the institutional set up) but rather correspond to final outcomes (delivery of final services). The explicit consideration of final objectives is considered to be an improvement with respect to the previous performance reserve. This is expected to focus attention on results in public services provision and quality essential for development. In addition, the achievement of these objectives is subject to good interactions taking place between several institutional actors. The attempt is therefore being made to explicitly and more thoroughly involve the different stakeholders concerned and assess collective performance. Regions are left free to choose how best to reach the targets. They must adopt an action plan detailing their adopted strategy.

Source: OECD (2009), *Governing Regional Development Policy: The Use of Performance Indicators Systems,* OECD Publishing, Paris.

Sub-national capacity issues: HRM and e-government from a MLG perspective

This section discusses strategic Human Resource Management, and e-government from a multilevel governance perspective. HRM and e-government at the sub-national level, as already discussed above, are key to improving integrity and transparency in the public sector as well as being a strategic driver for job creation and economic growth regionally and nationally. They are also tools to attract and stimulate private investment and to facilitate the co-ordination between private and public investment.

Addressing disparities in Human Resource Management capacity at the sub-national level

In Colombia, as in OECD countries, building sufficient capacity and professionalism in local administrations is central to ensuring that they are able to meet their responsibilities and contribute to national economic growth. Sub-national governments promote economic growth within their own geographic areas, and compete for employment-generating investments. They also compete for mobile, qualified and skilled labour, and want to offer as attractive living conditions as possible for these persons and their families. The increasing mobility of both capital and labour intensifies this competition. Sub-national governments also compete with the national government for labour for public employment, at the same time as all governments compete for talent with private enterprises and non-profit organisations. The functions and services provided by sub-national governments may affect such variables as growth and employment within their own territory, but sub-national governments cannot normally be held accountable for how these affect national developments, except by their own electors.

Colombia's sub-national governments appear to be facing, to a large extent, similar challenges and opportunities to enhance the capacity and capability of their internal workforce. The main reason is that sub-national governments use the same employment arrangements as the national government. In Colombia, over 40% of the public workforce is distributed across sub-national governments and over 50% of the workforce is located in the national government, which reflects a relatively high degree of centralisation (See Figure A.3 in Annex A on HRM). In comparison, the majority of OECD countries have more employees at the sub-national level than at central level of government.

In Colombia, the main obstacle to enhancing local-government capability to design and implement medium and long-term policies is the weak institutional capacity and organisation in many of its *departamentos* and *municipios*. In general, like the national government, Colombian sub-national governments need to improve their recruitment systems. Guarantees for an objective, neutral and merit-based recruitment process, although enshrined in the legal framework, need to be reinforced. Sub-national governments need to develop the capacity to conduct strategic workforce planning to ensure local organisations' continued effective performance. Greater flexibility in managing the workforce at the local level is required. Sub-national governments need to develop competency-management systems so that they can ensure that they have a well selected, trained and evaluated public workforce.

Training of local public employees is of key importance in developing capacity in sub-national governments. At the moment, there is no evidence of a training strategy that links training of individuals to organisational objectives and there does not seem to be sufficient investment in training on the part of local authorities. Efforts by the Higher School of Public Administration (ESAP) and the Administrative Department of the Civil Service

(DAFP) to design and implement a training policy for local governments are commendable and should be continued and strengthened. According to the information published by these two entities, among the main difficulties to implement a Training Institutional Plan (*Plan Institucional de Capacitación*) by local authorities are:

- The development of learning projects;
- The formulation of their Institutional Plan; and
- Diagnosing training needs correctly.

To a large extent, this is caused by low interest on the part of local senior officials, lack of staff to manage the training programmes; and complex procedures. According to the ESAP and the DAFP, 90% of the territorial entities diagnose training needs in a traditional manner through the direct request of the employee or his/her supervisor.

In addition, across sub-national governments, the culture of performance management appears to be weaker than in the national government. In sub-national governments:

- Performance-management needs to be reformed to enhance its credibility through clear and transparent rules so that it can respond effectively to the needs of government and show that there are consequences for "good" and "poor" performance.
- Better management capacity needs to be developed by improving the management of their senior managers.
- Clarifying the political-administrative interface and strengthening the recruitment process for senior managers could be a first step towards developing a professional civil service at local level.
- Changes in the compensation system are needed to offer better remunerations and attract talent.
- It is also of key importance to improve capacity for HRM at local level. HR departments seem to be focus on administration but they do not have strategic role in developing human capital, and there is no evidence that HR staff have the knowledge and experience to engage in strategic HRM.

Multi-level government also means multi-level human resource management. Since national and sub-national governments share basically the same employment arrangements, as they do in most OECD countries, progress in reforming the HRM system in the national government will boost improvements in the sub-national levels. Therefore, the proposals made in the HRM section of this Review can also apply, to a large extent, to sub-national governments. However, some particular considerations for sub-national governments can be made:

- Building on the experience of the "central database", **Colombia could encourage local governments to build reliable sources of information for HR decision-making.** Not all sub-national governments have the capacity to have access to timely and reliable information regarding the number of employees and what they can do (competences). As a result, sub-national governments do not have the necessary tools and information for conducting strategic workforce planning and informed HR decision-making. The Administrative Department for the Civil Service (DAFP) could assist sub-national governments in building HR information systems to have a better track of public employees. Colombia may wish to study the experience of Chile in this respect. The Chilean Under Secretariat for Regional Development (Subdere) has created a National System of Municipal Information

(www.sinim.cl). This is currently the most comprehensive source of information about the management of the 345 municipalities in Chile as it includes data on budget, human resources, and services that have been transferred to municipal administration.

- Professionalisation of the local public workforce could be considered as an investment for capacity-building. The experience of OECD countries suggests that there is no single model for the professionalisation of sub-national administrations, each local government must establish the model that best corresponds to its needs. However, one first step for sub-national governments would be to develop a methodological and conceptual framework for the development and formation of public servants. The Training Institutional Plans constitute the obvious document for this purpose, but the ESAP and the DAFP could additionally issue guidelines to advise local authorities in their design and implementation of their own methodologies and training planning needs. In order to boost professionalisation in sub-national governments, it is also necessary to promote training and certification of public servants under a competency approach. In order to improve the training of public employees Colombian authorities could consider the following actions:
  - include the issue of training local public employees in all strategic development documents of the national and local governments;
  - sign collaboration agreements with the local technical institutes and universities for the training of staff aimed at certifying competencies;
  - develop systems to assess training through performance indicators;
  - develop a registry of training providers for government where compulsory requirements must be stated;
  - assess the training services provided by external providers; and
  - develop professionalisation plans per post and public servant aimed at professional development within one of the different specialities of the local public administration.
- In some countries, sub-national governments are creating bodies focused on the professionalisation of the workforce. Their main advantage is that they act as certifying agencies of public employees' competencies and as centres for training. For example, Colombia may wish to study the experience of the Professionalisation Institutes (*Institutos de Profesionalización Estatal*) that some Mexican states, like Chiapas and Nuevo León, have created as an underpinning of professionalization efforts. In addition, the DAFP and the ESAP could intensify their efforts in co-operation with local HR departments to raise awareness among local political leaders and senior managers on the importance of training and professionalisation of local public employees. Experience suggests that without an attitudinal change on their part, efforts to improve HRM have little opportunities to succeed. Sharing of good practices and success experiences through seminars and forums of discussion may be a way to achieve this objective.
- It is necessary to share best HRM practice, experience and know-how with sub-national governments to encourage the development of merit-based HR policies in their administrations. The national government could be assumed to have residual responsibilities even if and when the relevant functions are the responsibility of sub-national governments. In this sense, professionalisation of the public workforce

should be seen as a shared responsibility among all levels of governments. One prerequisite for transferring responsibilities and competences to sub-national governments is therefore obviously that they are capable of handling them. For this purpose, consultations between national and sub-national governments are critical. One of the major trends in management arrangements across OECD countries is the increased dominance for dialogues and consultations, and of formal and informal agreements. Based on its particular historical, political and administrative context, Colombia could develop communication channels so as to facilitate and institutionalise dialogue and consultation between national and sub-national governments, not only on HRM but also on other public management issues. But it is equally important, as Mexico's experience suggests (Box 4.17), having

Box 4.17. **Consultation between national and sub-national governments**

Belgium has probably the most advanced and therefore complicated system for consultations between the levels of government. This reflects Belgium's constitutional arrangements with no primacy for the federal level, and the high level of conflicts between the different federated entities. The collaboration between the levels of government has been institutionalised by creating a Consultation Committee and Inter-ministerial Conferences. The first is composed of members from each government and treats ad hoc cases; the latter is used to for the preparation and development of joint policies for a certain policy field. There are also Collaboration Protocols for situations when competencies are shared and when the proper execution of competencies necessitates cross-government collaboration.

In **Chile**, the Undersecretariat for Regional Development consults with the National Association of Regional Councillors and the Association of Chilean Municipalities on matters of a more political nature, such as the transfer of responsibilities and the dynamics of regional government. A National System of Municipal Information provides a comprehensive source of information about the management of the country's 345 municipalities and includes data on budgets, human resources and services that have been transferred to municipal administration as well as a number of management indicators.

In **Mexico**, the National Professionalisation Forums (*Foros Nacionales de Profesionalización*) organised by the National Institute for Federalism and Municipal Development (*Instituto Nacional para el Federalismo y el Desarrollo Municipal*), which started in 2001, is a place where participants discuss technical issues regarding the professionalisation of municipal public servants and the implementation of a career service in municipal governments. In these forums participants have the opportunity to exchange experiences, and proposals. The forum organises regular national meetings, regional and/or local workshops, and fosters co-operation between local governments via electronic means, etc. Moreover, the National Conference of Municipalities of Mexico (*Conferencia Nacional de Municipios de México*) is another channel of lesson-drawing and to put forward proposals for improving public management. It is integrated by municipalities from the three main political forces in the country.

In **Spain** the Basic Statute of the Public Employee imposes compulsory co-operation between public administrations at the three government levels. The main co-operation body is the Sectoral Conference, which groups representatives from the State, the Autonomous Communities, Ceuta and Melilla, and the Spanish Federation of Municipalities and Provinces and works with the highest representatives from each area. Below the Conference, there are other bodies that work from a technical approach. These bodies reach their agreements on public administration issues by consensus.

Source: OECD (2008), *Challenges of human resource management for multi-level government*, OECD Publishing, Paris; and OECD (2013b), *Metropolitan Review of Puebla-Tlaxcala, Mexico*, OECD Publishing, Paris, (forthcoming).

communication channels across sub-national governments so that they drawn lessons from each other, exchange information, and develop common visions and strategies to mutual and common challenges. A benefit from these mechanisms would be the articulation of national and local efforts and initiatives aimed at the formation, actualisation, training and specialisation of local public employees.

- **Colombia could strengthen HR departments in sub-national administrations to make the HR function more strategic.** Officials in charge of the management of human resources in local and municipal governments require training on different aspects of HRM. However, it is of critical importance to improve their skills and competences on formulating and implementing training policies. These areas should be part of the discussions on budget and HR needs and therefore of the works on improving public management and administration. Their role should move from mainly operational (payroll and administration) to a more strategic one (planning the strategies to meet current and future skills and competences needs).

E-government for local service delivery and engagement

As is customary in a number of OECD countries, e-government responsibilities are not specifically defined at the local level but are integrated within general commitments on service delivery. The national government is the primary locus of strategy-making, addressing both national and local challenges, notably through the National Development Plan. As a component of this Plan, the Government Online strategy, as initially defined in the decree 1151 from 2008, sets out objectives and implementation timelines for the national as well as the territorial levels. Although the Colombian government recognises the need to bridge national online-government objectives with the particularities of local conditions in the territories, in practice this can prove difficult to achieve as challenges to the use of ICTs vary across the regions.

The Ministry of Information Technology and Communications co-ordinates the implementation of the Government Online strategy. This appears challenging at the local levels. While the national level has led the promotion of ICT use through a top-down oriented approach, it has only partially ensured the implementation through the use of incentives and specific mandatory obligations. Insufficient incentives to ensure coherent and fully co-ordinated implementation mirrors general challenges to the co-ordination of central-local transfers (see Annex C). Using central-local transfer to ensure the co-ordinated implementation of ICTs could be further developed. The creation of better political and economic incentives for local authorities to engage in online – or mobile – service delivery might be one way of increasing the value-added of the online service delivery. Colombia could also consider how improving the quality and use of local data on progress on impact and outcomes could strengthen local engagement. A number of good initiatives have already been established to nurture central-local dialogue (see Annex C). Colombia could consider further improving such dialogue by establishing more formalised forums for engaging local government, or their organisations and representatives, to ensure co-ordination and alignment of the public sector use of ICTs. Such efforts could build on the newly established National Commission for Digital and State Information among others.

Within the overall framework of central-local transfers, particular conditions apply for ICTs. Some sources are particularly relevant, aside from the authorities own funding and the national funding by the Ministry of Information Technology and Communications: the DNP managed funds for regional development and the general royalty system's commitment of 10% of royalty revenues to a science, innovation and ICT fund. The first

is managed by the DNP which sets rules for financing projects with an ICT component, including also the six regional Bodies for Administration and Decision making, the OCADs, and the Colciencias with regards to the latter. This implies that the numerous sources of funding needs to be closely co-ordinated as they are essential for directing funds for investments and use of ICTs at the local levels.

The Colombian government is currently considering how to create a more agile and effective procedure, supporting at the same time local impact and national alignment within the government. Further to evaluating and revising this procedure, Colombia could consider:

- Improving the effectiveness of its investments by ensuring a more impact-oriented assessment of projects with an ICT component across different sources of funding. Focusing systematically on impact can help reduce investments with little value or practical use.

Box 4.18. **YourSAy: Active engagement of citizens in strategic policy-making in South Australia**

In 2010 the South Australian government used the reviewing of the state's Strategic Plan for development to launch a broader approach to engage local communities and citizens in one of the largest community consultation programmes in Australia, called "YourSAy". The use of internet technologies and social media played a pivotal role enabling this. While "YourSAy" was conceived as an experiment, the government now considers the close interaction with its communities an indispensable part of the policy making process.

Back in 2010 the discussions – led by an appointed Community Engagement Board – targeted a representative selection of 10 000 people. Today more than 12 000 people are part of the online community, getting closer to 1% of the state's population. The online community establishes and organises new ways of interacting with the government – engaging by making it a social experience. The project has furthermore engaged local champions or "ambassadors" in different areas, such as health, culture or the environment through webcasted video conversations in order to increase attention to the Strategic Plan.

The team behind the consultation process initially engaged into deeply understanding the people they were seeking to engage in order to understand how to encourage them to participate. The key element was to demonstrate that the plan was relevant to people and important in shaping their future life. The capacity to match the different segments' ways of communicating was one essential part. However, reaching out to "new people", not previously engaged, is about more than splitting them up in segments. The leading staff must have a capacity to analyse the input, conduct project management and create a culture of good communication and service delivery.

The online engagement proved to be instrumental – for example, through hosting an online conversation with the Minister of Education, the government received a significant deal of valuable and new feedback to improve their policies as well as the Strategic Plan. And web dialogue on different social media sites, such as Facebook, continued independently after the organised consultations were concluded. Although still largely unexplored, the government of South Australia seems to have drawn some first important lessons for how to advance engagement through social media.

Source : South Australia's Strategic Plan Audit Committee (2012), *South Australia's Strategic Plan, Progress report 2012,* http://saplan.org.au/yoursay and www.futuregov.asia/articles/2012/dec/27/social-media-takes-centre-stage-south-australia/.

- In the context of managing the different national funds, Colombia could consider how to further use central-local transfers as a lever to ensure the implementation of ICT policies and decisions taken by the National Commission for Digital and State Information.
- Enhancing the existing dialogue with and within the local levels of government. Several examples exist within the OECD to prove the value of ICTs as a way to engage citizens in strategic investment/development decisions. It is the case of Australia, where the government is effectively using the Internet to engage in large-scale citizens' consultations (Box 4.18).

Notes

1. OECD, 2011; Marks, 1996; Skelcher et al., 2005; Hoohge and Marks, 2003.
2. Ministerio de Relaciones Exteriores, 2011.
3. Mostly based on http://idbdocs.iadb.org/wsdocs/getdocument.aspx?docnum=35165909.
4. Decentralisation refers to the transfer of competences from the central level to elected authorities at the sub-national level and is different from deconcentration, which refers to non-elected central government units in regions providing national public services at the territorial level.
5. Note that in Barranquilla (see Annex 4.A1 at the end of this Chapter), the metropolitan area does not produce a development plan, but uses those of the District Municipality and the Department.
6. Data on subnational governments' expenditure in Colombia compared to OECD average will be also available.
7. "Out of 21 departments that required permission for new loans in 1997, 10 received new credit without permission from the Ministry […] In order to be able to violate the law, departments presented defective financial information, and the financial institutions made superficial analysis of it. In addition, the Ministry of Finance gave its authorization in cases where it should have denied it." (Echevarria et al., 2000, p. 9).
8. Financial Superintendence of Colombia is a technical body under the Ministry of Finance, with legal, administrative and financial autonomy and its own funding. Its role is to preserve public confidence and financial stability, maintaining the integrity, efficiency and transparency of the stock market and other financial assets and ensure respect for consumer rights and the proper financial service.
9. OCADs have been created at the national, department and municipal levels. OCADs are responsible in their jurisdiction for defining, assessing, prioritising, approving and appointing the executors of projects that will be financed with the royalties. OCADs are an example of multilevel co-ordination between different tiers of government as they include delegates from the national government, departments and municipalities, depending on their geographic jurisdiction. 1102 OCAD are in charge for defining the use of royalties at the departmental and municipal level. There are 8 OCAD for the royalties managed by the CARS.
10. The planning process at the local level mirrors the national one. Candidates to the position of governor or mayor present a general policy agenda. If elected, this agenda is transformed in a policy document that has to be approved by the departmental/municipal assemblies. Local

development plans are much simpler of the NDP. For an example of a local development plan see that of Barranquilla (www.barranquilla.gov.co/documentos/Plandesarrollo2008-2011.pdf), a city in the north of the country, whose case is discussed in Annex 4.A1 at the end of this chapter.

11. Contract Plans (*Contratos Plan*) in Colombia are an instrument of territorial-development planning using a voluntary agreement between different levels of government. This instrument has allowed for the articulation of a shared vision for a region's development between national and sub-national actors around strategic priorities. Accordingly, a pilot process has been developed which puts the instrument into effect in priority regions based on low socioeconomic conditions. Six pilot-plans, known as Strategic Agreements for Development Planning, have been established in the Atrato, Great Darien, Boyacá, Nariño, Tolima, Cauca and Arauca regions. These focus on financing investment projects of local and regional impact in 185 municipalities and 8 departments. They have allowed the optimisation and targeting of more than COP 6 billion between different levels of government to invest in regional and territorial development projects affecting a population over 3.7 million people (according to estimations made by DANE).

12. Despite being formally independent and autonomous in their policy decisions, sub-national governments are constrained within a clearly-defined policy framework articulated in the National Development Plan. This is an effect of the high level of indebtedness sub-national governments generated in the past decade – which caused a strong financial crisis in Colombia – but also of the national government's aim to affirm its authority all over the country. However, contracts are also a form to revive the political action of sub-national entities, which is critical that the investment strategies of the central government and of a given sub-national authority will be not only formally aligned (through the contract), but substantially co-ordinated by the act of will of an entire local community.

13. The Communal Councils were a national government programme, whose aim was to create opportunities for interaction and dialogue between citizens, sub-national authorities, and the national Government, to work together in solving problems, needs and concerns of citizens, and to encourage transparency, participatory democracy and strengthen institutional trust.

14. The central government began providing sub-national authorities with technical assistance in the 1990s. Actions were tailored to the needs of municipalities (*Programa de Desarrollo Institucional*) and departments (*Programa Mejor Gestion de los Departamentos*). Also, specific interventions targeted areas where illegal activities were more concentrated (*Laboratorios de Paz* and the *Programa Nacional de Consolidacion Territorial*). Although positive results were achieved, overall impact has been unequal across the country. This is due mostly to a lack of co-ordination of technical assistance. To overcome these issues, the 2010-14 National Development Plan in co-operation with the World Bank has launched a new and more integrated approach to promote institutional capital that is active both at the national level and at the sub-national level. The new approach aims to tailor interventions according to the different needs of local and department authorities, and it will directly support some 300 local authorities.

15. The Structural Funds and the Cohesion Fund are financial tools set up to implement the regional policy of the European Union. They aim to reduce regional disparities in terms of income, wealth and opportunities. Europe's poorer regions receive most of the support, but all European regions are eligible for funding under the policy's various funds and programmes. The current Regional Policy framework is set for a period of seven years, from 2007 to 2013. The Structural Funds are made up of the European Regional Development Fund (ERDF) and the European Social Fund (ESF). Together with the Common Agricultural Policy (CAP), the Structural Funds and the Cohesion Fund make up the great bulk of EU funding, and the majority of total EU spending.

16. Transparency International, 2012.

17. OECD, 2011b. The report *Government at a Glance* is based on data from the OECD National Accounts Statistics and Eurostat. Data for Australia are based on a combination of Government Finance Statistics and National Accounts data provided by the Australian Bureau of Statistics.

18. OECD, 2009.

19. Peer responses to the OECD Secretariat to the *OECD Questionnaire on the Multi-level Governance of Public Investment* of 2012.

20. OECD, 2007.

21. OECD, 2008.

22. Peer responses to the *OECD Secretariat to the OECD Questionnaire on the Multi-level Governance of Public Investment* of 2012.

23. OECD, 2013a.

24. Fernando Castro, 2009.

25. SINERGIA started with more than 900 indicators, which were reduced to 700 and then to a pool of 300, which remains a very large number anyway (World Bank, 2007).

26. www.oecd.org/ctp/fiscalfederalismnetwork/40832141.pdf.

Annex 4.A1

The case-study of Barranquilla

Introduction

This annex briefly illustrates the case of Barranquilla, a district municipality within a metropolitan area located in the north of the country, in the *Atlántico* Department. Although information collected in a single regional case-study cannot be sufficient to assess from a territorial perspective the general state of Colombia's multilevel governance, the experience of Barranquilla does provide some insights about the action of local governments within current governance arrangements. For instance:

- It provides an opportunity to assess the functioning of multilevel governance from a first-hand perspective on what local actors perceive as opportunities and challenges in the current multi-level governance mechanism.
- It provides information on the capacity of a local community to design and implement a development strategy that reflects the National Development Plan's main targets.
- It may suggest to the national level possible ways to balance fiscal sustainability with actions to promote regional development and the reduction of income inequality across the country.

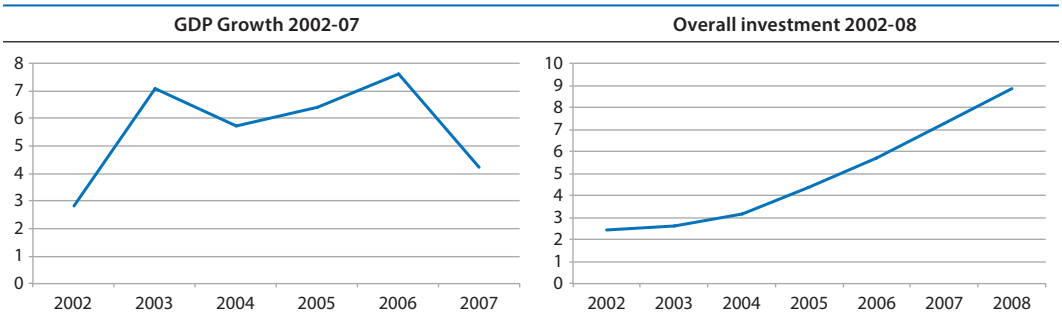
The annex is structured as follows. A first section provides information about the main socioeconomic trends in Barranquilla. The second assesses the multilevel governance framework at work in Barranquilla: it assesses the local dynamics related to decentralisation from the local perspective and illustrates some good policy practices. A final section focuses on lessons learned from the case study.

Main socioeconomic trends in Barranquilla

The District City of Barranquilla (Barranquilla, hereafter) has a total population of approximately 1.1 million inhabitants (2010) and is the core of a metropolitan area of 1.9 million, the fourth largest in Colombia. The Department has a total population of approximately 2.3 million (2010). Barranquilla is an industrial city with an important logistics platform in the form of a port. It is one of Colombia's maritime gateways; its positive economic performance is dependent on Colombia's commodities boom and sustained international consumption of the country's natural resources. The city is in the process of reclaiming the importance it had at the beginnings of last century during which it was known as Colombia's Golden Gate. Barranquilla was among the most liberal and safe places in Colombia and suffered of little levels of violence even in the most difficult years the country faced in the Nineties.

The region's economy and demography are on an upward trend. Barranquilla produced more than 4.2% of the national GDP in 2010 (Municipality of Barranquilla, 2013).[1] Figure 4.A1.1 illustrates the good trends in terms of the city's GDP growth. The international crisis had a relatively small impact on the local economy, and key stakeholders told the OECD delegation that current performance might return to the levels achieved before the crisis. The increase in overall investment (*usos del sector financiero*) is another illustration of the good performance of the local economy: total investment grew from 2.4 to almost 9 trillion pesos. The unemployment rate decreased from 16% in 2002 to 11% in 2008 and to 8% in 2012, while the local population increased by 4.4% between 2005 and 2008 (from 1.77 to 1.84 million). The city's population is also very young with an average age of 31 (one of the lowest among metropolitan regions in Colombia, and only slightly higher than the national average of approx. 30).

Figure 4.A1.1. **GDP Growth and overall investment in Barranquilla**



Source: DANE (2008), *Informe de Coyuntura Económica Regional Departamento de Atlántico, Convenio Interadministrativo No. 111*, www.dane.gov.co/files/icer/2008/atlantico_icer_II_sem_08.pdf.

The city's industrial mix is based on manufacturing, logistics and construction. In particular, the city owes its good economic performance to local manufacturing specialised in several sectors, including chemistry, mechanics, and food, which involve a large number of SMEs. This manufacturing pole generates increasing flows of imports and exports. These positively affect the local port which has become another driver of regional growth.

Barranquilla's port has become an important national logistic platform servicing Colombia and neighbouring countries. Movements in the port, for instance, grew from 4.5 million in 2005 to 7.5 million in 2011, after declining between 2008 and 2010 due to the international crisis. The construction sector was pushed by demographic growth and demand for housing; according to information collected in a study mission – it registered a 37% increase between 2011 and 2012.

Despite this good performance, the city still faces key challenges related to its poverty rate, which is still very high – at 36% compared to the national average of 34% – and goes hand in hand with large income inequalities, the scarce delivery of basic public services, lack of skills in both the local labour pool and in its own municipal workforce, and significant challenges to the region's environmental sustainability.

Despite positive economic trends, Barranquilla still grapples with significant inequality:

- A large number of inhabitants perceive themselves as poor. This is due to large inequalities in income distribution; these inequalities, which had remained static over a long time, are now beginning to be affected by the positive economic performance of the city. The GINI index of Barranquilla has been stable at approximately 0.53 between 2002 and 2008, and dropped to 0.46 in 2012 (Table 4.A1.1).[2]

- Poverty is spatially concentrated in specific neighbourhoods with a split between the poor areas in the south of the city and the more affluent areas in the north. This spatial pattern is also reflected in differences in the accessibility of key services such as sewage, drinking water, health care, education and so on.
- Concerning skills and human capital, Barranquilla reflects a national trend with a structural lack of qualified workforce. For example, the city displays an average schooling of just 8.3 years (Fundesarrollo, 2002) – the OECD average is 12. Lack of qualified workers could impinge upon the sustainability of the positive economic trends over the medium term.
- Last, the quality of the environment has suffered from unplanned growth over the past decades, which has reduced the overall quality of the environment; in particular, the urban community is completely cut off from the Magdalena River, the metropolitan area's natural border along the northeast of the city.

Table 4.A1.1. **GINI index in Barranquilla**
2002-08

2002	2003	2004	2008	2011	2012
53%	52%	53%	52.60%	47.20%	46.40%

Source: Information provided by the Departamento Administrativo Nacional de Estadística (DANE).

Barranquilla: Decentralisation at work

In Barranquilla, good economic performance and good governance are intertwined. While the influence of positive national trends is certainly strong, Barranquilla has been able to capitalise on local opportunity and implement key innovations in the relationship between local political power, the local business community and civil society. Improvements in local governance in Barranquilla can be illustrated by the trends in local fiscal revenues. In 2012, the city collected COP 1.6 *billiones*[3] (approx USD 900 million) which is three times more than what Barranquilla collected in 2008. Key representatives of the municipality of Barranquilla, including the mayor, consider the capacity to increase local revenues as a pre-condition to sustaining local positive trends. In fact, increased local tax revenues generated a capital of trust that the local government could use to attract more transfers from the centre and receive funds from the banks. In particular, since 2008, the municipality has engaged in a massive plan to reduce its operating costs. A number of public municipal companies were closed and workers were either fired or absorbed by the municipality. The municipality, in co-operation with banks, restructured and rationalised the local debt. It also ended a contract with a private company that had been charged of collecting local taxes (at significant cost to the local taxpayer). These structural changes allowed the municipality to increase local investment from USD 292 in 2007 to USD 796 in 2012. The current debt of the District City amounts to UDS 135 million.

The impact of decentralisation on local governance and economic performance[4]

The recent positive performance of Barranquilla is intertwined with positive national trend, yet owes also to decentralisation. Decentralisation allowed for more active citizens' participation and, in particular, for the direct involvement of the business community in the management of the City. To better understand the role decentralisation played

Table 4.A1.2. **Fiscal situation in Barranquilla, in USD**

	Concept	2009	2010	Var %
1	**Total income**	**1 032 046**	**1 184 132**	**14.7%**
1.1	Current	466 516	533 749	14.4%
1.1.1	Fiscal	408 616	467 970	14.5%
1.1.2	Non-fiscal	51 394	58 326	13.5%
1.2	Transfers	488 588	551 200	12.8%
1.2.1	National	482 081	543 748	12.8%
1.2.2	Others	6 507	7 453	14.5%
1.3	Capital	83 449	106 636	27.8%
2	**Total expenditure**	**1 074 143**	**1 295 460**	**20.6%**
2.1	Currents	136 261	136 801	0.4%
2.1.1	Operatives	122 919	126 530	2.9%
2.1.2	Debt interests	13 342	10 272	23.0%
3	Investment	937 883	1 158 659	23.5%
4	**Balance (1-2)**	**(42 097)**	**(111 328)**	**164.5%**
5	**Primary balance (4+2.1.2)**	**(28 755)**	**(101 056)**	**251.4%**
6	**Financing**	**157 903**	**126 212**	**-20.1%**
6.1	Net credit	100 000	28 084	-71.9%
6.2	Balance	51 903	98 128	69.5%
7	**Debt balance**	**296 155**	**324 905**	**9.7%**

Source: Colombian Government (2013), *PGR Background Report* (unpublished working paper).

in Barranquilla, the period since 1991 – when decentralisation was introduced by the Constitution – should be divided into two parts:

- After 1991, when the new Constitution enhanced local autonomy and obligated the central level to support local action with direct transfers, the lack of capacity in Barranquilla caused a dramatic increase of indebtedness. According to local stakeholders, the period up to 2007 was characterised by a net reduction of the availability and quality of public goods and by an increasing isolation of public authorities from the business community and civil society. The reduction in the quality of public goods affected regional competitiveness (i.e. declining conditions of the port and transportation infrastructure) and overall well-being. Declining framework conditions convinced the local business community to get directly involved in the control over public goods and in the definition of possible policy solutions to local challenges. Local investors took control of the port and privatised other infrastructure. They created a university (*Universidad del Norte*) to train human capital. They also created a think-tank in which managers from the private sector and experts in public policy could interact to create and diffuse information about the main challenges facing Barranquilla and possible solutions to them.
- As a result, in 2008, the residents of Barranquilla supported the election of a mayor belonging to Barranquilla's business community. The mayor had been the director of the local think tank and was supported by a team of young managers coming from the private sector. The capacity building actions put in place by Baranquilla's business community provided the new mayor with sufficient capacity and institutional support to introduce a series of radical reforms that immediately

enhanced the efficiency and effectiveness of the city. Although he had to leave office in 2012 – mayors can only be elected for a single four-year term – his successor was one of his closest collaborators, having previously played an active role in the local think-tank – and this guaranteed continuity to the reform process.

So, what is the overall impact of decentralisation on Barranquilla? To answer this question one should consider this u-shaped development trajectory of Barranquilla. This trajectory illustrates that autonomy to local governments was probably allocated too quickly, causing a large cost and a net decline of local public goods, but then, decentralisation fostered for the direct involvement of key local civil-society constituencies in building civic life, with a net benefit for the capacity of the municipality to plan its own development. These constituencies are now defining with the City a new development path for Barranquilla. Their direct knowledge about local opportunities and challenges allows the city government to design a development strategy that – while reflecting the priorities in the NDP – taps into the local strengths and assets and responds to local needs. The new institutional context and the stronger link with the central government have transformed Barranquilla into a laboratory where the all levels of government can engage in experimenting new policy solutions and new governance arrangements to support development and the reduction of inequalities.

Designing and implementing Barranquilla's development plan

The local development plan – *Barranquilla Florece para Todos* – covers three years (2012-15) and focuses on three main actions: promoting equity by providing people with better access to health care, education and housing; improving security by refurbishing public spaces in the poor areas of the city; and promoting competitiveness with a focus on the port. The local plan promotes visibility of local policy interventions and their transparency with the central level and citizens – who are given the opportunity to present proposals to be included in the plan. The monitoring and evaluation of the local plan is done in co-operation with SINERGIA, the evaluation body within the National Planning Department. The local development plan is in line with the NDP and with the Department Plan (*Atlántico Mas Social* 2012-2015). Some of the policy interventions currently implemented in Barranquilla are noteworthy:

1. Universidad a tu Barrio

This project tackles two main issues: first, reducing the cost to access college degrees and vocational training; and lack of technical skills in the city. In Colombia, a large number of students cannot afford to go to college due to tuition costs and transportation costs. For this reason the municipality promoted a system of diffused tertiary education and signed agreements with 10 universities to offer 72 academic programmes in 25 sites across the District City. This policy, called "University in your neighbourhood" started in 2012 and has already enrolled 4 500 students. The local government's goal is to reach 10 thousand in 2013.

Classes focus on key sectors for the local economy: technology programmes in shipping and port management, software development for tourism operation, health care (nursing). Students receive a small stipend to cover basic needs and have access to a 0%-interest loan that they can reimburse when working. The district municipality and universities takes over 50% of the overall costs. There are some basic requirements for accessing the programme:

- First, students must reside in the District City (local stakeholders told the OECD delegation that they received a large number of requests to participate in the

programme for students living in the Department or even from other departments, but they could not accept these requests as the cost would have been prohibitive).

- Second, students applying to the programme must have a degree from a public school ranked by the national evaluation system.

The project was inspired by a national programme focussing on education in rural areas. Local public authorities told the OECD delegation that they believed that a programme initially designed for sparsely populated areas could be effective in poor parts of a metropolitan area.[5] *Universidad a tu barrio* is a good example to illustrate how important is to have a proactive local government that has the capacity to identify good policies within the national framework (NDP) and adapt them into interventions that meet local needs. It has been so successful, in fact, that officials from several other urban communities have beaten a path to the door of the Barranquilla leadership to discuss how best to transpose the Barranquilla programme into their communities.

2. Barrio a la Obra

The aim of this project is to improve the quality of the road network in Barranquilla and of the overall built environment. The project was launched by the previous mayor with the aim to pave roads and sidewalks in deprived areas of Barranquilla. The poor conditions of the city road network did not allow the municipality to fulfil all requests. Accordingly the municipality decided to ask citizens to contribute to the financial effort by paying for the construction of sidewalks. Small portions of new paved roads were funded in several poor neighbourhoods which benefited from a net improvement of the overall build environment. So far, the third phase of the programme, begun in 2012 and still in place, produced 252 square meters of paved roads, equivalent to 42 miles of track with a total investment of COP 60 trillion. Citizens participated with an investment of approximately COP 100 million per linear kilometre.[6] So far the programme received a total of 1200 applications from communities to pave their neighbourhood. Communities are selected based on a chronological order of their application and on their actual capacity to cover all the costs related to the parts they are required to produce.

Barrio a la obra is an interesting policy experience and can be considered as a good practice for several reasons. While it is common in the OECD to see communities engaging in the co-production of public services, it is very rare that such services relate to transport infrastructure. The programme requires that the community organise the financial resources (savings and debts) and co-ordinate the production of sidewalks while the public sector paves the roads. According to local stakeholders, the local community develops a strong sense of ownership of the infrastructure and also controls that the quality of the outcome is good and responds to their expectations. The presence of paved roads and sidewalk has a tremendous impact on the build environment, both in functional terms (less affluent people can access to better transportation means and to public transportation) and aesthetics.

3. Feria Biba

This programme aims to deliver basic administrative services to poor neighbourhoods, where citizens suffer reduced mobility (lack of infrastructure and public transportation). The municipality organises a "Fair" in a given community bringing there its employees. Local citizens can interact directly with them asking information about services they may

be eligible for (support to education, health care, etc.). Citizens have also the possibility to ask for documents such as identity cards, and other kind of certificates.

By reducing the (physical) distance between the municipality and citizens, *Feria Biba* promotes the creation of social capital in the city. There is a direct empowerment of communities through the delivery of clear information about their rights and the possible ways in which they can access support provided by public policy. Better-informed communities are more resilient and more knowledgeable about their rights and opportunities. In turn, this condition facilitates the implementation of public policies as this builds trust in public institutions – citizens may be keen to co-produce parts of the public goods delivered by the interventions.

Challenges remain

Despite these positive trends, the local government still faces key challenges in ensuring a sustainable development path.[7] A first local challenge relates to the capacity to adjust the national development agenda to local needs. So far, the district municipality has been successful as there are clear needs in defined parts of the city and the policy outcomes are easy to measure: i.e. km of paved roads, number of students enrolled in tertiary education, number of citizens informed about the availability of given public goods. In other words, information is easily available both about the needs and the outcomes. In this context, monitoring and evaluation is straightforward, and co-operation with the local branches of *superintendencia* (watchdogs and fiscal control bodies) very easy. This system, however, is performing well when there are basic needs to be satisfied through basic policy interventions. The situation is different when the local government is required to produce public goods that are complex, respond to multiple and multi-faceted needs from different stakeholders simultaneously, and is difficult to evaluate in terms of outcomes and outputs. This is a condition that challenges all level of government in Colombia, not only the district municipality.

The public sector, for instance, is unable to deliver a strategy to support the competitiveness of the port, which is the key driver of the regional economy. The port experienced a long period of decline. When the port benefited from the improved economic performance of the country, the local business community invested directly in the port, which was privatised. This gave a new perspective to the port, which could become one of the main industrial ports in Colombia, and even an international hub for Latin America according to some specialised research (Rotterdam Marine Group, 2012[8]). However, poor co-ordination within the public sector impinges upon the development perspectives of the port. The formal structure of the public involvement in the Port of Barranquilla is laid down in a number of port-related laws. These laws allocate responsibilities for most of the essential port functions among different agencies. This non-transparent situation results in a paralysis with respect to new developments. Specialised research on the port (Rotterdam Marine Group, 2012) demonstrated that non-transparent formal structures result in inactivity. A significant number of activities that are essential for a proper execution of the port functions are not being covered. This situation certainly hampers the further development of the Port of Barranquilla and may not only lead to sub-optimal and inefficient operations but also to potentially dangerous situations for users (cargoes) and for environmental sustainability.

A solution could be the creation of a co-ordinating authority for the port, but this conflicts with the national approach to governance. The district municipality, the department and other public authorities active in the area could create a co-ordinating

body (a port authority) following the example of other port regions.[9] This would require a flexible regulatory system that can adjust to local conditions and deliver good governance. This, however, is challenging to achieve in a system like the Colombian one which is based on the strict formalisation by law of responsibility and competences, and that has such a strong focus on formal control by *superindendencias* which reduce the scope for experimentation and innovative governance solutions between public authorities.

Lessons learned in Barranquilla

In Barranquilla there are at least two policy lessons that could benefit the central government:

- First, the good performance of the national economy represents an opportunity to improve governance at the regional level. This window of opportunity should not be lost. Other regions, as Barranquilla, could possess a good level of capacity and could be involved in specific pilot-projects to improve equity and competitiveness at the local level. The recently designed mechanisms for institutional co-operation such as contracts and alliances could be used with these potential partners.
- Second, the case of Barranquilla demonstrates the positive aspects of the national planning system as well as its limits. For instance, the NDP requires that each level of government develops its own plan at the local level within the framework of the national strategy. By doing this, local government have access to a menu of possible policy interventions that can be activated in their community. The NDP, through SINERGIA, provides local government with performance indicators and also with a clear methodology to assess the results of the policy they are implementing. The existence of this policy framework is important, as mayors or governors have limited time to implement a development strategy due to the fact that they are in charge for a single four-year term.[10]

The planning system is not flawless, however. Actors involved in the design and implementation of policy have to follow a fast pace. As assessed above the NDP has to be prepared in less than 10 months. This may reduce the scope for innovation within the menu of policy interventions. Local stakeholders have a very short time to contribute to the national planning process and have to produce very defined and clear requests. So the system may tend to reject complexity and focus its efforts on issues that are relatively easy to tackle and that can produce visible and intelligible policy outcomes. This is reflected by the difficulties Barranquilla is encountering in delivering its policy to support regional competitiveness and in particular developing the port.

Although the single case of Barranquilla cannot be used to assess the performance of the current multilevel governance framework in Colombia, it provides some useful insights that could be taken into account in the next NDP and, more generally, in the decentralisation process:

- The quality of local policy makers is a key issue. In Barranquilla, civil society engaged in a long process to produce such capacity and generate broad public political consensus. This allowed the city to start a forward-looking and coherent development strategy, which built trust and stimulated local private investment.
- Local political constituencies are key partners for the delivery of the national development strategy and have the capacity to pool information about local challenges and opportunities and adapt the NDP system to meet local needs accordingly. On this basis, it could be worth engaging in some pilot projects to

verify whether it would be possible to introduce in the NDP some "wiggle-room" that allows for the design and implementation of complex projects that deliver advanced public goods whose production requires more than four years and whose evaluation also requires a long-term series of observations and analysis.

- This could be done through consultation processes working in parallel with the NDP process and following a diverse principle in which national and local public actors have the same power to influence key national development policy decisions (i.e. with local representatives on CONPES having the right to vote on NDP content…).

Notes to Annex 4A.1

1. Data refers to the Atlántico Department.
2. The trend in the local GINI coefficient is mirrored in plummeting local poverty rates. According to data provided by Barranquilla authorities, in 2011, 34.7% of the local population was poor (i.e. below the national poverty line). This proportion dropped to 30.4% in 2012 (compared to a national average of 32.7 in the same year).
3. Trillions.
4. Information has been collected in meetings with local stakeholders, during an OECD study mission in Barranquilla in February 2013.
5. According to local stakeholders, the national programme for rural areas is performing below the expectations due to the scarce demand for tertiary education in these regions.
6. The previous two rounds of the programme had paved 125 kilometres of reads and invested a total of COB 145 trillion.
7. There are some key challenges that are "exogenous" to the system. Public authorities, both at the national and local level, are not necessarily able to control them. For instance, there is, of course, a strict link with the performance of Colombia in terms of economic growth and democratisation. If the country keeps on doing so well in terms of GDP growth, Barranquilla will be facilitated in its action to promote a more inclusive community. Likewise, the success of the President's strategy to bring peace and democracy all over the country, would probably allow for an improved role for sub-national levels in the delivery of the national development agenda. But these are "exogenous variables" that the district municipality cannot influence.
8. Master plan for the development of the port.
9. OECD, 2013.
10. Discussing the national rule of limiting the mandate of local elected representatives to 4 years goes beyond the scope of this research and would require a better understanding of Colombia's territorial governance. The strict limit, however, could impinge upon the possibility of having a long term forward looking strategy for regional development. In Barranquilla, for instance, this issue was dealt with by creating a think tank preparing a strategy and having two key people of this organisation elected one after the other. This solution, however, requires a considerable effort and could not be actionable in all regions.

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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 confidant, 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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Annex A

Human resource management in Colombia

Introduction

Workforce-management reforms and the creation of a modern and dynamic human-resources management (HRM) system are essential to equip the public sector to play its part in Colombia's economic and social development. Effective integration of the management of the public-sector workforce into overall public-management reform efforts is central to ensuring that public-sector HRM supports the strategic needs of government. This will increase confidence that public institutions are productive, well-managed and operating in the public interest – for the good of citizen and the benefit of the country.

This review of HRM in the Colombian government addresses four key reform areas, so that HRM becomes a strategic enabler for good governance and improvements in public-service design and delivery:

- Strategic workforce planning and management;
- Strengthening the capacity for acquiring and retaining talent and improving skills and competencies;
- Enhancing performance-orientation and building leadership;
- Strengthening human-resource management reform.

Reform in these areas will help the government of Colombia in its efforts to create a more efficient and effective public service that is forward-thinking and strategic in its outlook, comprised of 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.

Strategic workforce planning and management

The experience of OECD countries shows that strategic workforce planning and management are essential for governments to ensure that the public-sector workforce is able to meet the changing needs of government organisations in a cost-efficient manner. Governments need to be able to control and plan the size and cost of their workforce. They also need to plan and manage the workforce in a strategic way so that individual organisations are able to achieve their objectives and whole-of-government goals are met. This requires an appropriately structured workforce with the right competencies and the flexibility to deploy the workforce in line with operational requirements.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Workforce planning and management involve:

- The ability to track employee numbers, costs and competencies (compensation policy and pay management are also key tools for managing the cost of the workforce);
- Alignment of workforce planning with the strategy and planning of each government organisation;
- Flexibility in workforce management;
- A whole-of-government perspective on allocations across sectors and on the overall size and cost of the workforce; and
- Managerial accountability for workforce planning.

Workforce numbers and organisation of the public service in Colombia

The Colombian government employs approximately 1.16 million public servants at the national and regional levels in the executive, legislative and judicial branches of government, and in its autonomous entities.[1] These figures include teachers, police and military personnel and health service personnel. The executive branch is organised into centralised and decentralised agencies (see Chapter 2). The national government comprises the office of the President of the Republic, ministries (of which there are 16) and administrative departments. Governorships (32) and municipalities (1102), superintendencies, public establishments and industrial or commercial companies of the State make up the executive branch at the regional level. There are 211 entities at the central level and 5 979 at the regional level.[2] In May 2013, the Colombian Administrative Department of the Civil Service (DAFP)[3] reported having hired a further 64 000 provisional employees to respond to temporary needs, thus increasing capacity across national entities. Table A.1 shows the composition of public service employment.

Table A.1. **Composition of public service employment in Colombia (2012)**

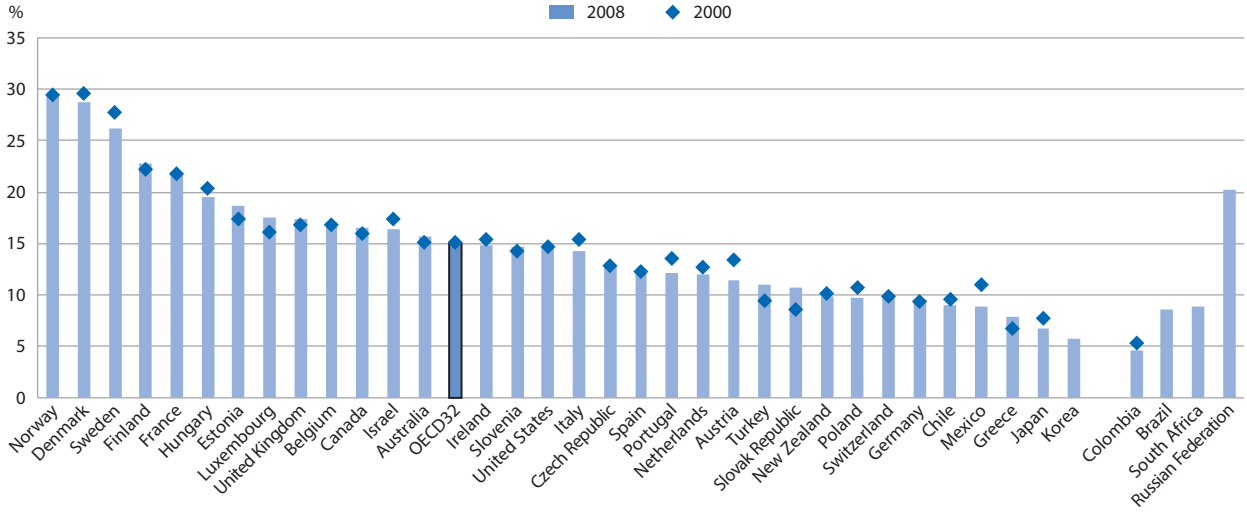
Sectors and entities	Total	Percentage
Total personnel in the public administration	1 164 696	100
1) Personnel in the central administration	670 161	57.5
Ministries, administrative departments, superintendencies, public establishments, state enterprises and other administrative entities	147 253	12.6
Uniformed military and personnel	440 007	37.8
Employees in the legislative branch	835	0.1
Judicial branch	48 081	4.1
Autonomous entities	33 885	2.9
2) Personnel in the regional administration	494 635	42.5
Teachers and education personnel	338 733	29.1
Health personnel[a]	52 054	4.5
Other employees in the regional level	103 038	8.9

Note: a. As reported by DAFP in May 2013, this number only includes core staff working in hospitals, not taking into account outsourced personnel services.

Source: Data provided by the Administrative Department of the Civil Service (DAFP) Colombia.

Based on internationally comparable data shown in Figure A.1, Colombia appears to have a small public workforce. Total government employment (employment in general government and public corporations) accounted for 4.7% of the labour force in 2008. According to these data, government employment in Colombia is extremely small compared to the OECD average of 15% and well below other Latin American countries such as Brazil, Chile and Mexico.

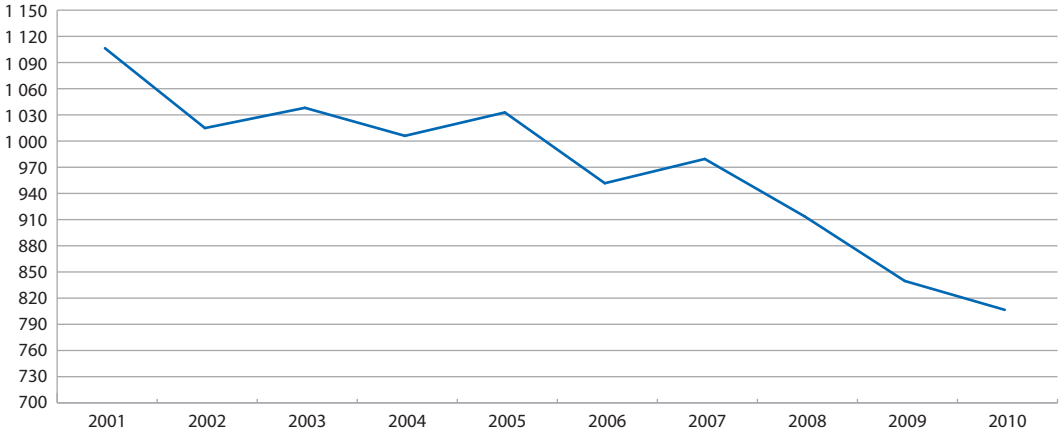
Figure A.1. **Employment in general government as a percentage of the labour force, 2000 and 2008**



Source: International Labour Organisation (ILO), LABORSTA database. Data for Turkey are from the Ministry of Finance and the Turkish Statistical Institute. Data for Japan for employment are from the Establishment and Enterprise Census. Data for Korea were provided by government officials.

There may be several explanations for the small size of the government workforce. Fiscal pressures led to a freeze in payrolls in 2000. Under legislation enacted in 2000, staff costs cannot grow in real terms. As illustrated by Figure A.2, employment fell by approximately 20% between 2001 and 2010. While the staffing restriction was lifted in 2011 to allow for hiring for two years to enable the implementation of the National Development Plan 2010-14, the impact to date on employment has been relatively minor. Another contributory factor may be that recruitment to the career public service was

Figure A.2. **Variation in the level of total employment in the Colombian public sector**



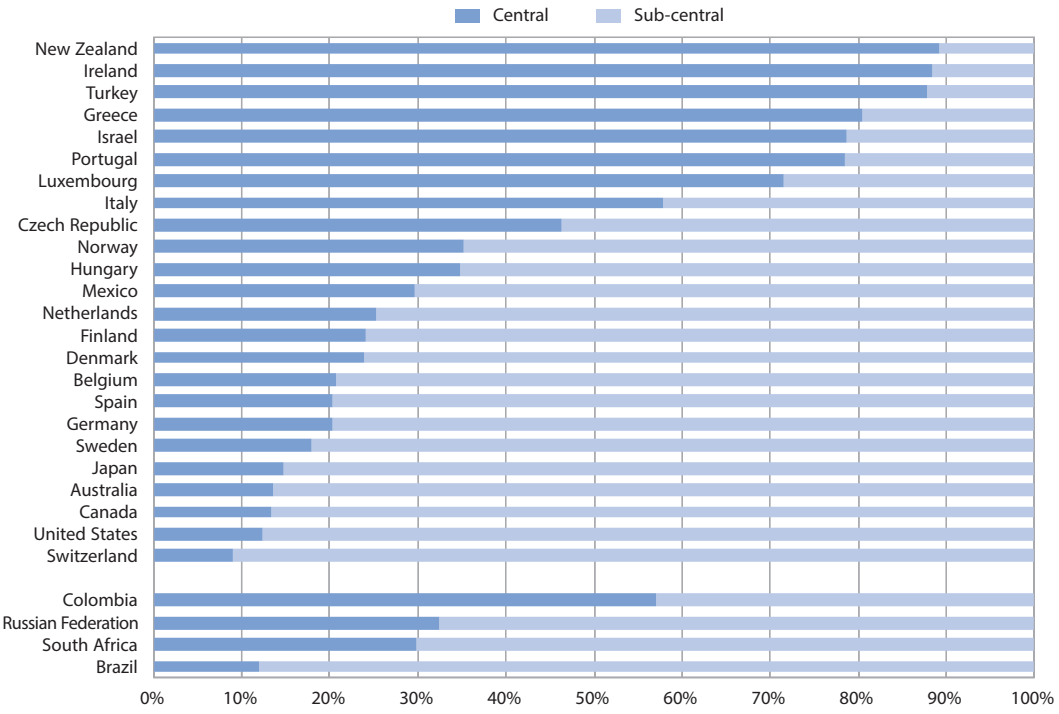
Source: International Labour Organisation (ILO), LABORSTA database.

suspended between 1999 and 2004 due to a ruling by the Constitutional Court regarding the legality of the recruitment process. While recruitment resumed in 2005, there is a large backlog of vacant positions, and budgetary restrictions remain in place. As demands on the state continued to grow during this period, workforce needs were met by hiring significant number of off-payroll staff. The actual number of employees in the public sector is therefore understated, since it is not possible to get an accurate figure for the number of off-payroll staff. Another probable reason for the small size of the public workforce is that public employment in the health sector is low by comparative standards as most healthcare workers are employed as private contractors.[4]

The share of government employees at the sub-national level is an indicator of the degree of decentralisation of Colombia's public administration; that is, the extent to which responsibilities are delegated to regional and local governments (see Chapter 4). The majority of OECD member countries have more employees at the sub-national level of government than at the central level (Figure A.3). In Colombia, 43% of the total public workforce is located in regional and municipal government, with teachers accounting for the bulk of this employment (Table A.1). Healthcare services are delivered at the department/regional and municipal level; however, as noted above, most health-sector employment is currently organised through contracting arrangements and is therefore not included in the public employment figures.

In contrast to the situation in most OECD member countries, the Colombian public sector workforce is relatively young, with only 26% over age 50 in 2012 (Figure A.4).[5] Colombia therefore does not, on the whole, face the challenge of an ageing workforce that characterises public-sector workforces in many OECD countries. However, there are some

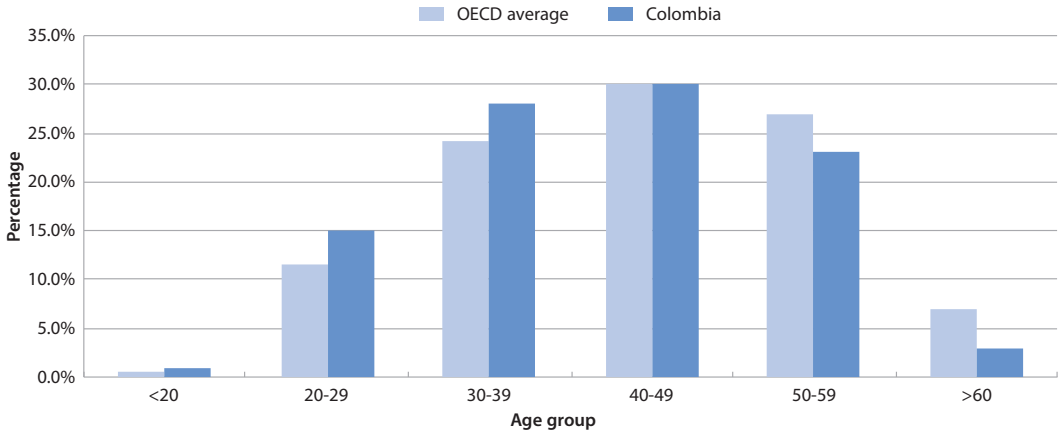
Figure A.3. **Distribution of general employment between the central and sub-central levels of government, 2008**



Source: OECD (2011c), *Government at a Glance 2011*, OECD Publishing, Paris. Data for Colombia provided by the Administrative Department of the Civil Service (DAFP).

public-sector units in Colombia where ageing is an issue. For example, in the Ministry of Defence, one third of staff is due to retire by 2015 and the ministry is using this to restructure its workforce and raise the level of qualification of its staff.[6] This is a good example of strategic workforce planning in action.

Figure A.4. **Comparing the age structure in the public service in OECD countries and Colombia**

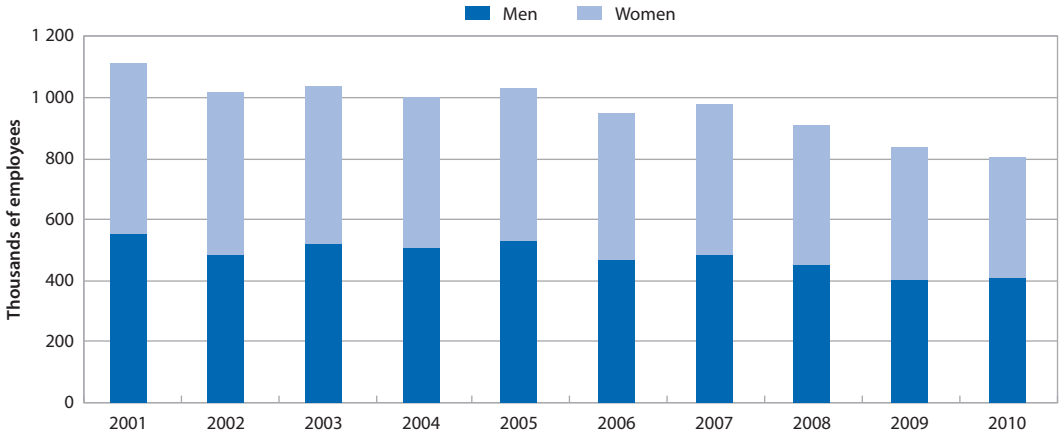


Note: OECD average 2009. Colombia average 2012.

Source: OECD (2010d), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris. Data for Colombia provided by the Administrative Department of the Civil Service (DAFP).

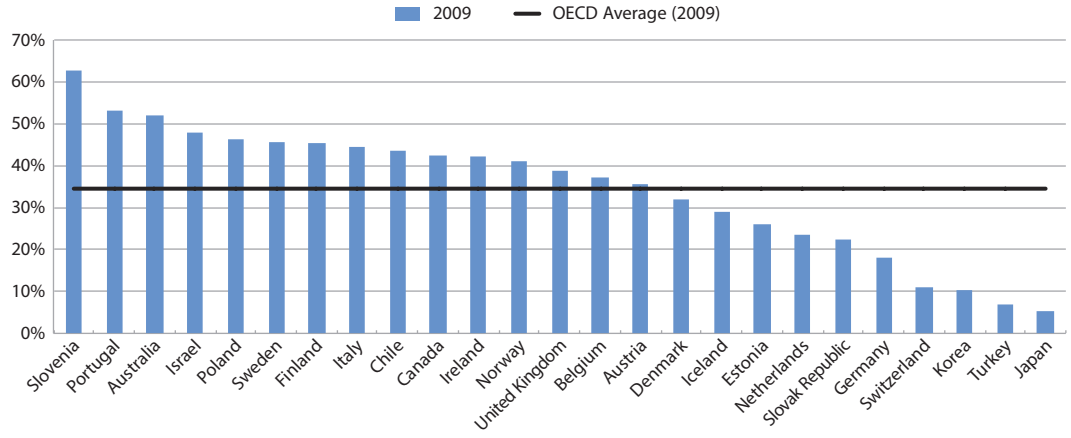
Colombia has a strong commitment to equal opportunities for women in the public service. Organisations must include in their monthly staffing report the number of women employed. Legal quotas are in place. In 2010, women made up 50% of public employees (Figure A.5) and there is a legal requirement that 30% managerial positions be staffed by women. However, during the review the OECD had no access to official data on the percentage of senior management positions currently occupied by women to verify this. In OECD countries, the average representation of women in senior management in 2009 was 35% (Figure A.6).

Figure A.5. **Distribution of public employment by gender in Colombia**



Source: International Labour Organisation (ILO), LABORSTA database.

Figure A.6. **Percentage of senior positions in central government filled by women, 2009**



Source: OECD (2010), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris.

Managing the growth, allocation and cost of the government workforce is likely to present significant challenges in the coming years, for which the Colombian government will need to prepare. There is pressure to expand and restructure the workforce as the public sector takes on new roles to meet new priorities as Colombia continues to develop its economy and society. An essential step in meeting this challenge will be to have better data on public-employment numbers, trends and compensation costs to inform government decision-making on resourcing. Sound data is also a key means to hold the management of each organisation accountable for workforce planning and management. Colombia currently lacks workforce-planning and budgeting tools to achieve its goals regarding efficiency and staff costs – both within most individual organisations and on a whole-of-government basis.

The Colombian government has launched the Public Employment Management Information System – SIGEP. This system, beyond compiling the information of public servants, becomes a tool to enhance planning, development and management of the public service. The SIGEP has three subsystems; institutional organisation, human resources and customer service (defined in Decree 2842 of 2010). The system is in the information stage at different levels of government, in compliance with its deployment plan. In this regard, the system has information that could be useful to support management and planning of the workforce. SIGEP's website (www.sigep.gov.co) has a section that allows the generation of quantitative information reports about national public institutions, its organic distribution, branches of government, legal status, administrative sector, hierarchical levels and plant personnel.

While the Colombian government has, since 2000, exercised strict control on the growth of staff costs, additional control could be achieved by reducing the reliance on off-payroll staff and contractors. Tools used in various OECD countries to ensure the appropriate use of off-payroll staff include improved reporting of staff numbers (including off-payroll staff), frameworks for holding heads of government organisations accountable for workforce planning (including their decisions about the use of temporary staff and contractors), and, in a tight fiscal environment, restrictions on hiring of off-payroll staff. The practice in several OECD countries which carry out whole-of-government assessment and analysis of the government workforce may be of interest to Colombia. As shown in the examples in Box A.1, this enables governments to keep track of overall numbers of employees and to be in a position to assess the impact on the wider labour market, as well as promoting a strategic dialogue on HRM across levels of government.

Box A.1. Workforce information management practices in Belgium, Canada, the United Kingdom and Brazil

In 2004 **Belgium** implemented the SEPP Project as a standard methodology to count civil servants in each of the federal public services. It takes into account the paid workforce of a service, including management, statutory and contractual staff. The methodology includes strict time parameters for counting staff to avoid the problem of constant flux of the workforce due to flows in and out of employment. SEPP provides an estimation of an employee's cost based on the real latest paid salary, an estimation of the average cost of existing personnel and a standardised definition of the overhead costs. SEPP is used annually in the workforce planning process and monthly to track progress of the workforce plan. The government uses SEPP on a yearly basis to analyse the risk level for all services in their workforce planning process and to avoid bankruptcy (*ex ante* control) which is published in the Personnel Plan Assessment; and every four months to analyse the evolution of the number of civil servants.

Canada has a 'Public Service Management (PSM) Dashboard' which pulls together data from different systems, such as the central payroll system, department-specific data systems, recruitment systems, etc. The PSM Dashboard is an online suite of information and knowledge transfer tools developed to meet the performance monitoring and reporting needs of central agencies, as well as to inform decision making by deputy heads and departmental HR officials. It contains more than 250 performance measures accessible to over 1 700 users across the public service. The PSM Dashboard will eventually incorporate additional performance measures, toolkits, hyperlinks and functionalities to enable a high-performing public service.

The **United Kingdom** publishes the Business Plan Quarterly Data Summaries (QDS) designed to provide a quarterly snapshot on how each department is spending its budget, the results it has achieved and how it is deploying its workforce. Their primary purpose is to make more of the management information currently held by government available to members of the public on a regular basis in an easy-to-read format. The UK government intends for an annual version of this information to be formally laid in Parliament in an Annual Report and Accounts. The QDS template is the same for all departments, though many of the individual indicators are unique to the department (especially input and impact indicators). In addition, there is monthly management information on staff numbers and pay bill costs in Cabinet Office and non-consolidated performance-related pay data for Cabinet Office.

Brazil's Ministry of Planning Budgeting and Management publishes every month a Personnel Statistical Bulletin (*Boletim Estatístico de Pessoal*). It contains data on personnel expenditure, distribution of staff by organisation and entity of the federal administration, the number of public servants and the distribution based on the level of remuneration, as well as information on the profiles of jobs contained in the job structure.

Source : Huerta Melchor, O. (2013), *The Government Workforce of the Future: Innovation in Strategic Workforce Planning in OECD Countries*, OECD Working Papers on Public Governance, No. 21, OECD Publishing, Paris, http://dx.doi.org/10.1787/5k487727gwvb-en.

Given ongoing budgetary pressures and the restructuring of the public service to meet changing needs, the range of instruments used to adjust staffing in the Colombian public service will undoubtedly have to expand. The approach taken to date has been to restrict recruitment, and this has created its own pressures. OECD countries have considerable experience in managing their public-sector workforces through difficult times; this experience shows that it is preferable to use a combination of HRM instruments, as outlined in Box A.2. To the extent that the Colombian authorities can develop such key HRM instruments as workforce planning, improved recruitment methods, strategies to re-train staff and redeployment mechanisms, they will be in a better position to manage their workforce in full respect of the government's fiscal framework.

Box A.2. **Restructuring the government workforce: Lessons from OECD countries**

The workforce implications of any public service reform or innovation need to be considered and planned for from the outset, both in terms of any anticipated staff reductions or redeployment and in terms of managing the change so as to minimise disruption, protect capacity and continuity of service, and avoid to the extent possible depleting trust or eroding morale.

Workforce reduction and reallocation measures should not be stand-alone but part of broader reforms. There appears to be scope for making better use of a combination of instruments to manage the workforce, particularly through better integration of HRM instruments – such as workforce planning, skills strategies and redesign of work – with budgeting instruments, such as automatic productivity cuts, performance management and programme/spending reviews.

Using a combination of instruments can help reduce the disadvantages associated with any one instrument. For example, spending reviews can help target cuts, instruments that drive ongoing productivity improvements may reduce the need to resort to ad hoc cuts, investment in skills renewal and support for redeployment of staff can help to preserve capacity and maintain the trust and morale of employees.

Large scale downsizing is the most problematic option for workforce adjustment. Assessments have highlighted a variety of negative effects on the capacity of the workforce as well as on trust and morale, and questioned the longer-term sustainability of staff reductions achieved in this way. Citizens could also lost trust if downsizing undermines the continuity of services. If governments feel they have no option but to embark on such programmes, they need to be aware of these risks and take steps to minimise the adverse effects. Experience suggests that close attention to managing the human aspects (for remaining staff as well as those leaving) and use of strategic workforce planning to assess workforce requirements in advance of implementing cuts are essential elements in this regard. A differentiated approach to staff reductions appears preferable to across-the-board cuts.

Recruitment freezes are probably the most detrimental approach to downsizing, because they are indiscriminate and they limit the ability of organisations to restructure and reskill. Moreover, as they tend to be protracted, the negative impact on the morale of staff and managers and on the capacity to deliver services is likely to be significant.

Redeployment arrangements in the context of staff reductions can help to retain skills and experience, and moreover help manage the industrial relations aspects of downsizing. More needs to be done also to break down barriers to redeployment and mobility, in order to support the restructuring of services and optimal use of skills.

Source: OECD (2011), *Public Servants as Partners for Growth: Toward a stronger, leaner and more equitable workforce*, OECD Publishing, Paris.

The broader challenges facing Colombia include the need to ensure that expansion of the public workforce results in the improved design and delivery of public goods and services and to avoid a situation where public employment absorbs too much of the educated, skilled labour force, which is relatively small, thus distorting the labour market for the rest of the economy. This makes it essential for the government to develop the budgeting, workforce-planning and performance-management tools to enable it to pursue whole-of-government goals regarding public employment and the productivity of the public-sector workforce.

Effectiveness of employment arrangements for workforce planning and management

The management of the public workforce in Colombia is framed by detailed Constitutional and legislative provisions. While the legal framework reflects a strong commitment to break with Colombia's history of political patronage by establishing a professional, merit-based public service, it has given rise to unintended rigidities in staff management. The Constitution contains ten articles on the civil service. These provisions are prescriptive; instead of framing general values and principles, they have, in some respects, proved to be a source of inflexibility in the management of the civil service, because by definition constitutional provisions are difficult to change. For example, there is a constitutional requirement that every public-sector position have its duties determined by law or regulation. This has given rise to a system of very detailed manuals on job descriptions; this situation makes it difficult to transfer staff between positions. These job-description manuals are very rigid in specifying what profile of person can be appointed to a position. In May 2013 DAFP reported that they are currently reviewing Decree 2539 of 2005, which sets out all common (behavioural) competencies by hierarchical level. DAFP is also participating in the implementation of the "National Skills and CONPES Document No. 3674", which establishes the "Policy Guidelines for Strengthening the System of Human Capital Development". Both works will serve as input in adopting a new methodology for the production of manuals regarding functions and competencies.

The workforce-management system is strongly focused on compliance with rules and controlling inputs on the number of positions and staff budgets. However, the current arrangements do not provide adequate scope for human-resource management to match the workforce to the needs of public organisations regarding numbers, competencies and performance of employees. One key challenge for the Colombian authorities will, therefore, be to combine the legal framework for public-service employment with a more flexible and strategic system of human-resource management.

Public employment is regulated by Law 909 on the Administrative Career and Public Employment and Management (2004), designed to reinforce the merit-based civil-service system which was established in the 1991 Constitution. This legislative framework reflects Colombia's commitment to establishing sound human-resource management principles and systems to enable the public service to function effectively.

There are four main types of employees in the public sector:

- Public employees
- Official workers employed on a special category of contract, in publicly owned industrial and commercial entities
- Employees under private law contracts who work in mixed ownership companies
- Members of "public corporations" – elected officials

Public employees fall into the following categories:

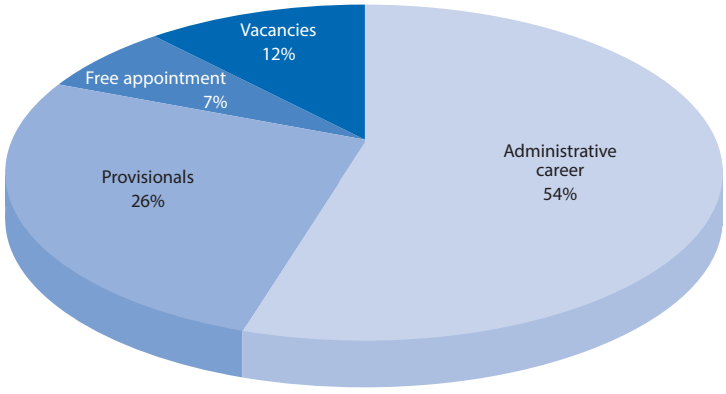
- Career positions in the Administrative Career, for which recruitment is based on merit;
- Positions that are subject to free appointment and dismissal (senior management positions, advisers and other "positions of trust");
- Fixed-term employment (ombudsmen, members of the regional autonomous corporations, members of regulatory commissions, the comptroller and procurator fiscal, directors of state industrial and commercial enterprises, judges, heads of internal control at the territorial level);

- Casual officers (provisional staff on career posts, supernumeraries, temporary employees and personnel hired on service contracts).

In the national Executive branch, excluding uniformed personnel, an estimated 10% are freely appointed posts. In the military, education, and judicial branches (except judges) it is estimated that almost all staff are career public servants.[7] The use of various types of casual employment (provisional staff, temporary staff, supernumeraries, staff hired through service contracts) is widespread due to problems affecting the recruitment system for career positions and budgetary restrictions on the hiring of permanent staff.

Career positions can be filled by provisional staff while an organisation is waiting to recruit permanent staff. The total number of provisional staff employed in the civil service is estimated to be around 40 000 at present; around 3.3% of the total staff.[8] However, when the military, education and judicial branches are excluded, an estimated 10% of career posts are filled by provisional staff.[9] Due to lengthy delays in the recruitment process, provisional staff can be a relatively large proportion of the total staff of ministries and other public organisations. In some ministries, 50% or more of career positions are filled by provisional staff.[10] The same situation is observed in sub-national levels of government (Figure A.7). Although provisional staff may be employed for long periods, there is no way of regularising the position of provisional staff; their employment is terminated when the position is filled by a career civil servant.

Figure A.7. **District public employment composition (public employees) in Colombia, 2012**



Source: Information provided by the Administrative Department of the District Civil Service of the City of Bogotá.

Temporary staff employed on short-term contracts are supposed to be used to meet short-term needs, with contracts limited to one year, but they are not considered to be public employees.[11] However, it appears that extensive use is made of short-term staff to carry out core work, because organisations do not have sufficient positions to hire permanent staff, or in order to bring in people with better qualifications. Frequently, contracts are rolled over so that short-term staff may, in reality, work for an organisation for an extended period.

In the health sector, which is largely decentralised to states and municipalities, many jobs are sub-contracted. Healthcare professionals have formed co-operatives through which they contract their services to public healthcare institutions. This is regarded by the Colombian government as a major barrier to delivering health services efficiently and effectively. Currently, the government is seeking to regulate health-sector employment by introducing direct employment provisions.

Casual and contractual employment arrangements provide necessary flexibility for organisations to meet short-term demands for resources, to bring in specialised skills where capacity is lacking or to contract out certain non-core functions. However, the recourse to casual and contract staff to carry out core work undermines the principle of a merit-based professional civil service and gives rise to instability in the employment system for both employers and employees. Moreover, it risks creating tensions among casual staff, who are regarded by managers as essential to the functioning of organisations, but who have few employment rights. There is in effect a two-tier employment system in Colombia's civil service, with significant numbers of casual staff, hired on a discretionary basis by managers, working alongside tenured civil servants, often doing the same core work and often employed for considerable periods, but without security of employment or access to the terms and conditions of employment enjoyed by career civil servants.

Several factors have given rise to this situation. While budgetary restriction on new hiring is certainly one cause, several features of the human-resource management system are also implicated:

- First, while there has been significant restructuring of the public service, the budgeting and workforce-planning tools that would enable staffing to be adjusted quickly or easily to changing organisational needs are lacking;
- Second, the recruitment process can take several years and does not necessarily result in the selection of staff whose competencies correspond well to the requirements of the employing organisations;
- Third, organisations are legally required to recruit on the basis of detailed and rigid descriptions of the functions of each individual position, as noted above. Revising job descriptions is complex and time-consuming. This makes the recruitment process onerous and inflexible and can make it difficult to recruit staff with the right competencies;
- Fourth, managers are inclined to hire casual staff because of the difficulty of recruiting, reallocating or dismissing permanent staff and because they seem to have few effective ways to manage the performance of permanent staff.

The current employment framework creates an incentive for managers to hire casual staff in order to circumvent the rigidity of the civil service employment and recruitment system and budgetary restrictions. Otherwise, managers have little scope for flexibility in hiring and dismissing career civil servants or in reallocating staff in line with operational requirements. Filling positions within a reasonable time with staff who have suitable competencies was cited by managers as their biggest challenge. It is not unusual for organisations to present a high number of vacant positions.

There is virtually no mobility, as civil servants are appointed to a particular position and must sit a competitive public examination to change jobs. This means that new staffing needs have to be filled, in the main, by creating new openings which are filled by recruitment rather than by redeploying existing staff. The system of description manuals which lay down the requirements of each position is an impediment to inter-position mobility.

There are strong protections on employment tenure and it is very difficult to dismiss staff. Redundancies do not seem to be an option when reorganisations occur, even if staff are surplus to requirements. In theory, the Constitution provides that civil servants can be dismissed for poor performance; however, in the absence of an effective performance management system, it appears virtually impossible to dismiss staff except for serious misconduct.

Colombia could focus on streamlining its recruitment and mobility policies and processes

Building on the merit principle enshrined in the Constitution, the objective now should be to stabilise the employment system so that the government can achieve its aim of staffing the public service with career civil servants recruited on merit. The use of temporary and contractual staff to meet short-term or cyclical demands for resources (e.g. seasonal effects) or to bring in specialised skills where capacity is lacking is entirely legitimate. However, the use of such categories of staff to perform ongoing work in the place of normal employment processes should be restricted. This will need to be done on a phased basis, in co-ordination with improvements to the recruitment system, so that organisations continue to function effectively while the staffing mix is adjusted. The government of Colombia should also persevere with measures to reduce the reliance on contractors to carry out most of the work in the health service.

The use of provisional staff to fill permanent positions should be phased out as the recruitment system is improved and steps should be taken to prevent any further increase in the numbers of provisional staff. The situation of existing provisional staff will need to be addressed in a pragmatic way in the interests of fairness and in order to avoid the loss of valuable skills from the public service. Consideration should be given to regularising the employment situation of these staff. There are several ways this might be achieved. Better alignment of recruitment criteria and procedures with the needs of hiring organisations, thereby placing more weight on substantive merit would, most likely, result in provisional staff being able to compete successfully for positions they are already filling. Another option is that Colombia might look to the example of Mexico (see Box A.3), where there is provision for existing employees to be appointed through a formal process of certification of their skills and qualifications. Colombia could therefore consider using the certification of competencies and skills to give existing temporary staff more instruments to take part in the selection and recruitment process as defined by the Constitution.

Box A.3. **Certification in the professional career service: Mexico**

In 2003 Mexican federal government adopted the Professional Career Service (Servicio Profesional de Carrera, SPC) that covers most of the professional and middle management positions in over 70 institutions in the federal public administration. Existing employees occupying these positions were required to improve their capabilities and demonstrate their abilities through a certification process conducted by the National Centre for Evaluation (CENEVAL). Public employees were given a period of three years to pass the certification process so as to be considered as part of the SPC.

Source : OECD (2011), *Towards more effective and Dynamic Public Management in Mexico*, OECD Public Governance Reviews, OECD Publishing, Paris.

In tackling the challenges relating to casual staff, an essential step will be to reorganise the recruitment system. It must be capable of providing public organisations with the right staff with the right skills at the right time so that they do not need to resort to hiring so many casual staff. The situation would also be improved by creating the possibility of staff mobility and redeployment within and between organisations, so that new hiring is not the only way to fill vacancies. The chief impediments to this appear to be the system of position descriptions and the requirement to fill every vacancy through a recruitment

competition. Replacing the current description-manuals with competency-based job profiles and the development of generic profiles would provide organisations – indeed the entire government – with better scope to align recruitment criteria with required competencies required and to heighten the fluidity of staff mobility within and across institutions government-wide.

Consideration could also be given to introducing redeployment provisions as a workforce management tool. OECD countries are making increasing use of such provisions to facilitate the restructuring of public services, as they make it possible to redeploy surplus staff into vacant positions, provided they are qualified to do the job (OECD, 2011). Retraining is an essential support for redeployment programmes and in several countries redeployment is organised through a central redeployment "pool" or register.

Strategic workforce planning

As noted in a recent OECD report (OECD, 2012a) strategic workforce planning is a dynamic process that ensures that an organisation has the right people with the right skills in the right place at the right time to deliver short and long-term organisational objectives. Sound workforce planning identifies mission-critical occupations and the essential competencies to meet organisational goals while detecting competency gaps.

The OECD 2010 survey on strategic human-resources management found that of the thirty-six member countries that provided information on strategic workforce planning, all but four have forward-looking planning in place to make sure that government has an adequate workforce to deliver services. The most common approach is to leave the design of the workforce-planning framework to the discretion of the different organisations, although a number of countries have a formalised and regular whole-of-government process in place for workforce planning.[12]

The experience of OECD countries shows that developing strategic workforce planning takes time; it is usually better to pursue an incremental approach to its implementation, rather than introducing overly sophisticated methods in a system which may not have the capacity to integrate and use them meaningfully (OECD, 2012a). The effectiveness of workforce planning in OECD countries has been reinforced by:

- Linking it to the strategic planning of organisations, including business forecasting and planning; budgeting; accountability and reporting mechanisms for managers; and strategic HRM.
- Making it an integral part of the performance management framework of organisations.
- Increasing the use of competency-management and developing strategies to address competency gaps (OECD, 2011).

Although Colombia is creating a central workforce database for the public service and is establishing sound accounting for workforce numbers and costs, the tools to support strategic workforce planning across the public service have not yet been fully developed. The Ministry Defence and the Ministry of Education, the government of Colombia's two largest employers, have developed their own methods; this thus represents an important step in establishing strategic workforce planning for the public service as a whole:

- In the Ministry of Defence, there is a multi-year strategic workforce plan for the military and the police, as well as an annual plan. This has enabled the Ministry to adapt its staff mix over time to meet changing demands.

- In the Ministry of Education, workforce planning takes account of demographic trends and pupil-teacher ratios.
- In both ministries, there is more flexibility to manage the workforce than in the Colombian public service in general, due to the existence of special career systems and more effective performance-management systems.

Aside from these two ministries, workforce planning does not appear to go much beyond organisations indicating their future hiring needs as new priorities arise, to which the relevant central agencies react:

- As currently organised, the system focuses largely on controlling staffing inputs in each individual organisation. The Administrative Department of the Civil Service (DAFP) is responsible for determining the staff numbers and staff profile of each organisation, based on a workload formula determined by the Ministry of Planning. The staff budget for each organisation is determined by the Ministry of Finance, based primarily on considerations of affordability, and tends to reflect historic budget allocations rather than forward-looking and performance based budget processes, thereby creating managerial rigidity. The creation of new posts requires a presidential decree.
- Dialogue between individual organisations and the DAFP or the Ministry of Finance focuses on requests for additional positions based on new activities, rather than strategic analysis aimed at matching the workforce to the organisation's accountabilities and performance targets. There is little indication that organisations have an overall strategic view of their workforce or of possible strategies to increase efficiency and generate savings on workforce numbers and costs. Nor do organisations have the tools to engage in competency management by analysing and planning their competency needs in terms of their organisations' priorities and targets. Overall, organisations have very limited flexibility to manage their workforce numbers and structure (other than by hiring casual staff) compared to OECD countries.

While tight *ex ante* controls on the number of positions and the staff budget serve their purpose of controlling costs, they tend to inhibit workforce planning and circumscribe the role of management and HRM in managing the workforce. With the focus is on micro-level controls at the level of each individual organisation, what is missing is a whole-of government strategic workforce analysis in terms of numbers, costs and allocation of staffing resources across the public service. As a result, there is no opportunity to make strategic choices and trade-offs regarding workforce planning, and no methodology exists which might support such an approach. This is reflected in an apparent disconnect between decisions to restructure government organisations and create new bodies and decisions on workforce numbers, with the result that the implementation of important structural reform is held back by inadequate provision for managing the staffing implications of the restructuring decision.

Colombia could strengthen its workforce-planning capacity

Colombia has made an important start in establishing the foundation for workforce planning by collecting centrally the workforce data from ministries and other public service organisations. Simply understanding the size and structure of the workforce is a first stage in developing workforce management information that can be used to guide on-going HRM reforms. The work by DAFP to develop the workforce database and human

resource information system (HRIS) should be considered high priority. An effort should be made to include data on the various categories of casual staff in the database in order to support ongoing efforts to stabilise the employment system. Colombia can benefit in this respect as well from its Management and Information System of Public Employment (SIGEP),[13] a tool with the potential to enhance the workforce planning, development and management beyond data collection.

Developing good workforce information will enable Colombia to develop a whole-of-government perspective on allocation of the workforce across sectors and on the size and costs of the workforce. This should provide the basis for a more active and forward-looking approach to workforce planning, linking it to government priorities, fiscal planning and the budget cycle.

There is an urgent need to review the resourcing levels in different government organisations and to reallocate staffing resources in line with the government's priorities. Existing staffing allocations reflect legacy organisational structures and resourcing levels rather than current needs. In this context, Colombia could look to the experience of OECD countries, many of which undertake periodic reviews of resource allocation in order to realign the government workforce and ensure efficient use of resources (OECD, 2010). France's General Review of Public Policies (RGPP) is an example of this type of approach. Key lessons from the French experience that could be relevant to Colombia include:

- the review is first and foremost a method for making executive decisions about what the government is doing and the resource implications;
- there is a direct link to the budget;
- each government entity is required to implement an HR action plan to put agreed measures into practice; the central personnel authority of the government plays a key role in providing support and tools for the implementation of agreed measures;
- new mobility measures, career management tools and other HRM reforms have been implemented in order to create a more flexible system of staff allocation.

Many OECD member countries have established procedures to link workforce planning to the strategic planning, budgeting and performance management frameworks of organisations. Human-resource management strategies and personnel plans are included in strategic plans and managers are made accountable for workforce planning in the context of organisational performance and reporting frameworks. Establishing strategic planning and performance management frameworks for government organisations should be part of Colombia's medium-term public governance reforms. This would enable a transition from tight *ex ante* controls to a more strategic method of managing workforce numbers and costs. One example that Colombia might benefit from is the strategic alignment and workforce planning system used in the United States government. This shows how workforce planning links directly to the organisation's objectives and performance plans, with senior managers held accountable for implementing workforce planning. It is also a useful example of how competency management is used within workforce planning to identify critical needs and plan for how they will be met through recruitment, training and talent management.

A positive development is the ongoing work conducted by DAFP on establishing the building blocks for the design, implementation and evaluation of a policy framework promoting innovation and effectiveness in the public administration, more specifically fostering a well functioning strategic workforce planning and beneficial HRM guidelines in the public service.

Box A.4. **United States Strategic Alignment system and Workforce Planning**

Senior managers are responsible for implementing workforce planning as part of the human capital strategy of their organisation. Human capital management strategies are integrated into strategic plans, performance plans and budgets and are linked to indicators that identify how well the organisation is performing.

Activities and outcomes of the system are assessed though documented evidence of a Strategic Human Capital Plan, which includes human capital goals, objectives and strategies, a workforce plan and performance measures and milestones. Organisations are required to submit their strategic Human Capital Plan to the Office of Personnel Management annually

The workforce plan links directly to the organisation's strategic and annual performance plans and is used to make decisions about structuring and deploying the workforce. Mission-critical occupations and competencies are identified and documented, providing a baseline of information for the organisation to develop strategies to recruit, develop and retain the talent it needs to deliver its programme.

A business forecasting process identifies probably workforce changes which require action. Analysis of functions, customer needs and workload distribution is carried out to ensure the organisation has the right mix and distribution of the workforce to support its mission.

Source: US Office of Personnel Management, www.opm.gov and J. Foley (2010), *Presentation at the Public Employment and Management Working Party annual meeting*, US Delegation, OECD, 9-10 December 2010.

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. A priority should be health services, in order to support the efforts being made to regularise health service employment and improve the organisation of public health services.

The DAFP helps to develop planning and talent management capabilities from policies and guidelines in planning of human talent, employment management, performance management and management of human and social relations. In the planning of human talent are the training and advisory activities of information and management system of public employment. Also, orientation in training and induction competency-based approach plans. In performance management, include guidelines for the evaluation of public officials' performance. In the human relations management, it includes the system of incentives and Welfare.

An important contribution that DAFP could make to support the development of workforce planning capabilities could be to develop tools and frameworks which organisations could adapt to their own needs to enable them to develop workforce planning, and to support organisations in developing their HRM capabilities. However, this should not lead to an overly rigid approach. This can be avoided by making organisations responsible for their own workforce planning, as in most OECD countries, with central frameworks used to establish basic requirements and provide guidance rather than having a system that is tightly managed from the centre.

Another useful initiative that DAFP could take would be to establish a dialogue with ministries and other major entities on workforce plans, with discussions focusing on medium to longer term workforce planning and on identifying good practices that could be shared between organisations.

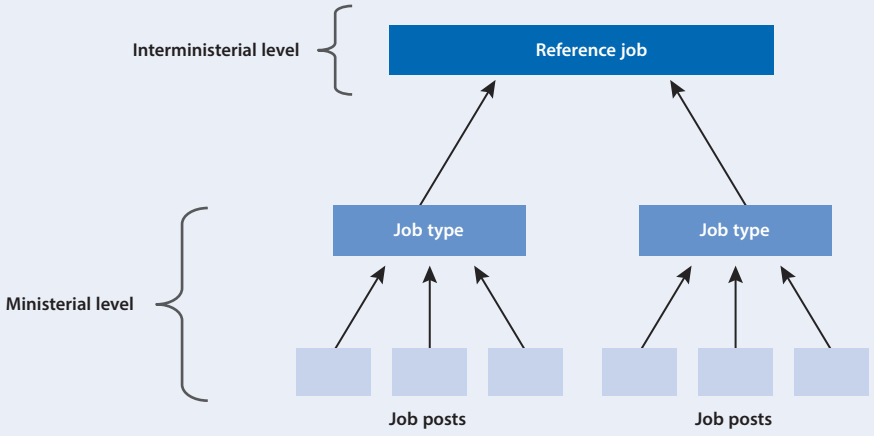
Colombia could focus on competency-management as a tool for workforce planning

Most OECD countries have made efforts to develop competency-management to adapt more clearly the public-sector workforce to the needs of public-policy setting and implementation and of service-design and delivery. Colombia could benefit from reforming the current system of post description manuals, which are recognised to be a major source of rigidity in HRM. Some initial steps are being taken in this regard. Recently, DAFP has begun to add skills to post descriptions and a project has been started to make the descriptions shorter and simpler. However, a key unresolved issue is how much change in the post description manuals is possible without having to change the Constitution.

A system of competency-based job profiles and the use of generic job profiles to the extent possible would make a major contribution to supporting workforce planning. DAFP has already begun preliminary work on competencies and it is recommended that this initiative should be further developed. In this context, a useful example for Colombia might be the French system of workforce planning and competency management, which was adopted in order to improve the correspondence between job profiles and the competencies needed by organisations, as a tool to promote mobility, and as a means to improve recruitment and training. This is an excellent example of strategic HRM in which different elements – workforce planning, job profiling, competencies, training and recruitment – are linked together to create an integrated system for managing the workforce (see Box A.5).

Box A.5. **The French job classification system: *Le répertoire interministériel des métiers de l'État* (RIME)**

France has adopted a job classification system known as *répertoire interministériel des métiers de l'État* (RIME). The « métiers » approach, as it is referred to, aims to: *i)* name and quantify as precisely as possible the necessary jobs within a service; *ii)* ensure the best possible definition of the job profile; *iii)* supply reference table of skills to accompany training and mobility; *iv)* prepare referential training and build referential for inter-services training; *v)* guide the revision of the content of the competitions, and organise common competitions for several ministries; and *vi)* feed the processes to acknowledge acquired professional experience. The RIME identifies and describes each "métier" within the administration of the State (261). It is considered as a key element to ensure ministerial and inter-ministerial coherence on employment policies. The RIME proposes a common language on "métiers" to develop the ministerial capacities in the area of human resource management.



Box A.5. **The French job classification system: *Le répertoire interministériel des métiers de l'État* (RIME)** *(continued)*

The tools of the RIME are mainly: *i)* the *inter-ministerial dictionary of competencies* with the definitions of 21 social skills (savoir-être), 102 know-how skills (savoir-faire), and a data base of competencies and their equivalents; *ii)* the inter-ministerial job fairs (bourse interministérielle de l'emploi public, BIEP) and the regional inter-ministerial job fairs (bourses régionales interministérielles de l'emploi public, BRIEP) which are online data bases of available positions and use the same nomenclature of the RIME (since 2006 it has offered 30 000 jobs and has had 5.6 million of connections); and *iii)* the mobility kit.

In France the *Gestion Prévisonnelle des Effectifs, des Emplois et des Compétences (*Employment, Workforce and Competency Planning, GPEEC) is a government-wide strategy that analyses the current staffing picture by functions and categories, and aims at forecasting adjustments of staffing needs. The GPEEC has established a common framework across government departments, although each ministerial department is responsible for its own GPEEC plans under the supervision of the central HRM body. Evaluation of current GPEEC plans shows that all ministries have made progress in aligning staff with missions and integrating HRM strategies into the plans.

Source : OECD (2012), *The Government Workforce of the Future: innovation in strategic workforce planning in OECD countries*, GOV/PGC/PEM(2012)1/FINAL, OECD Publishing, Paris.

Colombia could focus on enhancing managerial flexibility

For workforce planning to be effective, it is necessary to provide more flexibility for managers to manage their workforce profile. Steps that would give managers more scope to plan and manage the workforce include:

- Giving managers more flexibility to determine staff numbers, grades and the profile of competencies they require, within an overall staffing budget for the organisation and an organisational performance framework. This would both provide an incentive for organisations to engage in workforce planning and make heads of ministries and other organisations properly accountable for planning and management of the workforce. The corollary of this should be much stricter controls on the use of casual staff with the aim of phasing out the use of provisional staff to fill career positions and the long-term engagement of staff on short-term contracts.
- Changes to the recruitment system to enable managers to recruit the profile of competencies they require and to fill jobs within a reasonable period of time, while adhering to merit-based processes.
- Reform of the system of post descriptions, with more broadly defined positions and the possibility of moving staff between positions at the same level, without having to go through an external recruitment process.

Without these flexibilities, it will be difficult for organisations to meaningfully engage in workforce planning. The Belgian approach is an example of how providing organisations with more control over their staff budgets can be used to drive strategic workforce planning (see Box A.6).

Box A.6. **Strategic workforce planning in the Belgian federal public service**

The Belgian Copernicus reform introduced strategic workforce planning as a way to modernise government. It combines three factors: budget, ensuring to get the right people with the right skills, and alignment with the objectives of the organisation. The Belgian workforce planning has two main mechanisms the personnel envelope which is the budget determined by the central government that each federal service must manage; and the personnel plan which is a management tool to go from the "as is" to the "to be" situation. The underlying principle is that it is government's responsibility to decide *how much* to spend on public staff in order to achieve governmental missions, and it is the administration's responsibility to decide *how* best to use their envelope to pay for the best possible staff.

The personnel envelope is used by the federal government to determine for each federal public service, on a yearly basis, the financial resources to be allocated to pay for staff. It ensures transparency by publishing all services' envelopes and the identification of government's decisions. It provides autonomy to the heads of administration to organise the workforce in the way they believe it is best to meet government's goals. Accountability is ensured by using the envelope to meet government's mission. The personnel envelope is a tool for government to increase or decrease the federal personnel budget.

The personnel plan is a management instrument to analyse the situation as it is in terms of full time employment (FTE) and costs to make decisions of 1 scope year in order to renew the workforce through recruitment, departures and upgrades. The goal is to give federal public services the opportunity to assess and plan the suitable human resources to carry out their objectives. There is one personnel plan for one personnel envelope. The process to design the personnel plan begins with a strategic reflexion at the President of the Board of the Public Service. The budget context is considered to assess the feasibility of the Head of administration's HR planning vision, and the coherence between the personnel plan and the objectives of the public service. The personnel plan is at the intersection of the financial and HR logics. The personnel plan is considered to give flexibility for the management of the workforce and facilitates more targeted replacements. It integrates a method to estimate the cost of HR policy with a high degree of accuracy, and facilitates transversal assessments of all public services.

Source : Vos, A. de, et al. (2012), *Human Resources Planning in the Belgian Federal Government*, Presentation given at the OECD Symposium on 'The Government Workforce of the Future: Innovation in Strategic Workforce Planning in OECD Countries on 11-12 June, 2012.

Salary-setting and compensation-management

Managing pay and benefits is one of the key levers for managing the cost of the government workforce and ensuring that pay levels are economically sustainable. Compensation policy should be an integral part of HRM policies, as it affects the capacity of the public service to attract, retain and motivate staff. Pay systems and pay setting arrangements in OECD countries vary enormously. In some countries pay setting is totally decentralised to ministries and agencies, which decide on pay-scales for each position; in others it is highly centralised, at least for base pay. Most countries undertake annual pay reviews, although a few have varying multi-annual reviews. Pay is negotiated is most countries, the exceptions being Greece, Japan, Korea, Poland and the United States. Only in a few countries is pay indexed to inflation. Criteria for pay increases have generally become more flexible and include the economic situation and private sector pay.[14]

The most important factors in determining base salary are job content, experience and qualifications.[15] Central governments in 28 OECD member countries have performance-related

pay for all or some group of employees. However, the extent of their use of PRP varies to a large extent and their policies appear to be quite different. Countries such as the Czech Republic, Denmark, Estonia, Slovenia, Switzerland and the United Kingdom use PRP for most government employees, providing both one-off performance bonuses and permanent performance-based pay increases that can amount to over 10% of an employee's annual basic salary. Other countries such as Canada, Iceland, Ireland and Norway use PRP only for selected groups of employees, generally senior staff. Belgium, Greece, Mexico, Poland and Turkey reported using no PRP at the central government level. Performance management plays a vital role in PRP programmes, as it is critical to the success of a performance-related pay policy (OECD, 2012b).

The pay system in Colombia consists of a set of salary scales corresponding to hierarchical levels, job titles and the grade of the position. Each hierarchical level has a number of job titles and pay grades. There is a unified system of pay and grading applying to most public sector posts, although there are a number of special pay regimes, applying to the judiciary, the military, the taxation office and several other groups. There is a separate pay system for staff of local authorities which is set by the government.[16] The General System is structured as shown in Table A.2.

Table A.2. **General salary system in the Colombian public service**

Level	Job titles	Pay grades
Direction	45	28
Advisory	4	18
Professional	38	24
Technical	24	18
Assistant	26	26

Source: Information provided by the Administrative Department of the Civil Service (DAFP).

Basic pay levels are set according to educational qualifications and experience. The grading system makes extremely fine distinctions between pay grades. The experience requirement separating grades is between three and five months. Grades are not determined by a system of job evaluation. Tight control is maintained over basic pay levels. The Attorney General's Office sets the maximum and minimum salary scales for each type of employment and determines the criteria for each pay grade. Salaries are adjusted annually for inflation, with the increases set by the President. Pay is not subject to negotiation with public sector unions.

It is advantageous in some respects to have pay for most public-sector positions determined according to a unified pay and grading system, as this prevents the fragmentation and competition among different groups of employees that tend to drive pay inflation. It also means that pay and grading do not present barriers to mobility. However, the current system suffers from several structural weaknesses:

- As there is no proper system of job evaluation, pay levels for different grades and categories are essentially arbitrary. The large number of pay grades, separated by minor amounts of money and minor distinctions in education and experience makes for an inflexible system.
- There is no way of progressing to a higher pay grade other than to be selected through open, public competition for a post at a higher grade. The lack of a career

structure with corresponding scope for pay progression sets up perverse incentives for public servants to put their energy into preparing for recruitment competitions rather than performing well in their current jobs and improving their competencies to perform better in their current job.

- Numerous allowances, premiums and bonuses are added to base pay, rendering the system complex, opaque and expensive to administer. Allowances, which can be a multiple of base salary, include seniority allowances and performance bonuses as well as a variety of other allowances. Many allowances seem to be virtually automatic and become a permanent part of the salary. Despite the acknowledged weakness of the performance management system, the award of performance bonuses seems to be widespread. As a result of the numerous additions to base salary, it is difficult to establish the total real compensation of employees.
- The determination of pay increases lacks a sound strategic basis. There does not appear to be a systematic analysis of what salary levels in the public sector should be, considering various parameters such as attractiveness of pay, total remuneration compared to private sector comparators, or affordability of pay increases.

Regarding the attractiveness of the public sector, pay levels for administrative and technical grades seem to be more than sufficient to recruit and retain staff, as competitions for entry to the career civil service are heavily over-subscribed. However, at more senior levels there seem to be pay disparities with the private sector that can make it difficult to recruit experienced specialists from outside the public sector, especially for areas where skills of public servants staff can be weak, such as project management, finance and procurement. However, in the absence of total remuneration comparisons with the private sector, such difficulties remain anecdotal. There is some indication that pressures on the pay system may be building due to competition for good staff between national and sub-national levels of government, with salaries in municipal administrations tending to overtake those paid in the national administration.

There appears to be pressure on pay in the health service, where it is difficult to recruit doctors, as salaries are not sufficiently competitive with the private sector. However, this problem would need to be addressed through broader reforms of the healthcare system rather than as an isolated issue of pay policy. Colombia is facing complex issues of healthcare reform which are beyond the scope of this Review. This is an area where Colombia would benefit from international advice and assistance.

The Colombian government could take a longer-term, more strategic view of pay policy. Policy will need to be shaped in the context of anticipated changes in the labour market, fiscal considerations and human resource management issues, such as the influence of compensation on the ability of the public service to recruit and retain staff and the role of compensation in staff motivation. This will enable the government to be better prepared to manage the pressures on pay that are likely to emerge as the public sector expands and competes for skills that are in short supply in the Colombian labour market.

The pay setting process would be improved by establishing a pay unit in DAFP whose role would be to develop information and methodologies to support pay setting and to advise the government on pay policy, taking account of factors such as affordability, comparisons with total compensation in the private sector and the attractiveness of the public sector as an employer. This unit should develop its capacity to carry out compensation studies, provide benchmarking information with the private sector, and make pay projections as a basis for longer-term pay policy. It should also be charged with ensuring that pay policy is consistent with and supportive of the government's other human

resource management objectives, such as strengthening integrity, attracting and retaining talent, reinforcing performance management and improving employee motivation. Another important function of a pay unit would be to oversee job classification.

Rather than focusing exclusively on annual cost-of-living adjustment to pay scales, the Colombian government's control over pay costs would be improved by setting an envelope for pay increases for the public sector as a whole, based on budget predictions. Ideally, a multi-year view of the pay envelope should form the basis for decisions about the annual pay envelope. Consideration should be given to basing pay increases on factors other than inflation in order to gain more flexibility regarding pay increases. Decision making about pay would be improved by having access to periodic information on the total compensation of government employees compared to the private sector, taking account of all allowances and bonuses, as well as overtime, pensions and benefits provided by the employer. A number of OECD countries, for example Canada and the United Kingdom, undertake total compensation benchmarking from time to time and this is an area where Colombia might consider seeking technical advice.

Colombia is developing its system of labour relations in the public sector. It is important that this process continues, with a view to implicating unions in public sector reforms, moving to a more mature relationship between the employer and employee representatives, and pre-empting the emergence of a conflict-prone pattern of labour relations. In this context, practices in OECD countries may help to guide future developments in Colombia.

Unions and collective bargaining play an important role in virtually all OECD countries. For example, the 2010 OECD Survey on Strategic HRM indicates that unions are heavily involved in defining base salaries, social benefits and additional remuneration: in 11 countries, agreement with unions on base salary and social benefits is mandatory; in 14 countries, there is a legal obligation to consult unions; in 6 countries consultation is voluntary; in the United States unions are not involved in negotiating base salary/social benefits (OECD, 2012c).

A new approach to pay and grading could assist the government of Colombia in addressing structural weaknesses in the pay system. Changes in the pay system could also support HRM reforms in the areas of recruitment, performance management, training and improving career structures and mobility. The introduction of a method of evaluating and classifying positions for pay purposes would provide a sound basis for comparing jobs and determining pay. Most job classification systems take account of job content, job complexity and the competencies required to do the job. Such an approach would be consistent with the introduction of competency management, as recommended in the following section. Establishing a job classification system needs to be approached with care, as the experience in a number of OECD member countries has been that job classification systems can easily become cumbersome, inflexible, costly to administer and too much focused on internal pay relativities, with insufficient scope to take account of external market relativities and performance. One approach could be to develop a system of job profiling which would support a range of HRM processes, including recruitment, pay, competency management and training. This would involve the development of generic job profiles, which would serve as benchmarks and could be used for the purpose of job evaluation and classification. The French RIME system is an example of how job profiles can be used to drive integrated HRM reforms.

The introduction of a system of pay progression, in place of the current system of fixed salary grades, would enable pay to be used to support other HRM objectives, including performance management, employee motivation and the acquisition of relevant

competencies. Under such a, staff would have the incentive of salary progression if they performed well and improved their competencies. This is linked to the issue of creating career structures, which is discussed in the following section. While this would require careful analysis, a possible approach to creating a system of pay progression could be to convert the existing pay grades for each type of job into a pay scale, so that it is possible for staff to progress up the scale under certain transparent conditions. The criteria for pay progression could be performance-based (for example, there could be minimum performance requirements) and also linked to the acquisition of competencies required by the employing organisation. Where a type of job has a long series of pay grades which reflect significant differences between the competencies and experience required at more senior levels compared to junior levels, there may be scope to create promotion points, open to competition, which would offer a career structure to staff. Such a system would need to be supported by a system of job profiling, as well as training to support staff in developing their competencies. This type of approach should help to drive a more rigorous performance management system.

The pay structure would be made more transparent and less complex by relying less on allowances, bonuses and other types of payments that are added to base pay. The trend in OECD countries is to integrate cash allowances into base salary. Usually, this is done on the basis of a review of the allowances, with some being eliminated altogether (in some cases, serving staff have been compensated through one-time lump sum payments where allowances are eliminated, usually through negotiated agreements with staff and their unions). In order to reinforce performance management and competency management, it would be advisable to progressively reduce the importance of seniority as a factor in pay progression. The current system of performance bonuses is unsatisfactory, as bonuses seem to be disproportionately large compared to base pay and, once awarded, appear to be regularised as part of on-going remuneration. The award of performance bonuses is questionable given the weakness of the performance management system. Regarding non-wage benefits, there may be scope to monetise them and include them as part of the total remuneration package, thereby creating a more transparent remuneration structure. Overtime payments can add significantly to employment costs in some parts of the public service and may reflect inflexible working practices. The incidence and cost of overtime could be reviewed and new ways of working introduced; for example, it may be necessary to implement new roster arrangements that involve less overtime.

In terms of the competitiveness and attractiveness of remuneration, several OECD countries have found it beneficial to develop a clearer "offer" for public servants that focuses not only on pay, but stresses other non-financial benefits such as pensions, opportunities for learning and opportunities for career development. The example of the *Strategic Rewards Framework* developed by the United States' Office of Personnel Management (Table A.3) has developed to assist government agencies in developing their compensation and reward strategies shows how, over time, a new approach to remuneration and rewards can be developed.

A final area where the Colombian public service has scope to make changes is in consolidating the payroll system. Currently, each government organisation manages its own payroll system. This is a costly approach. Several OECD countries are moving to shared services and there is undoubtedly scope for Colombia to do likewise, not only for payroll, but in the area of government procurement (see Annex B).[17]

Table A.3. **Strategic Rewards Framework: US Office of Personnel Management**

Compensation • Base Salary • Variable Pay • Other Payments • Paid Time Off *Support Processes*	**Benefits** • Health Care • Retirement • Savings • Other Insurance *Support Processes*
Learning and development • Training • Learning Experiences • Career Paths *Support Processes*	**Work environment** • Work/Life Balance • Leadership • Performance Culture • Organisational Climate *Support Processes*

Source: United States Office of Personnel Management (2002), *A White Paper. A Fresh Start for Federal Pay: The Case for Modernization*, Washington, DC, http://archive.opm.gov/strategiccomp/whtpaper.pdf.

Strengthening capacity for acquiring and retaining talent

Effectiveness of recruitment and selection arrangements

Merit-based recruitment is one of the cornerstones of an effective, representative public service in OECD countries. All democratic countries have rules that are intended to ensure that public employees are selected on fair and objective grounds and to prevent all forms of patronage, personal as well as political. The processes used to achieve these objectives have changed substantially over time in OECD countries in order to ensure that recruitment methods are bringing in the skills and aptitudes needed by the public service and that they do not inadvertently narrow the recruitment pool. Some form of competitive entry examination is held in 23 OECD countries. Examinations may be combined with other recruitment methods: eighteen OECD countries operate a system of application to a specific post, while a further nine countries use varying recruitment methods depending on the post.[18] Where examinations are used, they have been complemented by testing of competencies and, for all but base grade recruitment, relevant experience and competencies are considered more important than formal educational qualifications.[19]

These changes reflect a more sophisticated interpretation and application of the concept of merit. Recruitment and promotion are based on objective and documented grounds, but there is scope for a broader interpretation and a stronger focus on the qualities required to do the job well. In the Australian public service, the merit principle means that all employment decisions should be based on an assessment of a person's work-related qualities and those required to do the job and the assessment must be competitive. In the Canadian public service, merit has two components. First, everyone who is appointed must meet the essential qualifications of the position; second, the appointing manager may take into consideration any current and future qualifications that would be an asset for the work to be performed, operational requirements and organisational needs of the department, and any current and future organisational needs of the public service as a whole.

Recruitment arrangements vary widely in OECD countries, from highly-centralised to extensively-decentralised ones.[20] In Belgium, recruitment of tenured civil servants is centralised in the federal selection office (SELOR), which acts as the recruitment agency. In Ireland, there is also a central recruitment agency, the Public Appointments Service

(PAS). However, departments and other government organisations can carry out their own recruitment, provided the PAS finds them sufficient competent to do so and provided they observe the government's code of practice for recruitment.

The Colombian government has made strong efforts to ensure merit in public service recruitment and to break with the past history of patronage. The principle of merit-based recruitment is enshrined in the Constitution and the National Civil Service Commission (NCSC), established in 2004, is charged with ensuring the application of merit and organising recruitment. Entry into career civil service positions requires passing a formal competitive public examination. As there was a large backlog of vacancies due to the suspension of recruitment between 1999 and 2004, it was decided to organise a general recruitment competition in 2005. This has been a protracted process as the number of posts and applicants involved was enormous (101 258 posts and 1.1 million applicants).[21] This recruitment competition is still ongoing, although it is close to completion. Aside from the logistical difficulties of organising such a large competition, the long time cycle means that the profiles of successful candidates may no longer correspond to the needs of the employing organisation.[22] Specific competitions may also be organised at the request of the recruiting organisation and 132 such competitions have been held in the past seven years.[23] The recruitment cycle is very long, often taking two to three years.

A recruitment competition must be held to fill each vacant post. A public servant who wants to move to another post must take part in a new recruitment competition. Internal mobility is, therefore, extremely difficult. There is no fixed schedule for organising recruitment competitions. The organisation which wishes to recruit has to request permission from the NCSC for a competition to be held and the post description has to be approved by the NCSC. The recruitment examination is based on a detailed job description. While efforts have been made to standardise recruitment tests, this has proved difficult as each organisation has its own position-description manual and job descriptions are not standardised across the public service (see previous section). Although there is some standardisation of testing at the national level, there is much less at the sub-national level.

Recruitment to special career groups is excluded from the general career civil service recruitment system and is managed by the organisation to which the career group is attached, although open, competitive recruitment methods are used. Freely appointed positions are an important exception to the merit based recruitment process as they are not filled through open competition. More transparency has been introduced by having recruitment to these positions supervised by DAFP, publishing the CVs of appointees on the government website and using professional recruitment agencies.

Recruitment to the career public service is subject to a probationary period of six months before the employee is granted tenure. This is quite short compared to a number of OECD countries: in France the probationary period can last from 6 to 24 months depending on the grade; in Canada it is from 12 months upwards depending on the position; in Ireland and the United Kingdom it is one year. Colombian authorities may wish to revise the length of the probationary period to give new employees the opportunity to overcome the learning curve and give employers more solid grounds to confirm or reject an appointment. It appears that the probationary period is rarely used to identify or address problems with new recruits and it is rare for an appointment not to be confirmed. This approach could be revised in tandem with the performance-management process discussed below. The idea is to make the probationary process meaningful and credible.

An unusual feature of Colombia's system is that the design and conduct of the recruitment examinations is contracted out to universities, which tender for the work.

The use of a third party is intended to make the recruitment system independent of politics, although there is no specific requirement that the universities be involved. The law also provides that the NCSC can carry out recruitment directly. As only 10% of the NCSC's resources come from the national government, it has to generate its own income by charging for recruitment.[24] Recruitment competitions are costly and this presents a significant barrier to organisations that wish to recruit staff.

In addition to being responsible for recruitment, the NCSC has broad supervisory functions for the career public service. Its role is to guarantee that all the rules and norms applying to the career service are applied. For example, the NCSC must approve changes to position description manuals and it is responsible for performance evaluation.

The most significant achievement of the reform of the recruitment system is that it has built public trust that entry to the public service is merit based, open and transparent. There is strong public support for the work of the NCSC. This is a major advance. However, the recruitment process suffers from some serious weaknesses which must be addressed in order to stabilise the employment system and enable the Colombian public service to acquire the talent it needs:

- The recruitment process is very slow and complex, and despite the cost involved, at the end of the process there appears to be a high risk that the selected person is not ideal for the position, resulting in a waste of time and money.
- While it is true that the existence of an independent body like the NCSC assumes a guarantee of selection processes that are transparent, efficient and responsive to the needs of the institutions, there is a widespread perception that the centralisation of processes in the NCSC is a key factor for the long time taken to recruit because the NCSC does not have sufficient capacity to respond adequately and in a timely way to the requirements of employing organisations.
- The NCSC is seriously under-resourced. Due to budget restrictions, it has only 34 permanent employees. It has about 110 contract staff.[25] Delays in recruitment also appear to be linked to uncertainty on the part of the recruiting organisations regarding the number of posts that will be approved in their budgets. This makes it difficult for the NCSC to plan its work.[26]
- The NCSC also has to deal with a large number of judicial processes as legal challenges to recruitment decisions are not infrequent, with appeals going all the way to the constitutional court. The judgements of the constitutional court have, in the large majority of cases, found in favour of the NCSC, thereby reinforcing merit based recruitment.[27] However, the involvement of the courts brings its own difficulties in terms of delaying the completion of recruitment and making the interpretation of merit highly formalised. The interpretation of merit appears to be unduly restrictive and to provide insufficient scope to assess the work-related competencies that are actually required for the post. Recruitment criteria appear to be based on academic qualifications and generalist and theoretical knowledge. The position descriptions which are used for recruitment seem often not to reflect the actual requirements of the hiring organisation, as revising post descriptions is a time consuming, resource intensive and bureaucratic process.

Challenges with the recruitment system in Colombia's public sector translate into significant inefficiencies for public organisations in terms of high numbers of vacancies, over-reliance on casual staff and a degree of misfit between the successful candidates produced by the recruitment examinations and the competency needs of the hiring

organisations. There are also concerns that the current system of contracting out to universities is unduly expensive, non-transparent in terms of the application of the merit principle and insufficiently responsive to the needs of recruiting organisations.

The challenge for Colombia is to create a more effective recruitment system while maintaining strong protection and oversight of the merit principle. Change could be implemented carefully in order to ensure that the still fragile merit system is reinforced. There are well established public-service recruitment models in OECD countries that can guide the Colombian authorities in this regard.

Colombia could focus on broadening and deepening merit-based recruitment

A more robust and widespread merit-based recruitment system implemented by the government of Colombia could prevent personal and political patronage and ensure that the best qualified candidates are selected through transparent, competitive recruitment methods. There is scope for a more comprehensive interpretation and application of the concept of merit in Colombia so that the system conforms not only to the letter of the law but also to the values that the law is intended to uphold. Testing should take the full range of candidates' merit into account. The current system of recruitment examinations does not seem to be sufficiently targeting and selecting for the skills and aptitudes the public service requires. Candidates with superior experience, skills and aptitudes may be bypassed by candidates who are merely good at passing examinations. As a result, it is likely that the recruitment system is delivering at least a proportion of employees who do not meet the needs of the employing organisations.

The key requirements for merit-based recruitment are that the selection criteria are objective and relevant to the work the person is being recruited to do; that the selection process is transparent, adequately documented and open to audit; and that recruitment process is open to competition. These requirements can be met by defining the skills and aptitudes required to do the job and using a range of valid, appropriate methods for testing candidates. The Australian system may provide some inspiration to the Colombian authorities in this regard as it shows how a range of work-related qualities of candidates are taken into account in the recruitment system (see Box A.7).

Box A.7. **Merit based recruitment in the Australian public service**

Employment decisions in the Australian Public Service (APS) are based on merit, which is one of the APS Values.

At a minimum, all employment decisions should be based on an assessment of a person's work-related qualities and those required to do the job. For decisions that may result in the engagement or promotion of an APS employee, the assessment must be competitive. Under the Public Service Act 1999, a decision is based on merit if:

- an assessment is made of the relative suitability of the candidates for the duties, using a competitive selection process; and
- the assessment is based on the relationship between the candidates' work-related qualities and the work-related qualities genuinely required for the duties; and
- the assessment focuses on the relative capacity of the candidates to achieve outcomes related to the duties; and
- the assessment is the primary consideration in making the decision.

Box A.7. **Merit based recruitment in the Australian public service** *(continued)*

For the assessment to be competitive, it should also be open to all eligible members of the community. For ongoing jobs and non-ongoing jobs for more than 12 months, this is achieved by notifying the job in the APS Employment Gazette on the APS jobs website.

The work-related qualities that may be taken into account when making an assessment include:

- Skills and abilities
- Qualifications, training and competencies
- Standard of work performance
- Capacity to produce outcomes from effective performance at the level required
- Relevant personal qualities
- Demonstrated potential for further development
- Ability to contribute to team performance.

Source: Information provided by the Australian Public Service Commission.

The government of Colombia could review its present recruitment arrangements and take action to introduce a range of best-practice selection methods which will strengthen the application of the merit principle. Recruitment could continue to be based on objective and well documented grounds, but a stronger focus could be aimed at competencies relevant to the work to be performed and improved testing methods in order to ensure the selection of the most suitable candidates. This is essential for improving the professionalism and capacity of the government's workforce.

Colombia could renew its focus on competency-based recruitment and job profiling

Competencies include the knowledge, skills and behaviours needed to do a job well. The application of the merit principle and the quality of the recruitment process would be improved by using well validated methods of testing for relevant competencies of candidates. While generalist examinations are an appropriate way of organising large intakes at base grades (e.g. recruitment of recent graduates at entry-level grades), they are not a suitable way to recruit to more advanced or specialised positions, where it is necessary to test for competencies relevant to the job. Even for entry-level positions, OECD countries usually supplement examinations with interviewing and other forms of testing to ensure the selection of the most suitable candidates. Placing more emphasis on competencies will require a move away from theoretical, generalist examinations to more targeted testing on the basis of job descriptions and competency requirements defined by the recruiting organisations. Such a change would require a less restrictive interpretation of the relevant constitutional provision in the interests of ensuring that the public service gets access to the best possible staff. The systems used in Belgium and Korea illustrate how this can be done. Each system uses several stages and there is a strong emphasis on testing for competencies.

Box A.8. **Recruitment and selection in Belgium and Korea**

Belgium offers an example of a country with relatively sophisticated recruitment arrangements. The basic form of recruitment of tenured civil servants is open and competitive examinations. These are based on job descriptions and competency requirements drawn up by the recruiting organisations. Over time, the recruitment process has moved away from large generalist examinations towards recruitment based on specific competency profiles. Presently, selection is based on generic competency profiles in only 10% of cases and on specific competency profiles in 90% of cases.

Possession of a diploma may be a prerequisite for participation in an examination. The breadth and quality of the educational background affects the assessment of a candidate. Applicants who meet the formal requirements take part in different tests of skills, competences and aptitudes. The content of these tests depends on the type of post and recruitment criteria and may include a psychological test.

In 90% of cases, recruitments are based on ranked selections. Most administrations follow the rankings, but the combined Flemish and Dutch administrations makes the final selection themselves. The administrations are allowed to draw up a reserve list of candidates for possible future recruitment.

In **Korea**, testing for the selection of new civil servants includes several stages, each using various tools for evaluating competencies and knowledge. In a series of civil service entrance examinations for a Grade 5 position, the first exam is the Public Service Aptitude Test or PSAT, which evaluates the basic traits and competencies necessary for civil servants. The second exam measures professional knowledge. The third exam estimates competencies, attitude and values through interviews and group discussions. The competency model has recently been applied throughout the selection process. For example, at the third entrance examination for Grade 5, the government identifies specific competencies for each grade and job category by applying qualitative and quantitative approaches, then constructs competency maps and a competency encyclopedia by mapping the identified competencies. In the interviews, competency assessment, applying Behavioural Event Interview and Assessment Centre methods is implemented.

Source: OECD (2007), *OECD Reviews of Human Resource Management in Government: Belgium*, OECD Publishing, Paris; OECD (2010b), *Managing Competencies in Government: State of the Art Practices and Issues at Stake for the Future*, OECD, Paris.

At present, experience is not fully taken into account in recruiting to the career public service in Colombia. Again, this is an area where recognition of substantive merit needs to be strengthened. In many OECD countries, efforts to broaden access to the public service, improve diversity and ensure a wide pool of candidates have involved, amongst other things, reducing the reliance on academic qualifications and taking account of relevant experience and competencies. Experience should be taken into account in recruiting where this is relevant. A distinction needs to be made in Colombia between recruitment of recent school leavers and university graduates to entry-level grades, where it does not make sense to require experience, and recruitment to other positions, where relevant experience should be included as one of the recruitment criteria. It is important however, that experience is not simply translated as number of years in a relevant position. Experience is about gaining applied know-how and skills and these should be tested in the recruitment process.

The current system of post description manuals does not provide an adequate basis for recruitment or workforce management. Effective human resource management requires

that the employing organisations have the scope and flexibility to define their own job profiles, setting out the work to be done and the competencies required to do the work. Objectivity can be assured by having standards to which job profiles must conform and adequate oversight of the recruitment process to guard against any suggestion of favouritism, rather than individual job profiles having to be approved by a central body. For example, it would be advisable to have a standard job profile template and a menu of competencies from which employing organisations could select, as illustrated in Box A.9.

Box A.9. **Example of a job profile template**

Job Title:

Employing Organisation:

Job Purpose:

Job level or grade:

Reporting relationship:

_____

Accountabilities

(Major outputs for which the job holder is personally accountable)

Key result areas:

(how achievement of outputs is measured)

_____

Competencies required for the job (to be selected from a standard list):

- Technical/specialised knowledge and skills (scaled according to level required)
- Interpersonal competencies (communication, team-working, relational skills, etc.) (scaled according to level required)
- Qualifications (relevant academic and/or professional qualifications)
- Experience (for entry-level positions no experience is required)
- Management and leadership competencies (if relevant)

Job profiling is a way of combining a statement about what is expected from a job – its purpose, accountabilities and expected outputs – and what the job holder needs to bring to the job in terms of skills, behaviours, experience and other attributes in order to do it effectively. As such, job profiling supports a range of HR processes, including recruitment, training and performance management, and can be a powerful instrument for building a culture of accountability and performance. The French RIME system is an example of how competency management, job profiling and a common nomenclature of jobs can be brought together to create a common basis for human resource management:

- The RIME has permitted a shift from personnel administration to strategic human resource management based on analysis of staffing needs and required competencies.

- The RIME supports staffing based on competency needs analysis and increases cross-departmental mobility of staff by making it possible to identify potential recruitment pools.
- There is better targeting of recruitment and matching of jobs to people based on ministries' operational needs.
- Training is also organised around the competencies needed for the reference jobs identified in the RIME.[28]

Implementing a system of competency-based job profiling is a major but necessary investment for the Colombian government. Colombia already has the basis for building this type of system in its common nomenclature of jobs. The 2004 law on public service employment provides the legal framework for introducing competencies and DAFP has already started to lay the groundwork for a competency framework. Competency management and a system of job profiling will support a more strategic and well integrated approach to human resource management. As well as improving the recruitment system, it will also support necessary improvements in training and performance management. Job profiles can also help to drive the results-orientation that the government is committed to instilling in the public service by defining the accountabilities of the job holder and the outputs expected. Flexibility in managing the workforce would be improved by having generic job profiles which would define jobs commonly found in large numbers across the public service, as this would provide a basis for mobility and redeployment of staff. It is also necessary, however, to provide scope for specific competency profiles that may be required by particular organisations.

Based on the experience of OECD countries, the Colombian government could consider developing a roadmap for implementing competency management, as described in Box A.10.

Box A.10. **Roadmap for implementing competency management**

This roadmap has been created based on the experience of OECD member countries in introducing competency management. It is not a prescription, but a checklist or guidelines on how to engage in competency management.

Step 1: Deciding to introduce competency-based management. This is a strategic choice and a long-term commitment. Competency management should be regarded as means to achieve an objective. It is important to establish the objectives for the competency-modelling project in advance. Formulating the objectives clearly can contribute to creating a shared perspective on competency management among the different stakeholders. The link to the organisational mission and vision should be made here. The decision to introduce competency management should not be taken lightly, as it is by no means an easy process. Nevertheless, competency management can leverage changing the organisational culture. The introduction of competency management can be an interesting opportunity to introduce organisational change during a period of broader government reforms.

Step 2: Organising, planning and communicating the shift to competency-based management. Three aspects should be considered: *i)* determining the organisation of competency management, which refers to the HR governance structure that is applied; *ii)* planning the approach for the development of a competency management system, which involves defining concepts, determining the relevant parts of the organisation, and selecting the development tools; and *iii)* developing and implementing communication plans to obtain support from staff.

Box A.10. **Roadmap for implementing competency management** *(continued)*

Step 3: Identifying competencies and developing competency models for the specified target groups. This diagnostic phase begins with specifying the target groups of competency management. Then, the competency model is specified and the competencies are identified. There is no ideal competency management system, but a good competency management system must always be aligned with the specific goals of an organisation. A government's competency model ideally includes a mix of competencies specific to public service, and competencies that appear in both public and private sector organisations. Competencies specific to the public service generally take the form of (public service) values, for example: commitment, service, integrity, transparency, accountability and equity. Other competencies with an emphasis specific to public service are public service professionalism and probity, affinity with public sector management, political awareness, political savvy and public service motivation.

Step 4: Integrating competencies into various HR processes. The integration of competencies into the various HR processes can happen gradually or suddenly. With gradual integration, it is possible to start with a pilot project in one department, with a group of employees or in one HR process (selection, remuneration, workforce planning, etc.). Competency management is more than simply using competencies in various HR processes; it requires organisation-wide dynamics. Therefore, the competency-based HR systems should be integrated so that they are aligned and mutually supportive. The challenge is to develop competency management as an integrated, core part of HRM and to avoid the risk of it becoming an isolated tool or an end in itself.

Step 5: Revising and updating the competency management system on a regular basis. It is particularly important to grasp the dynamic nature of individual job-related competencies. Regular updates and revisions of the competency management system must be scheduled. Competency modeling is a continuous process, not a one-time project. To be useful, the list of competencies needs to be revised as business strategies and conditions change. In terms of timing, there are several options, such as periodic evaluation or a comprehensive review over several years.

Source : OECD (2011), *Public Servants as Partners for Growth: Toward a stronger, leaner and more equitable workforce*, OECD Publishing, Paris.

Colombia could focus on organising recruitment more effectively

While the establishment of the NCSC has been an important step in strengthening and protecting merit, there are serious difficulties in the way the NCSC currently functions. The ability of the NCSC to discharge its responsibilities effectively has been hindered by the absence of a professional recruitment agency, insufficient resources, a large backlog of vacancies, over-involvement in operational matters and the significant time and resources spent dealing with legal challenges to recruitment competitions (see previous section).

A first step in improving matters could be to finish the long ongoing recruitment process started in 2005. The lesson to be drawn from that experience is that a similar massive recruitment process should be avoided in the future. Better targeting of recruitment would be achieved by organising contests on an organisation-by-organisation basis. Developing standardised job profiles to the extent possible would also make it possible to organise service-wide recruitment contests for a particularly type of job where there is a requirement for a large intake.

Another useful initiative could be to organise contests for different sectors of the public service on the same day so that people cannot apply for multiple competitions. While it is desirable to attract as many well qualified candidates as possible, the current situation

seems to be that too many people apply who are not suitably qualified and this contributes to the length of the recruitment cycle. This challenge could also be addressed by the earlier suggestion of better targeted job profiles setting out the competencies required for the job. An efficient method of pre-selection to eliminate candidates who do not have the required mandatory qualifications would also help matters. For example, e-recruitment is widely used to manage applications and pre-select candidates who meet the mandatory requirements, such as qualifications and length of relevant experience.

An essential step to improve the operation of the recruitment system would be to change the way the NCSC carries out its functions. This should be viewed as a high priority, to be addressed as quickly as possible. The NCSC would be more effective in exercising a strategic oversight role in regard to recruitment and merit protection, similar to the role played by public-service commissions in several OECD countries (Box A.11), with the organisation of recruitment assigned to a different body, subject to regulation and audit by the NCSC. Under such a model, the NCSC would be a more effective guardian of merit and would be in a position to add value in areas such as the development of standards, codes of practice, audit of recruitment, investigation of alleged breaches of the recruitment procedures, and protection core public service values. This would reinforce the standing and reputation of the NCSC. At the same time, it is essential that the government resources the NCSC appropriately for its functions. The model of an independent statutory body with its own budget vote would seem to be the appropriate one to ensure the independence of the NCSC.

Box A.11. **Examples of the role played by public-service commissions in selected OECD member countries**

Australia: The Merit Protection Commissioner is an independent statutory office holder appointed by the Governor-General in Council on the advice of the Public Service Minister. The Commissioner provides assurance, in certain key areas of the Australian Public Service (APS) employment framework, that the APS Values are being applied effectively by agencies, their agency heads and staff. These key areas are:

- merit based employment decisions
- ethical standards
- a fair system of review of employment decisions and actions.

Ireland: The Commission for Public Service Appointments is an independent body which sets and safeguards standards for recruitment and bound by law to ensure that recruitment and selection are carried out by fair, open and merit-based means. Its primary statutory responsibility is to set standards for recruitment and selection, which it publishes as Codes of Practice. The Commission safeguards these standards through regular monitoring and auditing of recruitment and selection activities and it also investigates alleged breaches of the codes of practice.

United Kingdom: The Civil Service Commission oversees the principle of fair and open competition and appointment on merit. It also helps promote the Civil Service values of Honesty, Integrity, Objectivity and Impartiality, and hears complaints under the Civil Service Code. The Commission establishes recruitment principles. Departments and agencies are free to develop their own approaches to recruitment as long as they are consistent with the Recruitment Principles.

Source: For Australia: www.apsc.gov.au/; For Ireland: www.cpsa.ie/Home.aspx?SID=4&SSID=0; For the United Kingdom: http://civilservicecommission.independent.gov.uk/, accessed 5 November 2012.

The model of having a third party carry out recruitment is sound in terms of ensuring the independence of recruitment; however, its operationalisation in Colombia through universities designing and conducting recruitment competitions is unsatisfactory in several respects:

- It is costly and adds to the long recruitment period, as the university conducting the testing has to be selected and has to develop the test.
- A number of officials interviewed in employing organisations expressed reservations about the quality of the testing in some instances and were not satisfied that the system guarantees getting the best candidate for the job.
- Using universities is not a substitute for a professional recruitment agency. However, it is not recommended to replace the universities simply by contracting out recruitment to private recruitment agencies, as this risks insufficient oversight of the process.

It is strongly recommended that a dedicated public recruitment organisation be established, subject to oversight by the NCSC in order to ensure its independence, and using best-practice recruitment methods. The federal selection office in Belgium and the Public Appointments Service in Ireland might serve as models for such a body (see Box A.12). An equivalent body in Colombia could be formally mandated to manage recruitment for the administration.

It is recommended that such a recruitment agency manage recruitment into the administrative career stream as well as into special career streams.

At this point in the development of the public service, it is not recommended that recruitment be decentralised to employing organisations in order to ensure strong oversight of merit and probity. However, the type of recruitment agency recommended would be compatible with recruiting organisations having substantially more input into the selection process than currently appears to be the case; for example, in terms of the profile of candidates and relevant competencies.

Box A.12. **Recruiting agency and processes in Belgium and Ireland**

In **Belgium**, recruitment criteria are agreed between SELOR (the federal selection office) and the recruiting organisation, specifying the skills and types of employees the organisation wants to recruit. SELOR advertises the selection, receives applications, vets the applicants for formal requirements, conducts the different tests and examinations, and draws up a ranked list of applicants who have passed the selection process and are eligible for tenured public service.

SELOR's main advantages are its professionalism and its independence from the recruiting organisations. It is a modern recruitment agency using state-of-the art methods. It has developed competence in competency and methodology certification. It has invested in modern facilities and equipment, is actively developing its use of the Internet, and seems to be leading in developing and using e-supported recruitment processes. It is funded by the federal budget and has been able to expand its activities without increased funding.

In **Ireland,** recruitment of tenured civil servants is managed by the Public Appointments Service (PAS). The process is similar to Belgium's. Testing has shifted from abstract tests to more job-simulation tests, strategic exercises, competency tests, and to a lesser extent, the examination of achievements. The process generates a ranked list of approved candidates. These are then offered employment as vacancies become available. Employers have limited possibilities to choose whom to pick, or applicants to choose where to go.

Box A.12. **Recruiting agency and processes in Belgium and Ireland** *(continued)*

The main services provided by the PAS include:

- Recruiting for positions in the Civil Service
- Recruiting for some senior positions in the Local Authorities, Health Boards, Harbour Authorities, Fisheries Boards and Vocational Education Committees
- Assisting the Top Level Appointments Committee in making senior appointments within the civil service, for example, by conducting preliminary interviews
- Selecting candidates for promotion within the Civil Service through inter-departmental selection tests and interviews
- Assisting other public sector organisations, such as the Nurses Career Centre, with open recruitment
- Assisting the Top Level Appointments Committee in making senior appointments within the Civil Service, for example, by conducting preliminary interviews
- Providing recruitment consultancy and training to client organisations and public bodies

Ireland differs from Belgium in having a framework for decentralisation. Departments and government bodies can handle their own recruitment, provided that PAS has found them sufficiently competent, and provided that they observe the government's Code of Practice for recruitment. This is expected to be a learning process, leading to a growing amount of recruitment handled at a decentralised level.

Source: OECD (2007), *OECD Reviews of Human Resource Management in Government: Belgium*, OECD, Paris; and OECD (2008), *Ireland: Towards an Integrated Public Service*, OECD Public Management Review, OECD, Paris; and www.taoiseach.gov.ie/eng/Work_Of_The_Department/Jobs/ (accessed 6 November 2012); www.publicjobs.ie/publicjobs/ (accessed 6 November 2012).

The system of budget authorisations from the Ministry of Finance to organise recruitment competitions has serious drawbacks. It introduces delays and makes it difficult for organisations to handle their workforce planning and ensure they are adequately staffed. The recommendations above on workforce budgeting and planning could remove the need for this detailed level of control so that competitions can be organised on a different schedule from that of authorisations for opening positions.

The recruitment process seems to be quite litigious. As mentioned earlier, the NCSC is involved in a large number of court cases. While it is essential to have a channel of appeal, it would be preferable to provide internal channels, with recourse to the court being a last resort when all other remedies have been exhausted. For example, the Irish system has several levels of appeals which are regulated by the Commission for Public Service Appointments:[29]

- The first level is an informal review by the hiring organisation**.**
- Where a candidate is dissatisfied with the outcome, the next level is a formal review by the head of the recruiting organisation.
- If the candidate is still not satisfied, the recruiting organisation must appoint a senior person unconnected with the recruitment to look at the review process and arbitrate.

- A separate process applies where a person, who may or may not be a candidate, believes that an appointment process has breached the codes of practice of the Commission for Public Service Appointments and wishes to have it investigated. The investigation is normally completed within 25 working days. The decision of the Commission is final.

Colombia could focus on recruitment to management positions and other "positions of trust"

Management positions and other "positions of trust" are contractual appointments which are subject to discretionary appointment, can be terminated at will and do not form part of the career public service. Freely appointed positions include: all executive and management positions at national and territorial levels; jobs that handle money and public resources; positions at any level which involve "trust" criteria, such as official drivers, bodyguards and security guards; secretaries to Directors, certain professionals who are at the direct service of the Director, and jobs in the Minister's office. Within the management level, two classes are identified: *i)* senior management of the state and *ii)* public management. Appointees to the most senior management of the state positions – Ministers, directors of administrative departments and special administrative units, Deputy Ministers, assistant directors, and managers of decentralised entities, and high level territorial officials and managers – are nominated at the discretion of the President.

For public management positions, which are the positions below the most senior levels and down into the middle management ranks, the Colombian government has, in recent years, introduced a recruitment process which is designed to provide more transparency, merit and quality assurance. Recruitment is not fully merit-based as there is no requirement to advertise positions publicly. The NCSC is not involved in these recruitments. Recruitment is decentralised to the employing organisation, although DAFP is responsible for approving the recruitment criteria and providing technical support to the employing organisations in developing their recruitment processes. The CVs of candidates are posted on the government website. It is quite common to use professional recruitment agencies for key positions and in these cases the recruitment agencies use a range of search and selection methods.

The Colombian government could continue to improve the recruitment process in order to ensure that the best possible people are appointed to senior positions. While it is understandable that the government would wish to maintain discretion over the appointment its direct collaborators, there is, as in OECD countries, an issue as to where the line should be drawn between the career public service and discretionary appointments.

In terms of further improving the recruitment process, it is desirable to ensure objectivity in filling senior positions and to ensure that the pool of suitable candidates is as wide as possible in order to give the public service access to the best talent. It is also essential to rule out any suggestion that the recruitment process might be open to favouritism or nepotism. This can best be achieved by opening up the pool of potential candidates through public advertising of public management vacancies and shared decision-making about the appointment so that the immediate superior is not the only one involved in the final selection. The use of recruitment agencies is perfectly compatible with merit-based recruitment, provided the position is advertised publicly and the recruitment criteria and methods are objective. One method of introducing collective decision-making would be to introduce a commission, as is done in Ireland.

Box A.13. **Top Level Appointments Committee in Ireland**

The Top Level Appointments Committee (TLAC) is intended to ensure objectivity in filling senior posts, improve quality of top management, open up posts at the highest level to competition, and encourage interdepartmental competition and mobility. The most senior appointments (Secretary General) are made by government from a short-list provided by TLAC and are for a fixed term of a maximum of seven years. Appointments to the next most senior level, Assistant Secretary, are also made through the TLAC. All other management positions are appointed through the civil service recruitment process.

The composition of the TLAC was reformed in 2011 so that the chairperson and a majority of the members are drawn from outside the public sector. External members, who have specific skills in management and human resources, are appointed by the Minister with responsibility for the public service. The aim is to ensure access to the broadest possible range of talent for filling top public service positions. In addition to transforming the structure of the TLAC, new approaches to attract external candidates to these top jobs are also being introduced, including headhunting on occasion. All top level jobs are advertised.

Membership of The TLAC comprises:

- Secretary General, Department of Public Expenditure and Reform,
- Secretary General to the Government,
- Two other senior public servants appointed for three year terms
- Five members from outside the civil service appointed for three year terms, one of whom would be the chairperson

Sources: Procedures and Practices of the Top Level Appointments Committee, http://hr.per.gov.ie/files/2011/12/here.pdf (accessed 6 November 2012); Department of Public Expenditure and Reform, http://per.gov.ie/ (accessed 6 November 2012).

Colombia could focus on probationary employment

The system of probationary employment is an important part of the recruitment system, which provides an opportunity to ensure that those selected meet the required competency and performance standards. In Colombia, the probationary process does not appear to be used effectively at present as it is not sufficiently well supported by induction, training of new recruits, performance management and early, well documented action to address problems. Some 90% of recruits pass the probationary period, despite suggestions by a number of the managers interviewed that not all of the recruits meet their requirements. The acknowledged weakness of the performance management system is probably a key factor here. The risk of a court challenge may also discourage the use of the probationary period to separate unsuitable recruits. Strict, fair and reliable processes are required to enable the termination of employment during or at the end of the probationary period in cases where a recruit is not meeting the required standards. The effectiveness of the probationary system could be improved by providing managers with guidelines and training and by clearly defining the respective roles of line managers and HR staff in regard to the management of the probationary period. The system used in the Irish Civil Service may provide guidance to the Colombian authorities in this regard. In Ireland, the central HRM body provides guidelines on probation setting out the procedure to be followed and the responsibilities of line managers and HR staff. The Civil Service TrainingCcentre

has produced guidelines on induction to assist HR sections in developing high quality induction practices. The probation process lasts one year and it is recommended that at least three formal reviews should be conducted by the line manager, with the last one happening in month nine. The probationary reviews explicitly take account of performance assessments but they also involve a broader assessment of suitability. Where the manager identifies problems, interventions may include on the job training; coaching; self-managed learning and formal training. Written records are kept throughout. Where an employee consistently fails to meet standards, he or she is informed at the review meetings of his or her deficiencies. The objective is to help the employee to improve while making it clear that failure to improve will result in termination. The line manager makes a recommendation to the HR section for confirmation or termination of the contract based on the performance reviews.

Colombia could focus on severance policies

For the public service to manage its workforce, severance or separation arrangements is an important element of HRM. Managing talent and competencies depends not only on recruiting and retaining the right staff, but also on reasonable flexibility to adjust the staffing mix as needs change. In the past, countries with position-based employment systems have found it easier to use redundancy measures to reduce staff than countries with career-based systems, because the legal obligations to maintain employment tend to be more restrictive in the latter. This does not appear to be the case in Colombia, although the employment system is position-based. In OECD countries, the trend has been to introduce more flexibility in separating staff from the service (OECD, 2011a). Many OECD countries have the possibility to dismiss employees with open term contracts when a ministry/agency seeks to restructure or decrease the number of its employees, although in most there is a requirement to propose reallocation possibilities beforehand.[30]

Several OECD countries regularly use voluntary departure schemes in order to give governments a wider range of options to manage downsizing and workforce restructuring.[31] In general, efforts are made to avoid compulsory redundancies, although these are not ruled out. (OECD, 2011a) Voluntary redundancy schemes are often used and can help to manage the political economy of downsizing by providing attractive separation provisions. While such schemes have a cost, they can be economic in the longer term by enabling staffing to be adjusted relatively quickly (OECD, 2011a). The experience of OECD member countries has been that such provisions are most effective when undertaken as part of part of strategic workforce planning and in the context of broader HRM reforms. Accompaniments that have proved to be important include skills strategies, recruitment strategies and competency management. (OECD, 2011a)

Early-retirement measures have also been used in some OECD countries, such as Canada and Ireland, to adjust the workforce, although they have not been the preferred instrument in most countries (OECD, 2011a). This probably reflects the fact that such measures are relatively costly. Nevertheless, where a once-off adjustment is required, they can prove effective.

The Colombian public service appears to have a structural issue in that a significant number of career employees were recruited prior to the implementation of merit-based recruitment and do not necessarily correspond to current skill needs. During interviews, reference was made to the need for more flexibility in adjusting the staff mix, including more flexible separation procedures. While the structural problem will eventually work its way through the system as new recruits come in, a more rapid solution appears

preferable. The government could consider a targeted voluntary redundancy scheme, although this would need to be carefully designed in order to avoid losing skills that should be retained. Another option that should be assessed is an early retirement scheme. The integration of any departure scheme with other reforms would need to be very well thought through. Departures should be part of the workforce planning of organisations, including opportunities for restructuring work in the wake of departures. In order to avoid dislocations in work, provision would need to be made to fill essential vacancies reasonably quickly with staff who have the right competencies; this implies that recommended improvements in the recruitment system should be in place prior to the implementation of a departure scheme.

Career structures and mobility

The organisation of career structures and mobility has evolved in many OECD countries in recent years as governments seek increased flexibility to manage the workforce. Traditionally, there have been two main types of public service employment system. One is the career system, in which public servants are hired at the beginning of their career and may expect to be promoted up through a series of levels of increasing responsibility provided they are competent. Competitive internal selection procedures ensure merit and there is limited possibility to enter the public service at mid-career. The other system is the position system, where all positions are open to competition, whether by external recruitment or internal competition. In this system there is usually not a series of defined promotion grades; however, there is usually a series of pay steps or a pay range attached to each position, through which employees can progress on the basis of performance.

The experience of OECD countries shows that the choice of system has a profound effect on a country's public service culture (OECD, 2005). A career-based system tends to promote collective values at entry in specific sub-groups of the civil service. The disadvantage is a weaker emphasis on individual performance and accountability. Position-based systems tend to have weaker cross-government values at entry than career-based systems, but tend to be less deferential and may create stronger links across levels of hierarchy and status. No civil service in an OECD member country is a pure example of either a career or position system. Countries that had relatively closed career systems have opened up opportunities for external recruitment to more senior levels as well as interdepartmental competitions to promote internal mobility. Countries that have position systems have moved to create transversal systems of workforce management, career development and talent management. In both types of system, competency frameworks provide a structure for staff to learn and develop in order to perform better in their current jobs and to enhance their career prospects.

The Colombian public service operates a position-based system whereby all vacancies are open to public competition. This in itself is a sound approach, designed to ensure merit. However, unlike position-based systems in OECD countries, the system seems to be designed in a way that limits opportunity for career progression within the public service. Although public servants can apply for a job at a higher grade through a public recruitment examination, their job-related competencies and experience are not taken into account in the recruitment process. Moreover, job grades are defined in extremely narrow terms, with minor distinctions between one grade and another. The system of position-description manuals is another factor (see previous sections), as the descriptions do not appear to lend themselves to mobility, which would enhance career opportunities. As a result, many public servants seem to find themselves confined to narrowly defined jobs with little prospect of promotion or pay progression. This system has the effect of making a key motivational tool

Table A.4. **How is external mobility promoted in OECD countries?**

	Public servants on external posting retain the right to return to their post (or equivalent) in the public service.	External mobility is explicitly taken into account in promotion decisions and long-term career planning.	External mobility is promoted through special secondment and training programs, explicitly taken into account in promotion decisions and long-term career planning.	External mobility is accepted but not promoted in any particular way.	Not promoted	Other
Australia	-	-	-	●	-	-
Austria	●	●	-	-	-	-
Belgium	-	-	-	●	-	●
Canada	●	-	-	-	-	-
Chile	-	-	-	-	-	-
Czech Republic	-	-	-	-	●	-
Denmark	-	-	-	-	-	●
Estonia	-	-	-	●	-	-
Finland	●	●	●	-	-	●
France	●	●	●	-	-	-
Germany	-	-	-	-	●	-
Greece	-	-	-	-	-	-
Hungary	-	-	-	●	-	●
Iceland	-	-	-	-	●	-
Ireland	-	-	-	-	-	●
Israel	-	-	-	●	-	-
Italy	-	-	-	-	●	-
Japan	●	●	-	-	-	-
Korea	●	-	-	-	-	-
Mexico	-	-	-	-	●	-
Netherlands	-	-	-	-	-	●
New Zealand	-	-	-	-	●	-
Norway	-	●	-	●	-	-
Poland	-	-	-	-	●	-
Portugal	●	-	-	-	-	-
Slovak Republic	-	-	-	●	-	-
Slovenia	-	-	-	-	●	-
Spain	-	-	-	-	-	●
Sweden	-	-	-	-	-	●
Switzerland	-	●	-	●	-	-
Turkey	-	-	-	-	-	●
United Kingdom	●	●	●	-	-	-
United States	●	-	-	-	-	-

Source: OECD (2010), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris (unpublished).

– the chance to be promoted or to have mobility – unavailable to the administration. It also means that organisations are restricted in their ability to take advantage of the experience and competencies of existing employees. At the same time, managers are concerned about demotivation and underperformance on the part of employees due to the lack of career prospects.

An exception to this situation is the system of freely appointed positions, which appear to present ample opportunity for mobility and career progression for talented staff. While this system provides flexibility at more senior levels, it is insufficiently transparent, lacks a sound merit basis and means that the public service lacks a cohesive cadre of senior career civil servants. Changes could be made to the system of freely appointed positions in order to improve career structures in the career public service. Professional and technical positions which are freely appointed should be integrated into the career system. The system of free appointments to management positions presents a barrier to career progression for career public servants.

Improving career opportunities for civil servants, with reasonable opportunities for mobility and promotion, could provide more fluidity in the management of the workforce, enable employers to make better use of their existing skill base and improve motivation. While retaining the existing features of a position-based public service, there are several steps that could be taken to improve the system. Implementing a system of recruitment in which competencies and experience are taken into account, as recommended earlier, and using best practice recruitment methods, could enable existing public servants to compete more effectively for positions at higher grades, while maintaining a strong merit system.

Career structures could be significantly improved by breaking down the divisions between narrowly defined job grades to create broader grades with more scope for staff to develop their competencies and move up through a series of pay steps within the grade, based on performance. This would need to be linked to the implementation of a job classification system (see above), which could provide an objective basis for defining new job grades, and the phasing out of seniority allowances.

Measures to support mobility could be put in place in conjunction with reforms to recruitment and grading. For example, governments can promote mobility by establishing formal job rotation programmes. Another possible measure would be the creation of job fairs, as has been done in the French public service. The Australian government (Box A.14) emphasises the place of mobility in strategic workforce planning. It encourages planned mobility initiatives to diversify career experience of public servants and build workforce capability.

It is important to identify and remove administrative barriers to mobility, such as different pay and grading systems in different parts of the public service. In Colombia, there is a reasonably unified system of job grades across the public administration and this should in principle support mobility. However, because each organisation has its own set of post descriptions, mobility is difficult. Developing a standard way to describe positions, based on standard competencies that are common to the whole administration could overcome this problem. The replacement of the current post descriptions with a system of job profiling, as recommended, could support mobility by standardising the requirements for similar types of jobs and defining the competencies required, making it possible for public servants to compete effectively for job vacancies in other departments and agencies.

For these measures to work there needs to be an investment in career development of public servants. A competency framework could provide a structure for staff to learn and develop the skills and abilities needed by public service employers, while the prospect of

Box A.14. **Using planned mobility to diversify career experiences of APS employees and build workforce capability**

As part of efforts to strengthen the Australian Public Service (APS) workforce, APS employees are encouraged to expand their career experiences and are supported in this through the development of mobility mechanisms. Employee mobility initiatives are driven by the convergence of the need to enhance an organisation's workforce capability in a cost effective way, and support an employee's professional development and career aspirations.

Embedding mobility initiatives as a normal part of organisational capability development can include one or more of the following:

- Internal (temporary) movement within an organisation:
- External mobility can include (temporary) movement between:
- Government agencies within the same jurisdiction in the same or a different locality;
- Government agencies across jurisdictions eg Commonwealth, State, Territory and Local governments in the same or a different locality;
- Public and private sector agencies in the same or a different locality;
- International jurisdictions.
- Knowledge transfer through planned project based activity where no actual movement occurs

The Australian Public Service Commission (APSC) has developed a set of principles to guide government agencies in managing mobility. The principles encourage them to consider their own business context and the place that mobility initiatives have within their talent management strategies, as informed by their strategic workforce plan. These principles are available on the APSC website at www.apsc.gov.au/learn/employee-mobility/employee-mobility-principles-for-advancing-professional-development.

Source: www.apsc.gov.au/learn/employee-mobility (accessed 6 November 2012).

better career opportunities would motivate staff to invest in their personal development. A job profiling system could identify possible career paths. An example of this approach is the competency-based Professional Skills for Government framework in the United Kingdom civil service (Box A.15). This system has proved effective in helping civil servants to identify how they should improve their skills both for their current jobs and to improve their career prospects. An important feature of the system is its link to the performance appraisal cycle. An interesting aspect of this system is that four different but linked skill sets are identified.

Career development systems depend on a dialogue between the line manager and the staff member regarding training and development needs to improve the performance of the staff member in their current job and development for career planning purposes. This normally happens as part of the performance assessment system, with a personal development plan being put in place for the staff member. This is generally viewed as a joint accountability of the staff member and the line manager. The other essential support is a good training and development system which provides staff with access not only to formal training, but also development opportunities through job rotation, challenging work assignments and other workplace initiatives.

The National Development Plan (2010-14) mentions that the Colombian government "is committed to the formation of human capital, with a competency-based approach to strengthening human development and productivity enhancement …". The NDP also indicates that the training strategy will be conducted according to the document CONPES 3674 of 2010: Policy Guidelines for Strengthening of Human Capital Formation System. In this strategy, DAFP participates in the differences instances involved in discussion and decision; these are the Inter-institutional Commission for Human Resource Management, the National System of Occupational Competency Certification and the Quality System of the Human Capital Development. DAFP gives technical and methodological support for the construction of the National Qualifications Framework included in CONPES 3674 of 2010. Since last year it is conducting research on labour skills between DAFP, ESAP and CNSC.

Box A.15. **United Kingdom: Professional skills for government competency framework**

The Professional Skills for Government (PSG) competency framework is used for jobs and careers in the British civil service. It sets out the skills that staff in the civil service need to do their job well, at all levels and no matter where they work. The PSG competency framework applies to all civil service jobs at all grades. The PSG framework can help civil servants identify: *i)* the mix of skills and experience they should have in their current or prospective job; and *ii)* the skills they might need to gain to change roles or seek promotion. Civil servants are encouraged to think about the framework in line with their appraisal cycle, which provide an opportunity to look at the skills they have and the skills they need. This is a valuable tool for civil servants to plan their careers.

The PSG competency framework is divided into four separate but supporting areas:

Leadership: civil service leadership qualities sit at the centre of the framework to provide direction for the organisation, deliver results, build capacity for the organisation to address current and future challenges, and act with integrity.

Core skills: every civil servant needs certain core skills to perform effectively. For example, at Grade 7 the four core skills are people management, financial management, analysis and use of evidence, and programme and project management.

Professional skills: job-specific professional skills are related to the work civil servants do. Everyone in the civil service requires some professional skills in, for example, policy development, operational delivery, or providing expert advice (for example, scientists, economists and communicators). This area of the PSG is supported by heads of profession, who set standards for all professions in the civil service.

Broader experience: for senior civil service (SCS) members and those aspiring to the SCS, both depth and breadth of experience are important. Deep professional knowledge is valuable, but as civil servants progress in their careers, breadth of experience becomes increasingly important. Heads of profession lead the work to define broader experience in each professional context. This experience could be gained within the profession, within another part of the civil service, or in other sectors.

Source : UK Civil Service, www.civilservice.gov.uk (accessed 5 November 2012).

Improving capacity through training and development

OECD countries invest heavily in training and development of government employees in order to continuously improve and adapt the competencies of the workforce. Training and development have taken on increased importance as public services find themselves in competition for scarce skills in the knowledge economy. The drive for innovation and new ways of delivering public services calls for new or improved competencies, while the restructuring of the public service which is going on in many countries has increased the need to reskill staff in order to enable redeployment.

Most OECD countries carry out initial training at entry into the civil service (OECD, 2010c). This is usually differentiated by seniority level or by category/type of public servants. The length of the initial training at entry varies considerably across countries and also for different categories of public servants. In some cases, particularly in public services that operate a career-based system, it can last for a year or more, whereas in other cases it can be less than three months. Training may be part of the probationary period.

The increasing knowledge content of work makes ongoing skill development increasingly important. Training in the skills needed for a specific job is being complemented by other forms of learning to develop a range of technical and behavioural competencies. For example, team working has been the focus of initiatives in a number of OECD countries. The development of employees is viewed as a strategic issue for the organisation, to be integrated with business plans, workforce planning and performance management. Training programmes have been redesigned in many countries to introduce the notion of ongoing development and learning throughout the career. The average length of training per year per employee is three to five days.

While training policy is generally determined by the central HRM body, the tendency is to set the strategy and broad framework and to leave the delivery of training and development to line departments. In this context, it is essential to make line managers accountable for training and developing their staff and this is normally done through the performance management system applying to managers. It is also important that staff are made accountable for developing their skills, provided the necessary supports are in place to enable them to do so. Competency frameworks, linking training to performance management, and adequate funding of training are all key instruments in this regard.

An exception to the pattern of decentralising of responsibility for training is the training and development of senior civil servants. Particularly in countries that have established senior civil service systems, training and development tend to be organised centrally in order to support the development of leadership and management skills and as a way of creating a cohesive senior cadre. (OECD, 2010c)

Career public servants and freely appointed officials in the Colombian public service have a formal right to training. Provisional employees and temporary staff have no right to training even though they may be employed for a number of years. Each organisation manages its own training budget and personnel units are responsible for developing training plans and programmes in consultation with the NCSC. Training programmes include induction of new staff and on-the-job training. The Higher School of Public Administration (ESAP) is responsible for the provision of training, although this can also be delivered by external providers, while DAFP is responsible for setting the policy framework through the National Training Plan.

There are several weaknesses in the training system. Currently, despite the system of training plans, training appears to be focused on the preferences of the individual staff

Table A.5. **What is the average length of training per year per employee?**

	1-3 days	3-5 days	5-7 days	7-10 days	Other
Australia	-	●	-	-	-
Austria	-	●	-	-	-
Belgium	-	●	-	-	-
Chile	-	-	-	-	-
Czech Republic	-	-	-	-	●
Denmark	-	-	●	-	-
Estonia	-	●	-	-	-
Finland	-	●	-	-	-
France	-	●	-	-	-
Germany	-	-	-	-	●
Greece	-	●	-	-	-
Hungary	-	-	-	-	●
Iceland	-	-	●	-	-
Ireland	-	-	-	-	●
Israel	-	-	●	-	-
Italy	-	-	-	●	-
Japan	-	-	-	-	-
Korea	-	-	-	-	●
Mexico	-	●	-	-	-
Netherlands	-	●	-	-	-
New Zealand	-	-	-	-	-
Norway	-	-	-	-	●
Portugal	●	-	-	-	-
Slovak Republic	-	●	-	-	-
Slovenia	-	●	-	-	-
Spain	-	-	●	●	-
Sweden	-	-	-	●	-
Switzerland	-	●	-	-	-
Turkey	-	-	-	-	-
United Kingdom	●	-	-	-	-
United States	●	-	-	-	-

Notes: Information not available for Canada and Poland.

(-) Information Not Applicable.

Czech Republic: 10-15 days; **Denmark:** Specific data is not available. An estimate is 5-7 days on average.; **Germany:** In addition there is a two- to three-year preparatory service (training period); **Hungary:** 3-10 days; **Iceland:** 5-10 days. The average length varies considerably, both between groups and time-span; **Ireland:** The aim is that 4% of payroll is spent on training. Each year each staff member identifies his/her training and development needs in their Role Profile Form, which forms part of the Performance Management Development System. These needs are generally satisfied by various training programmes provided by the Civil Service Training and Development Centre or by procurement from private providers; **Korea:** The number of mandatory annual training hours varies from ministry to ministry; **New Zealand:** Not applicable as no standard training; **Norway:** 10-15 days; **Ukraine:** Training take place not less than one time in 5 years. Its duration is up to 6 months without the interruption of service and up to 4 weeks with interruption.

Source: OECD (2010), *Survey on Strategic Human Resources Management in Central/Federal Governments*, Paris (unpublished).

member rather than the needs of the organisation. This appears, to a large extent, to be driven by the recruitment system, with public servants concentrating their efforts on preparing for recruitment examinations and focusing their training on this. Training also appears to be viewed as a performance reward for the individual, rather than an investment by the institution in developing the capacity of its staff in order to improve the performance of the organisation. While this reflects the scarcity of tools available to managers to motivate and reward staff, it means that scarce training budgets are being spent in an unstructured way, with insufficient connection to the strategic workforce development needs of the organisation. DAFP has tried to remedy this on a service-wide basis through the national training plan and by directing training budgets to the areas of highest need.

Improving the training system is viewed as a high priority by the Colombian authorities, in order to provide the right skill sets, both within the national public administration and in territorial administrations. An important step could be to link the training system to a competency framework and job profiles. This would provide the foundation for better targeting of training by identifying the necessary competencies for different types of jobs and equip organisations with better tools to carry out training needs analysis in order to prioritise their training activities and training budgets. OECD countries have adopted a range of competency-based training initiatives which could provide useful models for Colombia. The preferred approach appears to be to develop central frameworks for competency-based training, while leaving the details of implementation to line organisations in order to provide flexibility. In Belgium the certification of training has proved to be a useful tool for aligning training with organisational needs and encouraging participation. In several of the countries mentioned below, there has been a special focus on competency-based training for senior managers (Box A.16).

Box A.16. **Developing competencies through training in OECD member countries**

Belgium. The Belgian Government introduced development circles. These focus on developing competencies in order to achieve personal and organisational objectives. An individual training plan for each public servant is crucial in the development circles. The development circle consists of four phases: function discussion, planning discussion, performance review, and assessment interview. The last phase is followed by a planning discussion, which is the beginning of a new development circle. In theory, these development circles should be based on the defined competency profiles. In practice, however, only some organisations use the competency profiles. Furthermore, certified training has become one of the main competency management tools in the Belgian federal Government. The goal of certified training is to develop the competencies of public servants in order to meet organisations' needs. When training objectives are met, public servants receive a competency allowance in addition to their normal pay.

Denmark. Since 2007, the Danish Government has made considerable efforts to extend and qualify the market for public sector leadership development programmes. Over the same period, there has been a significant investment in competence development for all civil servants. Still, the overall principle is that local employers should choose the most relevant programme for their employees. The degree of central co-ordination is reduced to counselling local employers and securing that the market provides relevant high-quality programmes for civil servants.

Box A.16. **Developing competencies through training in OECD member countries** *(continued)*

Korea. The Korean Central Officials Training Institute has implemented competency-based training, using competency models developed for each grade. A variety of learning methods is used, including online courses and participatory case analysis. There is a competency-based candidate development programme for the senior civil service which includes competency needs assessment, competency training, action learning and real-world application, problem-solving activities, supplementary training, performance evaluation, and comprehensive evaluation.

United States. The United States Office of Personnel Management (OPM) serves as a lead agency in competency management, while federal agencies utilise a decentralised approach in determining the best use of competencies in their HR processes. The OPM does provide guidelines, which include leadership development programmes. The Executive Core Qualifications, specifically, serve as a guide for the Federal Executive Institute and the Management Development Centre's curriculum.

Source: OECD (2011a), *Public Servants as Partners for Growth: towards a stronger, leaner and more equitable workforce*, OECD Publishing, Paris.

Better alignment could be pursued between individual training and development and improving the skills and capabilities of the workforce for the benefit of the organisation. Competency management linked to training and performance management would provide the basis for identifying employees' current skill gaps and helping them to map out training and development plans targeted at closing those gaps. Competency gap analysis thus becomes the learning needs assessment. A personal development plan can then be developed, listing the specific competencies the employee needs to develop for improved performance. In this way, a continuous process of competency improvement can be put in place linked to the performance management system. For example, in Japan, the personnel evaluation system includes a competency assessment and a performance assessment (OECD, 2011a). If effectively managed, competency gap analysis can help to eliminate unnecessary training and better target the training budget.

Training plans could be linked more clearly to workforce analysis and planning so that staff development becomes an integral part of how organisations plan their workforce, rather than having to depend solely on recruitment to meet changing needs. A gap analysis carried out in the context of workforce planning is a useful way of identifying the gap between the existing competencies of staff and the competencies the organisation requires. This can then form the basis for a strategic, multi-year training plan. It is essential that training plans of organisations are linked to the organisational planning system that is already in place so that training becomes an integral part of the business planning of organisations. An example of this approach is in Korea, where every five years a workforce plan for improving competency levels needs to be established by each ministry and agency, based on the current competencies of civil servants and the competencies required in the near future. The objectives of the workforce plan must be accomplished by the end of the five-year period (OECD, 2011a).

These types of approaches based on competency gap analysis could be used to target the training initiatives within government organisations and they should also be used as an input to the national training plan developed by DAFP. This should support the efforts already being made to target the training on priority workforce development needs.

Line managers could be encouraged to take on responsibility for training and development of their staff. This could be reinforced by setting out well defined accountabilities for heads of government organisations and line managers in this regard, whereby accountability for establishing and implementing the training plan is linked to the existing accountability for organisational planning. In many OECD countries, accountability is reinforced by making this part of managers' performance objectives.

DAFP could support departments and agencies by creating the frameworks, guidelines and tools to support competency based needs analysis and training and by fostering the exchange of best practice. DAFP could also make an important strategic contribution by developing the linkages between training and development and other areas of human resource management, particularly workforce planning and competency management.

Box A.17. **Development of senior civil servants: Examples from OECD countries**

In Australia the Australian Public Service Commission (APSC) supports leadership learning and development. The Senior Executive Leadership Capability Framework defines the capabilities required of senior executives in the public service. A suite of development programmes, events and services provided by the APSC has been specifically designed to reflect this framework. The APSC works closely with leading institutions and training providers, across industry, to develop and deliver programmes which have been specifically designed to meet the changing needs of public service employees.

In Canada, the Canadian Office of the Chief Human Resource Officer (OCHRO) offers programmes and information to senior staff that foster professional growth. For the most senior level, Assistant Deputy Minister (ADM), the OCHRO provides individual ADMs with advice on assignments, promotions and learning opportunities, as well as personal and career development strategies. There is a Learning "Roadmap" for managers based on key leadership competencies. Managers are responsible for their personal learning plans. Managers are required to go through a structured training programme, including:

- Orientation to the public service for new management recruits
- Newly appointed managers trained in the policies and accountabilities relating to their role for (essentials of human resources, finance, procurement, information management and related fields)
- Core management skills – practical skills and techniques to help managers with their daily management tasks and responsibilities

In addition, managers are provided with a menu of other leadership and management development courses and activities

In Finland there is a Public Management and Leadership Development Programme set up by the Finnish Innovation Fund to create new leadership practices and new management models.

In the Netherlands there is a centrally co-ordinated Learning Lines Programme and Senior Civil Service Candidates programme. Coaching for current and potential leaders is carried out in conjunction with private sector executives.

In Sweden the leadership task of senior civil servants is emphasised by the "government's leadership policy", which provides guidelines and basic principles. Specific training and courses aim to develop the leadership skills of senior civil servants. The Ministry of Finance decides which subjects are important for training. However, the organisation of training is decentralised to individual agencies.

Source: Survey carried out on behalf of the Office for the Senior Public Service in the Netherlands, IPA/Berenschot (1998) and research undertaken by the authors of this report.

Another key area where DAFP could focus its resources strategically is on management development. While ESAP offers management training courses, there is no requirement to managers to participate and a structured approach to management development is lacking. This contrasts with the approach taken in many OECD member countries, where management and leadership development are seen as critical for strengthening the capacity of the public service and for equipping those in management positions to lead change and reform.

Increasingly, OECD countries are systematically identifying the particular competencies required in senior managers and developing leadership competency models that are used to guide key HRM processes, including selection of managers, succession planning, management development, and performance management. Development of managers is an ongoing process, even at very senior levels.

The development of leaders and managers in Colombia could be facilitated by changes to the way the senior public service is organised. Specific competencies for managers could be defined requirements established for the induction and training of those nominated to management positions. This could include training in public service values, ethics and conduct and in the accountabilities that managers are expected to discharge in regard to upholding and strengthening an ethical, values based public service.

ESAP will continue to play an important role in training and development. It is essential that ESAP be responsive to the needs of public service organisations in terms of the training it offers and that it continue to develop its curriculum and methods according to international best practice. As public service organisations realign their training plans in the context of workforce planning and competency management, ESAP will need to respond with timely, well targeted training offers. As a matter of priority, recognised methods of evaluating the cost effectiveness and impact of training should be introduced. At present, the ESAP is under redesign process in order to be better prepared to meet the training needs of public employees from different levels of government. This redesign process has three objectives: *i)* getting to the territory; *ii)* training and education; and *iii)* strengthening the government high school. The government's vision is to give ESAP the character of a university with accredited academic quality. ESAP is expected to lead the transformation of society, public entities, and social organisations; as well as acting as an advisory organisation to government on public administration issues.

Fostering diversity in the public service

The experience of OECD countries suggests that it is essential to establish the case for diversity in terms of value added to the public service: for example, strengthening social cohesion, creating a more representative public service and broadening the skill pool (OECD, 2011). Specific measures that have proved effective in OECD member countries include (OECD, 2011):

- Building leadership for diversity at all levels of the public service, carrying out analysis and communicating the benefits of diversity for government performance
- Tasking discrimination and ensuring equal opportunities, particularly in recruitment, career opportunities, access to management positions and pay
- Ensuring a proper legal framework to guide the government's objectives and priorities and to support the operation of diversity policies
- Dynamic employment policies that promote mobility, multi-disciplinary careers, long-term workforce planning, competencies and flexible working conditions

- Integrating diversity into all public management reforms and taking a whole-of-government approach.

The recruitment process is one of the key areas where diversity can be promoted, while still ensuring that the process is merit-based. Experience in OECD countries shows that the following types of improvements to the recruitment process can help to foster diversity and avoid discrimination:

- Diversifying communication channels to reach a wider audience;
- Motivating people to apply for vacancies in the public service;
- Making the selection process and criteria more inclusive, while still focused on analysing skills, qualities and competencies required for a job; and
- Facilitating the integration and retention of new recruits to the workplace through coaching or mentoring (OECD, 2011b).

Diversity policies for under-represented groups are also part of the promotion process in a number of OECD countries. The preferred methods are special coaching for members of the diversity target groups and specially directed information sessions (see Table A.6).

Table A.6. **Diversity policies for under-represented groups in the promotion process**

	Preferential right for being promoted				Preference in the promotion selection process				Information sessions specially directed				Coaching				Promoting targets			
	Women	Non-nationals	Minorities	Disabled	Women	Non-nationals	Minorities	Disabled	Women	Non-nationals	Minorities	Disabled	Women	Non-nationals	Minorities	Disabled	Women	Non-nationals	Minorities	Disabled
Austria	-	-	-	-	●	-	-	-	-	-	-	-	-	-	-	-	●	-	-	●
Belgium	-	-	-	-	-	-	-	-	●	-	-	-	-	-	-	-	-	-	-	-
Canada	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-
Czech Republic	●	-	-	-	●	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Finland	-	-	-	-	-	-	-	-	●	-	-	-	●	-	-	-	●	-	-	-
France	-	-	-	-	-	-	-	-	●	●	●	●	●	-	●	●	●	-	●	●
Germany	●	-	-	●	●	-	-	●	●	-	-	●	-	-	-	-	-	-	-	-
Hungary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-	●	●
Ireland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	-
Israel	-	-	-	-	●	-	●	●	-	-	-	-	-	-	-	-	-	-	-	-
Italy	-	-	-	-	-	-	-	-	●	-	-	●	●	-	-	●	-	-	-	-
Japan	-	-	-	-	-	-	-	-	-	-	-	-	●	-	-	-	●	-	-	-
Korea	-	-	-	-	●	-	●	●	●	-	●	●	●	-	●	-	-	-	-	-
Norway	-	-	-	-	-	-	●	●	-	-	-	-	-	-	-	-	-	-	-	-
Spain	-	-	-	-	-	-	-	●	-	●	-	-	-	-	-	-	-	-	-	-
Sweden	-	-	-	-	-	-	-	-	●	-	-	-	●	-	-	-	-	-	-	-
Switzerland	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	-	●	-
United Kingdom	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	●	●	-
United States	-	-	-	-	-	-	-	-	●	-	●	●	●	-	●	●	-	-	-	-

Source: OECD (2010), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris (unpublished).

In some countries, there are promotion targets. Only a very few countries have taken the approach of giving preference to under-represented groups in the promotion process.

Colombia is a multi-ethnic nation with a culturally heterogeneous population and wide social and regional disparities (see Chapter 1). This creates important challenges for the government in terms of enhancing opportunities to enter the public service and increasing the representativeness of the public service in terms of its employment profile. As noted earlier, the Colombian government has taken a strong stance on the representation of women in senior positions, with the legal requirement for women to hold 30% of management positions.

Colombia could build on this experience by developing its policies on the employment of ethnic-minority groups, people with disabilities and people from lower socio-economic backgrounds. This is likely to be a protracted process, as the educated middle class in Colombia is relatively small and the availability of qualified candidates from diversity target-groups is likely to be low. One starting point could be to collect data on the representation of minority groups among candidates for recruitment, among those actually recruited and in public-service employment. This could be a basis for raising the importance of diversity as an issue in public-service employment and integrating diversity into workforce planning. The experience of France in removing barriers to diversity in the recruitment system may be of inspiration to Colombia (see Box A.18).

Box A.18. **Diversity in recruitment: The French experience**

French authorities have implemented a number of measures to foster diversity in the civil service and promote equal opportunities. These measures intend to address the problem of over-qualified workers and deal with the excessive academic nature of some competitive examinations. It should be noted that the French civil service is a career-based system and access is through competitive examination.

The first area of action has to do with training prior to recruitment. In September 2005, the Defence 2nd Chance scheme was launched by the Ministry of Defence to help young people between 18-21 years of age with difficulties to integrate socially and professionally, with no professional qualifications and in danger of being marginalised. The objective is to enable these young people to learn standards of behaviour and respect for others; supplement their education in terms of reading, writing and basic skills in arithmetic; and have the means to gain an apprenticeship in a trade or profession. Recruitment is based on a voluntary service with a six-month contract governed by public law and renewable up to three times (not an employment contract). Recruits receive a EUR 300 monthly allowance, social security and medical insurance.

In February 2007 the French Government launched the operation "Sponsorship in the Civil Service" to: *i)* increase the information available to potential candidates on civil service examinations; *ii)* increase the availability of individual tuition provided by some of the members of the civil service college network (RESP), to help the most deserving candidates prepare for the exams; and *iii)* provide financial support to the most deserving candidates to help them prepare for the exams. On this last point, the scheme grants allocations to unemployed persons and graduates to enable them to pass a category A or B examination assisted by a tutor. Other actions include special classes to prepare for the competitive examination. The selection of the beneficiaries is made on academic level, socio-economic criteria and motivation. In 2008, 90% of the beneficiaries succeeded in the competitive examination to the civil service.

Box A.18. **Diversity in recruitment: The French experience** *(continued)*

The second area of action refers to innovative measures in the field of recruitment:

- The Recruitment without Competitive Examination scheme was introduced in 2007, and allows entry to category C at the first level of the civil service. The process is based on a dossier (application letter, curriculum vitae, and interview with a committee). In 2008, 32% of junior staff was recruited under this scheme.
- The *Cadets de la République* scheme was introduced in 2005 to enable young people without a *baccalauréat* to prepare for the police examinations.
- The Pathway to Civil Service Careers at national and regional level and hospitals (PACTE) is a new way of recruitment in these three civil service sectors that aims to offer young people the opportunity to join the civil service as an established civil servant. This scheme is addressed to people between 16-25 years of age who left the educational system and do not have a diploma, professional qualification, nor vocational training leading to a specific occupation.
- The RAEP – Recognition of Professional Experience is a specific scheme that includes new selection procedures for recruitment and internal promotion. Instead of academic tests, it gives more relevance to achievements from experience: all professional knowledge, skills and expertise acquired while working in the civil service or in a salaried, unpaid or voluntary job and directly related to the professional experience required for the future work in the civil service. Examinations are more professional rather than academic, and include case studies, role play, etc. For internal promotions and upgrades, professional qualifications and experience are more relevant.

Source: Poinssot, V. (2009), *Diversity: Innovative Practices and Future challenges*, presentation given during the experts' meeting on "Building a Fairer and Stronger Public Service by Fostering Diversity", 1 October 2009.

A noteworthy aspect of the French approach includes "upstream" actions to prepare people from disadvantaged backgrounds to better compete for recruitment to the civil service. This is something that could perhaps be considered in Colombia as part of an initiative to improve educational opportunities for those from disadvantaged groups and prepare them to better compete for employment in both the public and private sectors.

Experience in OECD countries suggests that it is important to have a focal point for promoting diversity policies. This is perhaps a role that DAFP could take on, for example by developing the diversity strategy, monitoring progress, promoting the benefits, linking diversity issues to strategic workforce planning, and providing guidance and support line ministries and agencies in the implementation of their own diversity policies. A key element is to achieve the right balance between central government co-ordination and delegating implementation responsibility to managers within government organisations. The creation of collaborative networks of HR directors can help foster dialogue, promote the exchange of information and allow feedback on the general guiding principles, including suggestions for improvement. OECD experience also points to the importance of making line managers accountable for the implementation of agreed-upon diversity objectives.

Enhancing performance orientation and building leadership

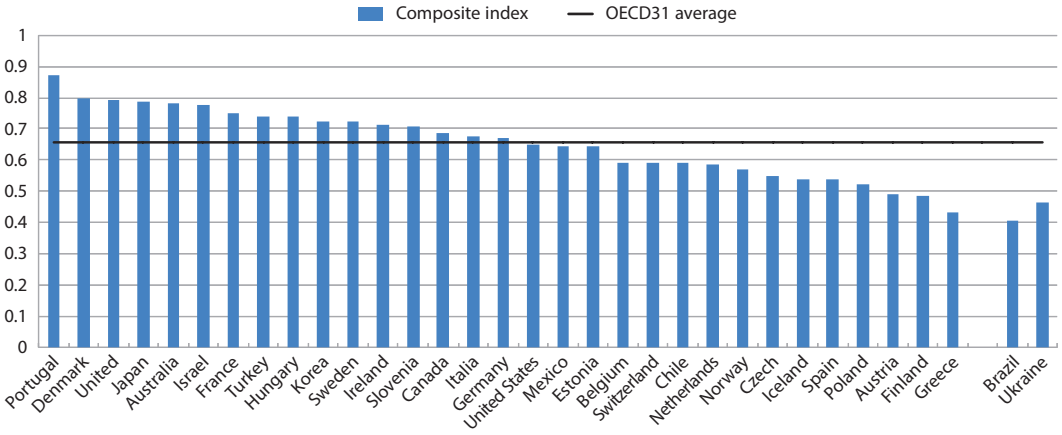
Enhancing performance orientation

Improving the efficiency and effectiveness of government is a high priority for OECD countries, particularly in the current economic environment. Efforts to strengthen performance orientation involve creating government-wide frameworks to drive organisational performance, as well as constant efforts to improve human resource management systems for motivating staff and managing the performance of individuals and teams. A central issue that countries have to deal with in this context is the balance between giving government organisations sufficient managerial freedom to enable them to function as efficiently as possible and maintaining sufficient control and oversight to satisfy the requirements of public accountability and probity that are essential to good governance. The general trend in OECD countries has been to delegate more authority to managers, including for HRM, while increasing their accountability for results and strengthening accountability mechanisms.

Performance management should link the management of people with organisational goals and strategies and, ultimately, with the government's programme and objectives. This involves four levels of performance management:

- At the highest level, the government develops performance-oriented practices and procedures, including a government-wide framework for developing performance information (evaluation and performance measures), integrating performance information into budget and accountability processes, using it in decision making, and monitoring and reporting on results (OECD 2009).
- At the programme level, performance management is focused on the desired output of government programmes and on what has been accomplished, such as volume and value of service take-up, upward trends for inclusion, and user satisfaction.
- At the organisational level, performance enhancement is part of long-term strategic planning and focused on impact, resource utilisation and improvement of public services and it is also focused on improving organisational performance through better management, organisational reforms and process improvements to deliver improved services and outputs.

Figure A.8. **Extent of the use of performance assessments in HR decisions in central governments (2010)**



Source: OECD (2010d), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris.

- At the level of teams and individuals, performance management is about motivating employees, setting performance objectives within the framework of organisational objectives and strategies, using performance assessment to improve performance and dealing with issues of poor performance.

Experience in OECD countries suggests that creating a performance culture takes time and requires new managerial competencies. Managers need to be given sufficient scope and effective tools to manage people and performance. This means providing managers with sufficient delegated authority for staff management, holding them accountable, ensuring that they use their authority properly and ethically, ensuring they are properly trained, and providing them with HRM policies and processes that enable them to motivate their staff and manage performance.

Most OECD countries require a formalised performance assessment for government employees. The most common approach is for this to be carried out by the immediate superior on an annual basis, with a requirement for the superior to provide written feedback. Such assessments are a key part of performance management systems. In most cases, standard criteria are used to assess the individual's performance. The most commonly used criteria are outputs achieved, which include specified performance objectives (Table A.7). Competencies and technical skills are also used quite widely, while leadership and management skills are a factor in the evaluation of managers (OECD, 2005a).

Table A.7. **Formalised mandatory performance assessment for government employees under the General Employment Framework**

	Meeting with immediate superior	Meeting with superior two levels above or HR officer	Written feedback from superior	360 feedback (usually written)	Other
Australia	◖	○	◖	○	–
Austria	●	○	○	○	–
Belgium	●	□	●	■	–
Canada	◖	○	●	■	–
Chile	●	○	●	○	–
Czech Republic	●	○	○	■	–
Denmark	●	N.A.	N.A.	N.A.	–
Estonia	●	○	●	○	–
Finland	●	○	○	■	–
France	●	○	●	○	–
Germany	□	N.A.	□	N.A.	–
Greece	○	○	●	○	–
Hungary	●	N.A.	●	N.A.	–
Iceland	●	○	●	○	–
Ireland	◖	○	◖	○	◖
Israel	●	○	●	N.A.	–
Italy	N.A.	N.A.	●	○	–
Japan	◖	○	◖	○	–
Korea	N.A.	◖	◖	N.A.	
Mexico	●	●	●	N.A.	–
Netherlands	◖	N.A.	N.A.	N.A.	–

Table A.7. **Formalised mandatory performance assessment for government employees under the General Employment Framework** *(continued)*

	Meeting with immediate superior	Meeting with superior two levels above or HR officer	Written feedback from superior	360 feedback (usually written)	Other
New Zealand	N.A.	N.A.	N.A.	N.A.	■
Norway	●	N.A.	N.A.	■	–
Poland	□	○	□	○	–
Portugal	●■	○	●■	~	●
Slovak Republic	○	○	○	○	–
Slovenia	●	○	●	○	–
Spain	N.A.	N.A.	N.A.	N.A.	–
Sweden	●	○	■	■	–
Switzerland	●	○	●	○	●
Turkey	N.A.	N.A.	●	N.A.	–
United Kingdom	●	N.A.	●	■	–
United States	◖	○	●	○	–

◖ Every six months ■ Other frequency
● Every year (–) Not applicable
□ Every two years N.A. Not available
○ Not used

Notes: **Belgium:** 360 feedback is used during preparation (test phase).

Ireland: An optional system of upward feedback is available and carried on every six months.

Korea: Meetings with superior two levels above or HR officer and written feedback from superior are carried on every 6 months for civil servants of Grade 5 and below every year for civil servants grade 4 and below.

New Zealand: There is no standard formula related to performance assessment and its frequency. State agencies develop their own systems.

Portugal: Meetings with immediate superior and written feedback are carried on when considered necessary in the scope of performance monitoring throughout the year. 360 feedback is applied to top managers when they apply for management bonuses. Written public staff self-assessment is also available for both professional and middle management levels (Every year frequency).

Russian Federation: Meetings with superior two levels above or HR officer could be carry on depending on agency/department needs. Written feedback from superior could be carried on when public servant is looking for level upgrade.

Sweden: Written feedback from superior is occasionally used according to local routines.

Switzerland: Sometimes, vertical performance assessment is also carried-on for top managers. It is applied by the middle management levels in order to evaluate top levels' performance (Every year).

Canada, Czech Republic, Finland, Norway, Sweden and United Kingdom: 360 feedback is carried on according to ministries, agencies and/or departments' needs.

Source: OECD (2010d), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris (information obtained from responses provided by countries for question number 63).

Research indicates that employee motivation and performance are affected by a variety factors, including: the quality of leadership and management: consistent organisational values that are reflected in the attitudes and behaviours of managers and staff; having interesting and challenging work; clarity about their role and how their work contributes to the objectives and success of the organisation; being well trained and having the competencies required for the job; and being recognised and rewarded for good performance (Miller, 2011; Holbeche, 2001). Monetary rewards are not necessarily the most important of

effective way of recognising performance. Peer recognition and access to opportunities to develop their competencies and progress their career are likely to be powerful motivators.

Performance assessments are, therefore, only one element of successful performance management. Organisational performance mechanisms and a parallel adaptation of human resource management are pre-requisites for performance management, and thus an essential part of government policies aimed at better value for money and better services to citizens.

Colombia will face similar challenges to those experienced in OECD countries in developing its performance management system, given its strong reliance on central controls and the relatively underdeveloped state of performance management at both organisational and workforce level. In moving towards a performance management framework, it will be essential to embed strong protections for ethical standards in the public service so that encouragement to perform is not confused with any weakening of essential standards of ethics and probity.

While the Colombian government is committed to embedding performance management in the public service, efforts to do so have encountered challenges. Performance assessments are supposed to be carried out for all career public servants and, more recently, assessments have been extended to provisional staff, although not all organisations appear to evaluate provisional staff. Freely appointed staff are also subject to performance evaluation. While it appears that there is a reasonable level of compliance with the requirement to conduct performance assessments, this is largely a paper exercise, with the vast majority of staff receiving high performance ratings, despite the fact that there appears to be a widespread perception on the part of managers that it is difficult to motivate career civil servants to perform and that underperformance is widespread.[32] This seems to be one of the reasons why managers express a preference for hiring provisional staff, as they have the tool of annual contract renewals to motivate these staff to perform well, while tools to motivate career staff are largely absent due to the lack of opportunities for career development and promotion. Some organisations (for example, in the Department of Planning, the Treasury and the National Bank) have created scholarship schemes to study abroad as a performance incentive. However, given the cost of such schemes, they are of necessity limited to a small minority of staff.

Career civil servants have strong tenure; it is thus extremely difficult and rare to terminate employment on performance grounds, even though this is provided for in the legislation. There does not seem to be a system to support managers in addressing performance issues through performance improvement plans and training.

As managers are relatively mobile, there may be a reluctance to invest much effort in a performance evaluation system which they perceive to be dysfunctional. A key reason for this is that individual performance assessments are not supported by an organisational performance management system or by adequate HRM policies and processes. In the absence of organisational performance mechanisms, there is, at best, a weak results orientation and no way of connecting individual and team performance to organisational performance. Another impediment is that performance evaluations are focused on the functions set out in post descriptions rather than performance objectives and results achieved.

Starting in 2005, the Colombian government has tried to encourage performance management by providing organisations with a budget for performance incentives and by making it possible for organisations to implement their own performance management systems. Providing organisations with flexibility to develop their own performance

evaluation instruments, within the parameters set by the NCSC, is a positive step in building ownership and enabling organisations to develop the linkage between individual and institutional performance. The system of performance bonuses seems to be working less well, as bonuses appear to be awarded mainly for acquiring additional qualifications or taking on additional functions, rather than for performance. Bonuses can be up to 50 percent of base salary and, once awarded they tend to be retained permanently. However, bonuses and performance incentives can be detrimental if civil servants do not have strong core values such as integrity, fairness and so on as they can lead to behaviours aimed at maximising performance rewards while undermining the core values.

Colombia could focus on the foundations of performance-management

Experience in OECD countries suggests that successfully establishing performance management relies on the following (OECD 2011b):

- **Coherent framework**. Performance accountability should be matched with managerial flexibility in the management of staff and financial resources.
- **Political support**. This is necessary to advance a performance culture and a whole-of-government approach.
- **Incremental reforms**. Using this approach, the first steps require little previous experience, but each step generates the experience and competency to move ahead. However, the challenge is to maintain the momentum for reform so that the lessons learnt in the first stages feed the following ones.
- **Build ownership**. The general reluctance of some groups at the centre of government to relax their control and to allow managerial power to expand is a problem experienced in many OECD member countries. An incremental approach to implementation of reforms may offer a viable path forward.

Colombia's efforts to inculcate a performance orientation and strengthen the performance in the public service require that human resource management reforms are supported by strategic management instruments and performance-oriented budgeting, although these matters fall outside the scope of this Review. This does not mean that improvements in the performance management system have to wait until budgeting and strategic management instruments are fully developed. Experience in OECD countries suggests that developing integrated performance frameworks for government is a long-term, iterative process.

An essential foundation for managing the performance of individuals and teams is a system of organisational objective setting, performance reporting and management accountability. This creates an understanding of what performance management is for, by providing the context for setting objectives and performance expectations for staff. Colombia has begun to put in place important instruments in the form of management information and development systems, internal control systems and elements of democratisation and social control. It is likely that organisational performance management systems already exist in state enterprises which might provide useful models for the public administration. Performance management appears to have been implemented in the education system with more success than in some other sectors. Performance improvement programmes and training are used to address performance problems. There may be useful lessons that could be transferred from education to other sectors.

Colombia has applied a holistic view of performance evaluation. Article 39 of Law 909 of 2004 and management agreements signed by public managers, sought to link individual performance evaluation of the employee with the evaluation of the functional area and of the entity. However, results have not been what were expected.

The Colombian government could send a strong signal about performance by indicating that it is embarking on reforms to improve budgetary management. In this context, rigidities in the resource allocation process should be addressed in relation to how the personnel budget and workforce numbers are determined and allocated. For example, the Austrian government is linking performance budgeting to HR management including information on incentives, staff planning, performance-related pay, promoting staff flexibility and mobility with the aim of facilitating changes according to priorities. Another effective step the government could take is to begin developing information to assess the performance of government organisations and putting in place formal mechanisms to make managers more accountable. There is scope for synergy with the Colombian government's plans for e-government, using e-government to drive performance improvement efforts in public organisations and to develop performance information (see Annex C).

Colombia could focus on its human resource management framework

The overall human resource management framework needs to enable and support organisational performance. Reforms introduced by the Colombian government in 2004 are intended to create a more flexible and performance oriented HRM system, although implementation has not produced all of the hoped for results. Nevertheless, many of the foundational elements are in place and can be built upon. Several key areas for further improvement, already identified in earlier sections of this Annex, are critical for strengthening the performance orientation and capacity of government organisations. They include:

- Arrangements for acquiring new human capacity and talent so that organisations are properly staffed and those hired have the competencies needed to do the job;
- Making more effective use of probation arrangements to ensure that unsuitable recruits are not retained in employment;
- Adopting competency management as one of the pillars of strategic human resource management to support recruitment, job profiling, training and career development;
- Reforming the career structure and pay structure for career public servants to create incentives for them to improve their competencies and their performance;
- Improving training and development of staff, focused on organisational needs and improving performance on the job.

Reform in these areas can provide more flexibility and better tools for managers to actively manage the performance of their staff. Managers also need to be given more control over job profiles, within a flexible overall framework, so that they can determine the accountabilities, performance expectations and required competencies of their staff. The replacement of post description manuals with a system of job profiling, as recommended, could be a major advance. The excessive legalism and judicial involvement in staff management needs to be addressed in order to create reasonable scope for performance management. This can be facilitated by developing internal organisational systems for monitoring, auditing and appeal in relation to performance management and other aspects of human resource management. Without co-ordinated reform in the above areas, it is likely that ongoing efforts to improve the performance-evaluation system will come to naught.

Creating more scope for teamwork within the public service could also increase the flexibility of the workforce and should support improved performance. Well-organised teamwork fosters productivity by making it possible to use the different competencies of staff more effectively and it also builds trust in the workplace. Currently, the system of position-description manuals poses an impediment to teamwork as it narrowly defines individual job functions. Such rigid demarcations between jobs need to be broken down so that managers can develop team working. While ways of evaluating and rewarding team contribution are needed to support team working, this is not a substitute for individual performance management as each staff member should have clear individual objectives, including their contribution to the team, and their performance should be assessed individually. Care also needs to be taken that performance rewards support team working rather than creating competition among employees.

The reforms introduced in Belgium, starting in the late 1990s, provide an example of a comprehensive approach to performance improvement based on a fundamental re-thinking of public service values, structures and working methods, with a strong emphasis on creating a new management culture and embedding competency management in the human resource management system (Box A.19).

Box A.19. **Belgium: The Copernicus Reform**

The Copernicus Reform programme was launched in 1999 at a time when the Belgian federal administration suffered from a lack of adequate management, unmotivated staff, mistrust of change, the erosion of federal competencies and the problem of legitimacy towards citizens/society. The programme aimed to transform the outdated public service management structure into a modern, transparent structure emphasising individual performance development, in line with broad organisational goals. The reform is composed of four pillars: new management culture, new organisational structure, new ways of working and a new vision of human resources management.

New management culture emphasises autonomy based on the extent to which objectives are realised, self-assessments and delegation of management to line ministries. For example, under this pillar, Belgium introduced envelope financing – which provides managers a yearly fixed personnel envelope and allows them reasonable autonomy in managing that budget through the creation of a "personnel plan".

New organisational structure defines a new organisation for Personnel and Organisation (P&O) emphasising greater organisational transparency through horizontal P&O across the federal government, "local" P&O units in each Federal Personnel Service, and collaboration in a virtual matrix.

New ways of working are defined by "business process re-reengineering" projects that aim to tie personnel, infrastructure, IT and general work processes together to achieve greater overall results. The project follows a four-phase process over approximately ten months that defines and details the current situation, objectives, strategies, goals and implementation plans, and also includes risk assessments and gap analysis.

New vision of human resource management focuses on developing and managing competency though new forms of career management, new evaluation cycles and new development opportunities. New forms of career management aim to address issues of internal equity, lack of individual development, difficult internal mobility, and problems with recruiting and retaining skilled people by highlighting job content, encouraging individual growth through performance and system transparency, and also by bringing pay into line with the market (both private and public).

Box A.19. **Belgium: The Copernicus Reform** *(continued)*

The reforms have enabled a focus on correctly matching competencies with actual job functions and nurturing employees' competencies to encourage career development. New evaluation cycles emphasise improved performance by maximising competencies. To achieve this, emphasis is placed on learning and developing through personal tools like co-responsibility and communication. Finally, in order to provide new development opportunities for public sector employees, the human resource departments within the Belgian Government provide advice for federal organisations in creating and implementing development plans and also by providing practical tools and support training.

Source: OECD (2011b), *Towards More Effective and Dynamic Public Management in Mexico*, OECD Public Governance Reviews, OECD Publishing, Paris, http://dx.doi.org/10.1787/9789264116238-en. Information provided by Philippe Vermeulen, Belgian delegate to the Public Employment and Management Network in the light of the Mexico review.

Colombia could focus on enhancing managerial flexibility, accountability and performance

There is a critical balance between giving managers more flexibility and maintaining necessary compliance with rules and regulations that are designed to ensure probity and proper control of the activities of government organisations. Finding the right balance is particularly important in a public service which is still developing its core values and essential administrative foundations. The corollary of giving managers more flexibility to manage people and resources is that there are strong accountability mechanisms in place to ensure proper and effective management. Creating this combination of flexibility and accountability is a gradual process and delegation of responsibility to managers should proceed incrementally.

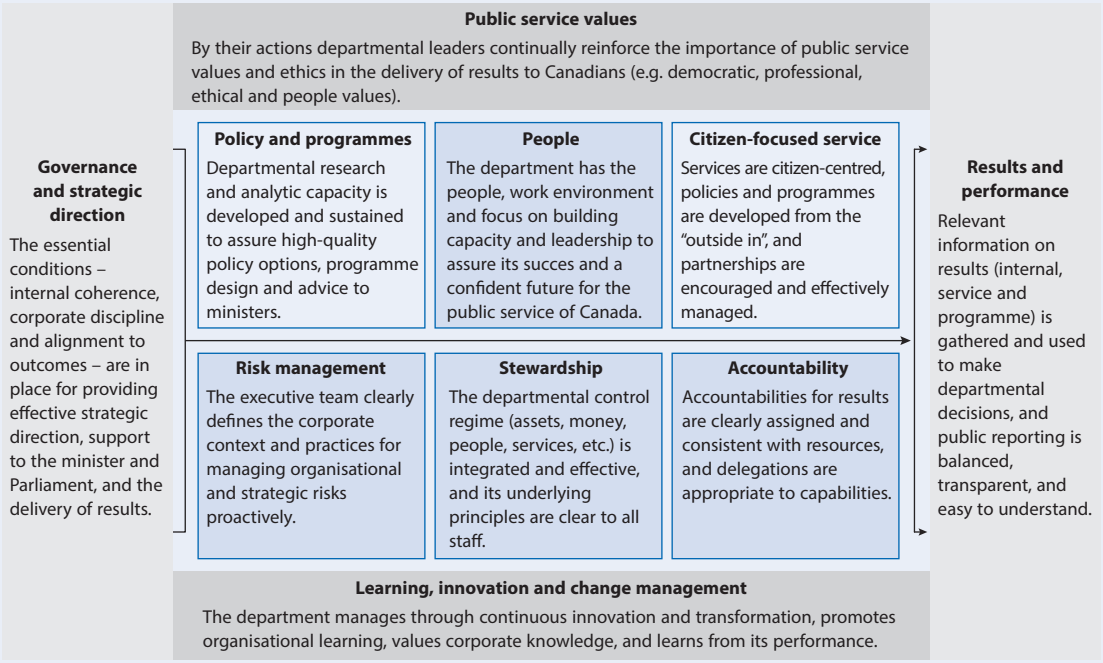
Some OECD countries have put in place comprehensive management accountability frameworks to support performance management and increased delegation of management functions to departments, as illustrated by the example from the Canadian Public Service (Box A.20). This system has supported a move from prescriptive rules and heavy central control to a more flexible management system of risk-based monitoring and managerial accountability for results. An important feature of this system is that the meaning of management is clearly operationalised – key indicators are identified to ensure that the system can be used to help senior managers assess progress and increase their accountability for results. There is a specific HRM component of the framework which provides a common structure for assessing HRM in departments and agencies.

Box A.20. **The Canadian Management Accountability Framework**

In the context of increased emphasis on results and performance management, and increased delegation of management functions to departments, the Canadian Government has developed a Management Accountability Framework (MAF) to ensure departmental accountability for management results, including human resources. The MAF is structured around ten key elements that collectively define "management" and establish the expectations for good management of a department or agency. It sets clear indicators and measures that can be used to gauge performance over time to help managers, deputy ministers and central agencies to assess progress and to strengthen accountability for management results.

Box A.20. **The Canadian Management Accountability Framework** *(continued)*

The MAF is part of the government's efforts to move away from prescriptive rules and heavy central regulation to focus on risk-based monitoring and accountability for results. The government uses annual MAF assessments to identify management strengths and weaknesses in individual departments and agencies, and ultimately government wide. The assessment process leads to a joint agreement on specific management improvement action plans and ultimately public reporting on the state of management. MAF assessment now also factors into deputy ministers' performance appraisals.



The People Component of the MAF provides a common structure for assessing human resources management in departments and agencies. It sets out vision, expectations, key performance indicators and associated measures for sound human resource management. It centres on key workforce, workplace, leadership and HR infrastructure outcomes, and associated measures. The outcomes are:

- a workforce that is talented, professional, representative, engaged and productive, with the required competencies and values to meet current and future needs;
- a workplace that is healthy, safe and fair and enables employees to work effectively in a supportive environment, and a culture of excellence;
- strong leadership and management capacity to effectively lead organisations and people in a complex and dynamic environment;
- effective infrastructure, which facilitates effective organisational planning supported by strategic and enabling human resources management, and achieves high levels of client satisfaction.
- the key people management performance indicators provide a solid foundation on which managers at all levels, including deputy ministers and human resource professionals, can build their accountability regimes for quality human resources management and assess their organisations' business and human resources outcomes.

Source: Treasury Board of Canada Secretariat (2009), *TB Management Accountability Framework*, www.tbs-sct.gc.ca/mafcrg/index-eng.asp (accessed in December 2010).

Creating a performance culture entails a lot of effort in strengthening management accountability, altering the attitudes and focus of managers, improving managers' competencies and building ownership of the performance management system. One of the important instruments to achieve this is performance management of the managers themselves. Managers could be given clear objectives for programme results as well as for the management of people and financial resources. Their performance in this area could also be assessed. This not only improves managerial accountability and performance, it sends a signal to staff that the senior echelons of the public service are serious about performance management. A strong, well focused effort is required to develop managers' competencies in managing people and performance. This could be part of a structured management development programme. These issues are closely related to the organisation and management of the senior public service in Colombia; they could be integrated within a senior management framework.

Colombia could focus on a holistic performance-management cycle

While strong efforts have been made in Colombia to implement performance evaluation, and all parts of the public administration are expected to carry out performance assessments for their staff, what seems to be missing is a more all-encompassing cycle of continuous performance management of staff, in which the performance evaluation is just one element. Because the focus appears to be mainly on the formal evaluation, managers and staff can easily lose sight of the purpose of performance management, which ought to be to align the efforts of staff with organisational priorities and support performance improvement. Colombia's system could be strengthened by establishing a standard performance management cycle with the following key elements:

- At the start of the annual performance management cycle, managers could clearly articulate personal and group objectives for their staff in the context of the strategy and goals of the organisation and the work unit. The roles and responsibilities of each person could be clearly defined and their performance objectives could be anchored in organisational performance objectives. Job profiles could provide a sound basis for this. Developmental objectives aimed at improving competencies are also recommended.
- It is important that managers continuously monitor performance and provide feedback to staff as part of their ongoing management duties. This enables performance problems to be identified quickly and dealt with in a timely way rather than waiting until the formal performance review.
- It is useful to hold quarterly reviews with the employee to jointly review progress, check whether any changes are needed in performance objectives and identify any problem areas.
- The formal year-end review could focus on how well the performance and development objectives have been achieved and assign a performance rating. The year-end review could be fully documented.

The performance management cycle could feed into staff development plans, as discussed in the context of training, focused on improving job-related competencies and individual development plans should be drawn up for staff. It may also be useful to draw up team development plans to improve team performance.

Establishing a performance management system with these elements and a programme of management training to support its implementation and ongoing operation could help to strengthen the performance management system. Rather than trying to implement such

a programme across all organisations at the same time, a more viable approach may be to identify pilot organisations in which organisational performance management systems, incorporating the individual performance management cycle, could be developed. This would provide the opportunity to iron out any problems before extending the system across the public service.

Colombia could develop strategies to address inflated performance ratings

The problem of managers awarding high performance ratings to the majority of staff will need to be addressed. Colombia is not alone in this regard, as inflated ratings are a well recognised problem in performance evaluation (OECD, 2012b). While better management training, a management accountability framework and a more rigorous performance management cycle, as outlined above, could help to build a stronger performance culture, one of the roots of the problem may be that with staff enjoying strong tenure rights, there is little incentive for managers to tackle performance problems. Linked to this is the issue that while the Constitution provides for dismissal of staff for poor performance, this has not proved to be easily done in practice and there does not seem to be any system of progressive sanctions for poor performance. This suggests the need for a comprehensive system for dealing with under-performance, as discussed below.

Consideration could be given to transferring responsibility for performance management from the NCSC to DAFP under the new arrangements that have been proposed for the NCSC. This would enable a better integration between performance management and other HRM reforms and enable DAFP to play a co-ordinating role in strengthening performance management. DAFP might itself be one of the organisations to pilot a new approach to performance management.

Based on research undertaken by the OECD (OECD 2012b) there are several steps that could be considered to reduce the problem of rating inflation and create more acceptance by employees of their performance ratings. Two keys are that employees know what is expected and believe their performance will be rated fairly.

- The obvious and most important step is providing adequate training in the use of the performance management system for managers, supervisors and employees. Everyone should have the same understanding of the process. Experience shows it is advantageous to require occasional refresher sessions.
- A key is focusing on performance criteria that are job specific, verifiable and suited to reaching agreement on the rating. The use of performance goals generally satisfies that requirement.
- The use of competencies is a positive trend but it is preferable to adopt competencies that are specific to an occupation and job or career level to facilitate supervisor-employee discussions.
- It may be useful to assign weights (often expressed as percentages) to each criterion to indicate its relative importance and to provide a basis for calculating an overall rating. That helps in developing an overall rating and in explaining how the rating was determined. It reduces the subjectivity but also assumes the criteria cover all relevant job dimensions. It also complicates the rating process.
- For all performance criteria, it is advantageous to define at least three levels of performance. The tradition has been to define only the “expected” or “acceptable” level. However, managers and staff need to agree on what will be rated as

unacceptable. It is also advantageous to define the highest or "role model" level. Defining three levels makes it more difficult to rationalise inflated ratings.

- Involving managers and employees in a meaningful way in identifying and defining the performance criteria will contribute to a sense of ownership. That may not make the ratings more defensible but experience confirms it will contribute to a shared belief in the fairness of the ratings process.
- An annual audit of experience provides a basis for identifying and addressing problems, particularly evidence of bias or discrimination. The audit can also serve to confirm employees were informed of performance expectations at the beginning of the performance period.
- Requiring managers to justify ratings in front of a calibration committee or peer review raises the level of honesty and the consistency of ratings across the organisation. The discussions also help managers understand the norm for performance expectations.

Colombia could examine how to reward performance and how to manage underperformance

The practice of awarding performance bonuses in the absence of an effective performance management system is questionable. Such bonuses often seem to be linked to rewarding staff for taking on additional functions rather than high performance and they may also be a way of providing pay increases. There also seems to be an element of rotating the award of bonuses, with everyone getting their turn. While the government's initiative in allocating a budget to organisations for performance incentives is in principle a welcome step towards managerial flexibility, this would be more effective if linked to a requirement for implementation of an effective performance management system and much more rigorous performance standards, as outlined above. It is recommended that the emphasis on this system be reduced until the performance management system is improved. In any event, performance bonuses should be treated as a once-off reward rather than being retained from year to year as part of ongoing remuneration.

A more effective way of recognising and rewarding performance might be to provide for incremental pay increases, linked to performance, as part of the pay structure and to phase out bonuses, except perhaps to recognise outstanding performance. Consideration could be given to this in the context of the suggested changes to the pay system.

Consideration could also be given to recognising performance in other ways. One of the most effective methods may be to provide better career opportunities for staff, with those who perform well being offered opportunities for career development, for example by taking on more challenging assignments by being able to compete effectively for promotion.

As recognised by the Colombian authorities, there are also other effective ways of motivating staff through engaging them in discussions about how the performance of their institutions could be improved. One of the initiatives taken has been the creation of a dedicated website for public servants (www.sirvoamipais.gov.co) where they find information regarding their jobs and their institutions, as well as key documents relating to the public service and where they can participate actively in discussions on good governance and put forward their ideas. Such initiatives could continue to be developed as they can be an important means of motivation, particularly where public servants see their ideas put into action.

Performance improvement measures and a system for managing underperformance are an essential part of any performance management system. While it is essential to have sanctions for poor performance, including the ultimate sanction of dismissal, it is also essential to have effective instruments for addressing poor performance and improving performance. In the absence of such instruments, managers have little scope to address performance issues, while a reluctance to invoke the ultimate sanction of dismissal is likely to discourage managers from giving poor performance evaluations.

A formal system for managing underperformance could be implemented in Colombia. Such a system could come into action when poor performance continues despite feedback from the line manager and measures to improve performance have been applied. OECD countries generally use a range of human-resource management instruments to deal with poor performance, depending on the causes. Actions might range from training where there is a skills deficiency to assisting the employee to address health or family problems if these are a contributory factor. There is usually a well defined procedure for identifying the cause of performance problems, taking appropriate action to address the cause, putting in place a performance improvement action plan, and giving the employee an opportunity to improve their performance within a specified period of time. While line managers are expected to take the lead in the performance improvement process, HR units play an essential role in supporting managers. It is only when the performance improvement procedure fails that disciplinary action is taken. DAFP, as the central HR body could usefully draw up guidelines for managing underperformance. The system used in the Irish civil service may provide guidance to Colombia as to the key elements of a system for managing underperformance (Box A.21). Line managers and staff of HR units could be trained to put such a system into action.

Box A.21. **Managing underperformance in the Irish civil service**

Central guidelines are provided on managing underperformance, which is defined as ongoing failure to meet specified, realistic objectives. There are five basic steps in the system. All steps are fully documented.

1. Identify underperformance via the performance management and development system, using the employee's role profile
2. Identify the reasons for/causes of underperformance via the performance review meeting.
3. Decide and agree on the action required at the performance review meeting using the Performance Improvement Action Plan.
4. Resource the action.
5. Monitor and provide feedback.

The importance of identifying the reason for underperformance is emphasised. There may be any of a variety of causes, such as unclear performance objectives, lack of the necessary competencies for the job, lack of commitment or effort on the part of the employee, ill health, personal or family problems, or other reasons. Where the employee refuses to acknowledge the underperformance or refuses to engage with the system this is documented and immediate action is taken by HR.

Box A.21. **Managing underperformance in the Irish civil service** *(continued)*

The Performance Improvement Action Plan specifies in writing:

- The areas (i.e. relevant Key Tasks on the Role Profile) where there has been unsatisfactory progress.
- The progress which is required to be achieved over the period of the Action Plan.
- The timeframes which will apply to achievement of progress.
- The support measures which will be put in place, when, and by whom (including development measures such as coaching, self-learning, formal training; and, in cases of personal/domestic difficulties, any other support measures to be provided, with timeframes).
- The intervals at which progress will be reviewed during the lifetime of the Action Plan.
- The date when overall progress achieved in the Action Plan will be reviewed and evaluated.
- A statement that, in the event that satisfactory progress is not achieved in the timeframe specified, consideration will be given to invoking the Disciplinary Code.

The Performance Improvement Action Plan is signed and dated by the manager carrying out the meeting and the jobholder.

Where a manager has made concerted efforts to address underperformance and the jobholder has failed to improve his or her performance to a satisfactory standard, the manager can legitimately start disciplinary action, using the civil service disciplinary code.

Source: Irish Civil Service (2001), *Guidelines for Managing Underperformance in the Civil Service*, Department of Public Expenditure and Reform, http://per.gov.ie/ (accessed 26 November 2012)

A disciplinary code is a necessary component of a system to deal with performance problems. However, disciplinary procedures are usually quite distinct from performance evaluation and performance improvement procedures, and are usually only invoked when performance improvement procedures have failed. Typically, a disciplinary code can provide for a range of disciplinary actions, with dismissal being the ultimate sanction. For example, in the Irish public service the following actions may be taken:[33]

- Placing a formal written note on the jobholder's file in HR Unit
- Deferral of an increment
- Debarment from competitions or specified competitions or from promotion for a specified period of time
- Transfer to another office or Division or geographical location
- Withdrawal of concessions or allowances
- Placement on a lower rate of remuneration
- Reduction in grade or rank
- Suspension without pay
- Dismissal

The extent to which sanctions other than dismissals are part of the disciplinary code of the Colombian public service remains unclear. If such sanctions are not currently available it is recommended that they be introduced.

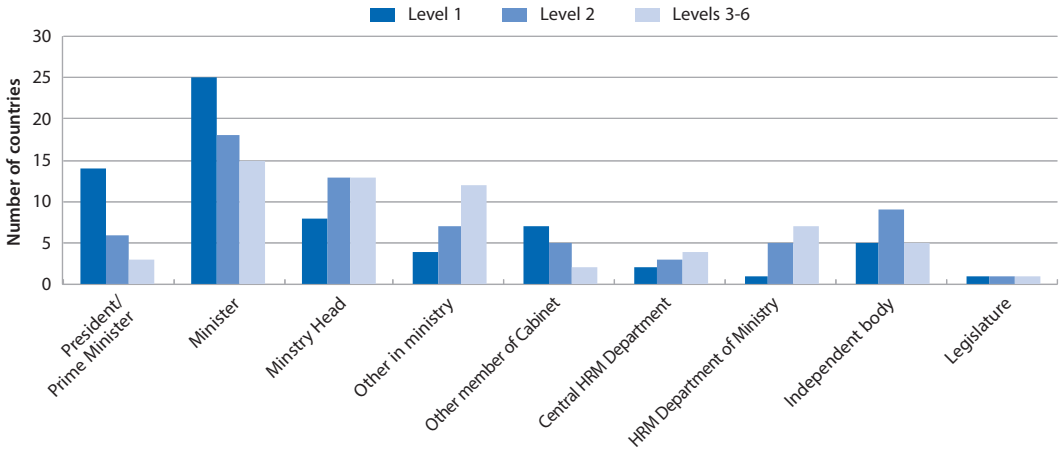
Managing senior management

OECD countries are focusing increasing attention on the management of senior public servants. As governments strive for innovation, performance and increased efficiency in the public sector, the capacity of senior officials to lead and manage change, provide high quality advice, deal with complex problems and deliver improvements in public services is crucial. High standards of performance, accountability and competence are demanded from senior managers and while arrangements for managing the senior public service vary considerably among OECD member countries, there is a common concern to ensure the best possible capabilities and standards.

A key issue in the arrangements for managing the senior public service is the interface between the public administration and the political level, and the extent to which the government is involved in the appointment and management of senior public servants. This is an area where OECD countries take a variety of different approaches: for example, in terms of where the boundary lies between political appointments and independent, merit-based selection; and regarding the distinction between political advisers and neutral public servants. Moreover, arrangements have evolved over time as the views of governments and citizens have changed.

Figure A.9 provides a composite overview of the influence over the appointment, promotion and dismissal of senior civil servants in OECD countries. It is important to note that this overview looks at involvement of different parties in the process and does not reflect the degree to which the recruitment and promotions processes are merit-based or the extent to which appointments can be ended at will. There is a strong degree of political influence, particularly at the most senior levels, reflecting the preference for ministers to be involved in choosing their closest collaborators in the civil service. At the highest level, it is the relevant minister who has the most influence in the majority of countries, followed by the president or prime minister. The minister is also the most important influence at levels two and below, followed by the ministry head and, in the case of levels three to six, by others in the ministry.

Figure A.9. **Influence over the appointment, promotion and dismissal of senior managers in OECD countries**



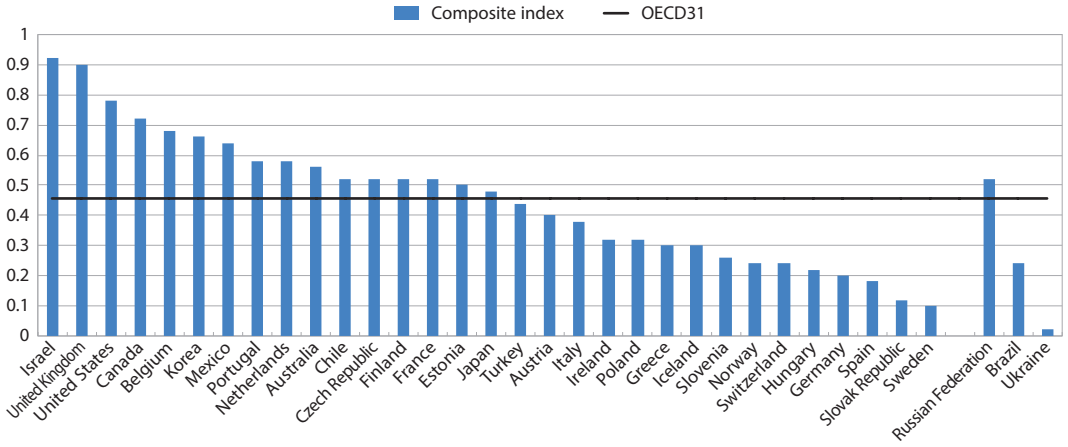
Source: OECD (2010d), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris.

OECD studies point to a number of common elements in reforms enacted in recent years in the management of the senior public service: foremost among these is a focus on the quality of senior management in reforms aimed at strengthening performance and attracting the best talent; reforms of the recruitment and selection of senior managers have introduced more transparency and an emphasis on competencies; many countries have taken steps to introduce more competition for senior management positions and a number of countries with closed career systems have opened up the senior levels to external recruitment; there is increased emphasis on training and development, even at very senior levels; performance standards have become more demanding and performance assessments are widely used; some countries have introduced fixed-term mandates for top managers in order to support greater performance orientation and provide more flexibility in staffing senior positions. In a number of countries, senior managers are managed as a separate group.

Table A.8 complements the information on political involvement with information regarding the recruitment process. The most common approach is that a good proportion of management positions is open to external recruitment, while it is also relatively common for all senior management positions to be open to external recruitment. It is becoming less common for senior civil servants to be selected through internal career progression, even in systems which are primarily career-based. Where panels or assessment centres are used, the most common case is that the final decision is bounded by the report of the panel or assessment centre, although this is not case in all countries that use such techniques.

In general, OECD countries have found it increasingly important to manage senior managers as a separate group, as reflected in Figure A.10. The management of senior managers often includes special rules for recruitment (more centralised, more open to outsiders, very focused on competencies and past performance, early identification for fast-stream programmes), more emphasis on the management of their performance, often an element of performance-related pay, and special training and socialisation programmes.

Figure A.10. **Use of separate HRM practices for senior civil servants in central/federal governments**



Source: OECD (2010d), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris.

Table A.8. **Indentifying and recruiting senior civil servants in OECD member countries**

	They are originally selected by competitive examination early on in their careers and managed as a group throughout their careers	Through career progression within the public service only	All senior management positions are open to external recruitment	A good proportion of management positions are open to external recruitment	All recruitment goes through panel recruitment	Assessment centres are used regularly	Final decision is bounded by report of panel/ assessment centre
Australia	–	–	●	–	●	–	●
Austria	–	–	●	–	●	●	●
Belgium	–	–	–	●	●	–	–
Canada	●	●	–	–	●	●	●
Chile	–	–	–	●	–	●	–
Czech Republic	–	–	–	●	N.A.	N.A.	N.A.
Denmark	–	–	–	–	–	–	–
Estonia	–	–	–	–	–	●	–
Finland	–	–	●	–	N.A.	N.A.	N.A.
France	●	–	–	●	–	–	–
Germany	●	–	–	–	N.A.	N.A.	N.A.
Greece	–	●	–	–	–	–	–
Hungary	–	–	●	–	N.A.	N.A.	N.A.
Iceland	–	–	●	–	N.A.	N.A.	N.A.
Ireland	–	–	–	●	N.A.	N.A.	N.A.
Israel	–	–	–	–	●	●	●
Italy	●	–	–	●	N.A.	N.A.	N.A.
Japan	–	●	–	–	N.A.	N.A.	N.A.
Korea	–	–	–	●	N.A.	N.A.	N.A.
Mexico	–	–	●	–	–	●	●
Netherlands	–	–	●	–	●	●	–
New Zealand	–	–	●	–	●	●	●
Norway	–	–	●	–	●	–	●
Poland	–	–	–	●	●	–	●
Portugal	–	–	–	●	●	N.A.	N.A.
Slovak Republic	–	–	–	●	–	–	–
Slovenia	–	–	●	–	–	–	–
Spain	–	–	–	●	N.A.	N.A.	N.A.
Sweden	–	–	●	–	N.A.	N.A.	N.A.
Switzerland	–	–	●	–	–	–	–
Turkey	–	●	–	–	N.A.	N.A.	N.A.
United Kingdom	–	–	–	●	N.A.	N.A.	N.A.
United States	–	–	–	●	N.A.	N.A.	N.A.

(–) Not Applicable

N.A. Not Available

Source: OECD (2010d), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris (information obtained from responses provided by countries for question number 80).

In Colombia, public service managers do not form part of the career public service. They are employed on contract and are subject to free appointment and dismissal. Freely appointed staff make up ten percent of the total public service. However, when uniformed staff are excluded, freely appointed staff constitute 40% of the national public administration.[34] There are two distinct groups of freely-appointed staff:

- The most senior positions, defined as the senior management of the State, are subject to political appointment at the discretion of the President. This includes, at national level, Ministers, Deputy Ministers, Directors and Assistant Directors of administrative departments, directors of special administrative units, and superintendents, directors, managers and chairs of decentralised entities. At the territorial level, this group includes Deputies, Governors, Mayors, Comptrollers, Ombudsman, District Overseers, State Secretaries, directors of administrative departments, managers and directors of special administrative units, and managers or presidents of decentralised entities. There are no specified procedures for making appointments to these positions.
- All other management posts, referred to as "public management positions" are subject to particular recruitment and selection procedures, although they are not recruited through competitive open competition, as candidates are nominated by the top managers of the employing organisation. However, the transparency of the process has been improved through the use of more objective criteria and selection methods, intended to provide assurance that those recruited are fully competent.

In the case of public management positions, strong efforts have been made to improve the quality of the recruitment process in order to get the best people. The law requires that criteria of merit, ability and experience in relation to the post be taken into account and various types of testing is used to assess the suitability of the candidate, as well as interviews, background checks and so on. The use of executive recruitment firms is quite widespread. The law provides for hiring through DAFP, which is involved in the majority of recruitments, through a private executive search firm or through in-house procedures in the recruiting organisation, although this last approach is not much used. DAFP provides technical support to public institutions in developing these processes. In the interests of transparency, once the assessment is complete and prior to the appointment being made, the candidate's CV is published for three days on the websites of the hiring organisation and the DAFP website and the public may submit observations.

These arrangements make it difficult to discern where the political-administrative interface ends and politically neutral, professional public administration begins. Top officials in ministries, administrative departments and other public entities are closely tied to the government of the day and are therefore political positions. Officials in other management positions depend, in turn, on the will of top managers for their appointments and cannot, therefore, be said to be fully independent, neutral public servants.

While this system provides flexibility in staffing the senior public service, the discretionary nature of making and ending appointments means that there is no cohort of permanent, professional public servants at senior or even middle management levels. Although data on the degree of turnover in management positions are not available, the fact that appointments can be terminated at will is bound to undermine continuity in public service management and to weaken political impartiality. Moreover, because the management groups are quite separate from the career public service, there is no opportunity for career public servants to be promoted to management positions in complete independence of political approval. Career public servants may be selected for a management appointment,

in which case they retain the possibility to return to their original career post when the management appointment ends.

As regards other aspects of how the senior public service is managed, those in public management positions are subject to performance evaluation. Their salaries are outside the salary scales applying to career public servants. The National School of Public Administration (ESAP) is responsible for management training. While newly appointed public managers are required to go through an induction programme in ESAP and in their own institution, there is no other structured management training programme in which managers are required to participate.

Managers, like other public servants, are subject to an anti-corruption law which prohibits them from taking up posts in the private sector where there might be a conflict of interest for three years after leaving a post in the public sector.

Through the arrangements for public management appointments, the Colombian authorities have placed increasing emphasis on bringing in leadership and management competencies and experience to carry through public service reforms and improve the performance of public services. Flexibility in staffing the senior public service should be maintained, but there are some weaknesses in the system that it would preferable to correct. Given the variety of arrangements in OECD countries, it is not possible or desirable to be prescriptive about how the Colombian system should evolve. However, there are two areas where reforms could be considered: the first is to make a clearer distinction between political appointees and professional public service managers. The second is to manage senior public service managers as a group, distinct from political appointees and also distinct from middle managers.

A clearer distinction could be made between political appointees and public service managers

Colombia has already made a distinction between posts which form part of the senior management of the State and public management posts, in terms of how appointments are made. This separation might form the basis for developing the public management posts as a more neutral, professional senior management group. In regard to making a clear distinction between political appointees and professional public service managers, the Chilean system may offer some useful ideas. A 2003 reform created the *Sistema de Alta Dirección Pública* (ADP), a senior civil service system with hiring based on public competition, which is distinct from top positions filled by direct designation by the government. The ADP is also distinct from the group of middle managers, who form part of the career public service.

A key lesson from the Chilean experience is that the reform was implemented gradually, with posts incorporated into the ADP as they become vacant (Box A.22). An incremental approach is also a feature of the Irish Senior Public Service (SPS) which is currently being established. Initially, the SPS includes senior managers in central government departments; however, the intention is, in time, to broaden it to include other areas of the public service. Other noteworthy features of the Chilean ADP are: external recruitment agencies are used for most of the recruitment; transparency and merit are guaranteed through oversight by a high-level independent council; flexibility is retained by having fixed-term appointments; the President retains the right to dismiss in clearly defined circumstances.

Box A.22. **The senior management system in Chile**

In 2003, the Chilean government, with the agreement of all political actors (opposition political parties, non-governmental organisations, civil society), created the Sistema de Alta Dirección Pública (ADP), a central senior civil service system. The aim of the ADP was to establish a professional senior management. Following the reform, there are three distinct groups:

- The most senior positions which are filled by direct designation by the government (1 000 positions out of 2 000 000 in central government)
- The ADP, for which recruitment is based on public competition (1 000 positions in central government). There are two levels within the ADP: approximately 1% at the first hierarchical level (heads of service, directors general), and the remainder at the second hierarchical level (regional directors, heads of division)
- Middle management positions (2 000 positions in central government) at the third hierarchical level, which form part of the career civil service

The ADP system has been implemented gradually by recruiting by open competition whenever a post falls vacant and by expanding it over time to additional groups. For example, it has been expended to include 3 600 Municipal Education Directors and 2 800 new senior management posts in municipalities.

Key features of the ADP are:

- Competitive selection based on professional merit
- Profile based on competencies which are evaluated by expert consultants
- Three-year term of office, renewable for two subsequent terms
- The right to severance pay
- Assessment under management performance agreements
- Can be removed by the President for poor performance or loss of confidence.

Most of the selection process for the ADP is contracted out to specialised recruitment agencies. The National Civil Service Directorate (DNSC) is responsible for management of the ADP. However, the Senior Public Management Council (Consejo de Alta Dirección Pública) is in charge of guaranteeing the transparency, confidentiality and absence of discrimination of the selection process. It is chaired by the director of the DNSC and has four members proposed by the President of Chile and approved by the Senate. The selection process, which takes about four months, begins with the publication of the vacancy in the media. A specialised enterprise commissioned by the Council analyses the curricula vitae of the different candidates and prepares a shortlist for the Council or a selection committee (under the Council's supervision). Professional competence, integrity and probity are some of the criteria used in the selection process. Subsequently, the Council or the committee selects the best candidates for interview and prepares a final shortlist for the competent authority for the final appointment.

The ADP system was based on international experience. In particular, the experience of OECD countries such as Australia and New Zealand strongly influenced the Chilean model. The system is considered one of the main achievements of the modernisation of Chile's public management. One effect has been the decline in the number of political appointees in the central government; they currently represent only 0.5% of the total public workforce. It is also argued that the presence of women in senior positions has increased under the system; they occupy 32% of positions, compared to 15% in the Chilean private sector.

Sources: Weber, A. (2012), *Alta Dirección Pública*, Presentation given at the seminar Fortaleciendo la Capacidad del Empleo Publico Colombiano, Bogotá, 27 July 2012.

For the most senior posts, which form part of the senior management of the State, it is understandable that the executive would want to retain a strong degree of influence over appointments. Nevertheless, consideration might be given to introducing complementary procedures which guarantee the suitability of appointees. The system used in the United States shows how it is possible to have a limited number of senior management positions reserved for political appointment, with clear job descriptions and confirmation procedures to ensure competence and suitability, combined with a corps of tenured civil service managers, recruited on merit by open competition (Box A.23).

Box A.23. **Senior management system in the United States**

The United States senior management system is quite highly institutionalised, but also has a more open political involvement. Its arrangements are characterised by presidential control over the executive functions, combined with active monitoring by the Senate. The number of political appointees is relatively large, but special features help to maintain a proper balance between political responsiveness and neutral competence.

After each presidential election, the Congress publishes a list of positions in the legislative and executive branches of the federal government which may be subject to non-competitive appointment. The most senior politically appointed positions require the Senate's agreement to the appointment. The merits of such candidates are therefore normally scrutinised very carefully, even if there is no formal competition. Among the positions requiring the Senate's consent are the secretaries of the 15 Cabinet agencies, deputy secretaries, under-secretaries and assistant secretaries, and general counsels of those agencies, certain jobs in the independent, non-regulatory executive branch agencies and in the regulatory agencies.

The Senior Executive Service (SES) is a personnel system covering top-level policy, supervisory and managerial positions in most federal agencies. The SES includes most civil service positions above a certain grade. Currently, 8 328 SES positions are authorised by the Office of Personnel Management (OPM). About half of SES positions are reserved for public servants. The main reason is a belief that the need to ensure impartiality requires career employees. The remaining SES positions may be filled either by career or non-career appointees.

Career appointments are made through a competitive process, including published announcements, rating and ranking of eligible candidates, approval by the agency of the professional qualifications of the selected candidate, and further review and approval of the executive/managerial qualifications of the proposed appointee by the SES Qualifications Review Board. A career appointee serves a one-year probationary period. Upon completion, the appointee acquires tenure rights and may be removed from the SES only for cause or for poor performance.

Special rules protect career appointees from improper patronage. A performance appraisal for a career appointee may not be made within 120 days after the beginning of a new Administration. A career appointee may not be involuntarily reassigned within 120 days after the appointment of a new agency head and may not be involuntarily transferred to another agency.

Source: United States Office of Personnel Management (2002), *A White Paper. A Fresh Start for Federal Pay: The Case for Modernization*, Washington, DC, http://archive.opm.gov/strategiccomp/whtpaper.pdf.

While it is important to retain flexibility in terms of the contractual arrangements applying to senior managers, a distinction should be made between political appointments which can be terminated at will and professional public service management posts, where it is desirable to have a system which reinforces public service neutrality and freedom from undue political influence, particularly given that freely appointed positions constitute such

a large proportion of the national public administration. For public management posts, the system of fixed-term appointments used in the Chilean ADP might provide a model for Colombia. A system of fixed-term appointments is also used in a number of other OECD countries as a way of balancing the need for flexibility with political neutrality of management positions. It is also necessary to have mechanisms for removing senior managers who have proved themselves unfit for service.

Table A.9. **Examples of fixed-term appointments in selected OECD countries**

Belgium	Managers receive a temporary mandate of six years, which is granted by either the minister or the president of the department. Only the president of the Chancellery and Support Services receives a mandate which expires automatically at the end of the legislature.
Finland	A draft law stipulates that, although top management posts in central government administration shall be permanent, fixed-term appointments of five years shall apply in respect of individual management tasks.
Italy	Managers (first- and second-level managers) have a fixed-term contract. At the end of the contract, the manager can be appointed to another post, also in a different administration.
Netherlands	The July 2000 reform of the general status of civil servants changed the entire profile of the Senior Civil Service (SCS), *inter alia* by reinforcing the distinction between the Top Management Group and other SCS members. While all members are given a permanent appointment, assignment to a particular function is for a fixed term; members of the Top Management Group are appointed by the Cabinet to five-year terms, with the possibility for prolonging this period twice for the duration of one year each time, after which they must be transferred. The general government service appoints other SPS members to positions for a period from three to seven years without mandatory transfer.
New Zealand	The Chief Executives (CE) of the ministries are appointed by the State Services Commissioner', often with the help of outside recruitment consultants, after publication of vacancies. CEs are given a contract of five years or less, renewable up to a maximum of eight years. The career of the chief executives is not guaranteed when they leave their jobs, or their contract is not renewed or is terminated.
Norway	SCS are on contract employment, and some on fixed-term contracts.
United Kingdom	Agency directors are recruited for a fixed term of five years.

Source: OECD (2008b), *The State of the Public Service*, OECD Publishing, Paris.

A system for recruiting, managing and assessing the performance of senior managers

Whatever institutional arrangements the Colombian government decides to put in place, the creation of a more cohesive, professional senior management group would enable a more structured and planned investment in building the leadership and management competencies and values needed to carry forward public governance reforms. A first step would be to decide what the group of professional senior managers should be. This would normally be defined by the level of managerial responsibility and should ideally include both the national and territorial levels. Consideration should be given to separating the management of the senior management group from the arrangements applying to middle managers, as is done in many OECD countries, so that distinctive arrangements can be developed for senior managers in terms of their recruitment, competencies, performance and remuneration. Incorporating middle managers into the career public service, as was done in Chile, would strengthen the career service and contribute to the creation of a career structure, with opportunities for career public servants to compete in competitions for middle management posts. It would also provide for more continuity in middle management. However, the rigidities currently affecting recruitment and management of the career public service should not be imported into the middle management ranks. Reforms would need to be sequenced carefully to avoid this.

Building on the reforms already put in place to strengthen merit in regard to public management appointments, the government of Colombia could take the next step in opening up these positions to competition by advertising them publicly. This would be compatible with the continuation of the current selection methods involving DAFP or an external professional recruitment agency. A more standardised recruitment procedure is desirable – it could be subject to continued central oversight and control, although, in the case of middle management appointments detailed implementation could be left to the employing organisation, as at present.

In deciding on the best approach, the Colombian government could look to the models used in several OECD countries. One possible approach, which would have the advantage of incorporating some elements of the current system in Colombia, could be modelled on the Chilean system, where the National Civil Service Directorate is responsible for the management of the senior civil service (*Alta Dirección Pública* – ADP) while a senior public management council is in charge of the selection process, which is open to public competition.

Box A.24. **Recruitment of senior managers in Chile**

The National Civil Service Directorate (DNSC) is responsible for management of the ADP. However, the Senior Public Management Council (Consejo de Alta Dirección Pública) is in charge of guaranteeing the transparency, confidentiality and absence of discrimination of the selection process. It is chaired by the director of the DNSC and has four members proposed by the President of Chile and approved by the Senate. The selection process, which takes around four months, begins with the publication of the vacancy in the media. A specialised enterprise commissioned by the Council analyses the CVs of candidates and prepares a short list for the Council or a selection committee under the Council's supervision. Professional competence, integrity and probity are among the criteria used in the selection process. Subsequently, the Council or the committee selects the best candidates for interview and prepares a final shortlist for the competent authority for the final appointment.

The ADP system was based on international experience. In particular, the experience of OECD member countries such as Australia and New Zealand strongly influenced the Chilean model. The system is considered one of the main achievements of the modernisation of Chile's public management. One effect has been the decline in the number of political appointees in the central government.

Source: Costa R. and M. Waissbluth (2007), *Tres Años del Sistems de Alta Dirección Pública en Chile: Balance y Perspectivas*, Paper presented for discusson at the Libertad y Desarrollo Consortium, Santiago de Chile.

The Irish system referred to earlier in the section dealing with recruitment might also provide some useful elements to consider. In this case, the top two levels of senior appointments are handled by a Top Level Appointments Committee, which includes both senior public servants and private sector executives, while recruitment to other management positions is handled through the normal public service recruitment process involving departments and agencies, the Public Appointments Service and the oversight of the Commission for Public Service Appointments.

In the United Kingdom, the process for recruiting senior civil servants, including the decision on whether to open up recruitment to competition from outside the civil service, differs according to the level of seniority in the civil service, with the Civil Service

Commissioners playing an important role. For the majority of posts, departments and agencies are free to conduct open competitions without direct involvement of the Civil Service Commissioners. However, they must adhere to the recruitment principles of the Civil Service Commissioners and recruitment is subject to an audit regime which the Commissioners undertake on an annual basis. The Civil Service Commissioners are directly involved when recruitment to posts at the top three levels (a total of around 600 posts) is subject to open competition. It is for government departments to decide whether or not to go to open competition for posts at the third level down. At the second level and the top level of Permanent Secretary (the 200 posts) the decision on whether to go to open recruitment is taken by the Senior Leadership Committee of the civil service, on which the First Civil Service Commissioner sits. The Committee's decision is guided by a protocol which provides that appointments will generally be subject to competition, unless there is an exceptional case of immediate business need or a lateral move is desirable, or unless the business requirements are such that there is little prospect of recruiting someone from outside the civil service (House of Commons Public Administration Select Committee, 2010).

A strong performance management culture within the senior management group will be critical for improving the effectiveness of performance management and creating the performance culture that Colombia wants to have throughout the public service. The basis for this is already in place as managers are subject to performance evaluation. The system of management agreements used to assess public managers provides a good base on which to develop organisational performance management and ensure that managers are held properly accountable for the management and results of the organisation or unit, depending on their level of seniority.

At the executive level, performance expectations should be commensurate with the level of responsibility and the difficulty of the problems that need to be addressed. The widely accepted best practice model for assessing performance is sometimes referred to as "the what and the how", where the "what" is a series of performance goals and the "how" is a profile of the competencies associated with job success. The model is particularly relevant at the executive level because of the importance of executive accountability and the deeply entrenched use of goal setting in performance planning. (OECD, 2012b) Governments around the world have invested heavily in the development of systems and practices to support goal setting. Individual performance goals are integral to holding executives and managers accountable. At the executive level, everyone should have a full understanding of the organisation's strategy, its short and long term goals, and how they are expected to contribute to achieving those goals. They should be able to specify what they plan to accomplish and their goals for the year. (OECD, 2012b)

The U.K. Cabinet Office is in the process of modifying the pay and performance programme for its Senior Civil Service (SCS) (see Box A.25) and this might suggest some useful elements for reviewing the effectiveness of the current arrangements in Colombia. The use of goals is at the heart of the new approach to performance management. Each executive is expected to include specific SMART (Specific, Measurable, Attainable, Relevant and Time-limited) goals in three areas: Business delivery, Finance/Efficiency, and People/Capability. If an executive fails to achieve the Finance/Efficiency goal, s/he cannot be rated at the highest level.

Credible performance goals are a key to the assessment of executive and manager performance. It is also basic to holding individuals accountable. Goals are also essential to the management of organisational performance since they provide a basis for evaluating progress. Training in goal setting should start well before an individual is promoted to

Box A.25. The United Kingdom's senior civil service workforce and reward strategy

In November 2008, Sir David Normington issued a report to the Cabinet Secretary of the U.K. regarding the future workforce and reward strategy for the Senior Civil Service (SCS). The report was commissioned to address, among other issues, an SCS pay system that had been developed in a piecemeal way with insufficient clarity about the link between performance and reward and little rigour about the market premium, and a weak job evaluation system. In addition, SCS survey results had found that only 33% of staff were satisfied with performance management, and only 19% believed that poor performance was dealt with effectively.

The Normington Review found several problems with the existing reward systems, including: a lack of clarity in what the system rewards; the relatively weak link between job weight and pay; and the tendency for SCS staff to be paid more as a result of how they were recruited, rather than what they are paid. The review acknowledged poor reviews of variable pay but attributed this to its implementation, not the underlying principle. It recommended greater use of variable remuneration, but not bonuses, linked to short and long term performance at both individual and collective level.

Following the Normington Review, the U.K. introduced several new policies related to the management of SCS:

- Base pay has been frozen since April 2010. Pay awards will average 1% for the two years when the SCS emerges from the current pay freeze in April 2013.
- Since 2010-11, Non-consolidated Performance Related Pay (bonuses) for the SCS has been reduced from 65% to the top 25% of performers, and individual payments are capped.
- The Chief Secretary to the Treasury approves remuneration levels exceeding GBP 142 500 (the Prime Minister's salary). Approval is also required for all bonus payments of GBP 50 000 and above.
- Work is underway to develop a new pay and performance reform package for the Government's submission to the Senior Salaries Review Body in autumn 2012 and is expected to be introduced in April 2013.
- Performance related payments for the SCS are now underpinned by a new appraisal system that puts more focus on financial and people management in the assessment of the senior staff.
- Performance objectives must be SMART (Specific, Measurable, Achievable, Relevant and Timed). Jobholders are required to list the main actions to be carried out, deadlines when possible, and with measures or targets to be used to assess performance.
- Senior leaders are to be evaluated on the degree to which they demonstrate excellent performance on the four competencies in the Civil Service Leadership Model and on job specific competencies.
- 360 degree feedback on the jobholder must be collected as part of the review process.
- Jobholders will be ranked and assigned to one of three performance groups relative to their peers as follows: Top – 25%; Achieving – 65%; Low – 10%
- New guidance has been issued to departments to enhance management of low performers. This shifts the emphasis on addressing dips in performance to day-to-day performance management practices.

Source: Government of the United Kingdom (2008), "Senior Civil Service Workforce and Reward Strategy: Report of the Steering Group to the Cabinet Secretary".

a senior executive position. A practice that will make executives and managers more conscientious is to have all goals at the beginning of the year reviewed and critiqued by higher level individuals. Executives and managers should be able to state in specific terms what they plan to accomplish to contribute to their organisation's success. They should also be able to articulate what for them would be outstanding performance as well as poor performance. (OECD, 2012b)

Given the importance of staff management in raising performance levels, the United Kingdom's initiative in this regard might be of interest to Colombia. The U.K has introduced a new factor to encourage executives to focus on the management of staff. Each executive is to provide summary engagement scores for the staff they lead. In light of the research confirming the impact of engagement on performance, it makes sense to track the level of engagement. It would make sense to link financial rewards in part to the scores, and particularly to "improved scores" (which presumably is correlated with improved performance) (OECD, 2012b).

Colombia could focus on codifying competencies and remuneration for senior leaders and managers

Increasingly, OECD member countries use competency management to systematically identify the capabilities senior managers should bring to their jobs, set consistent standards, and reinforce the desired values and culture of the public service. Typically, the required profile includes leadership capabilities, management skills, ability to achieve results and personal integrity. Competencies are commonly used in recruitment and selection, succession planning, identification of potential future leaders among middle management ranks, performance management, training and leadership development. An example is the Korean framework for competencies for senior managers. Colombia could consider taking a similar approach, using a competency profile for senior managers to develop a consistent approach to their recruitment, training and development.

The remuneration arrangements for senior managers in the Colombian public service could be reviewed to ensure that they are sufficiently competitive to attract highly capable people, while providing value for money. OECD countries often have a special salary schedule for senior managers, which take account of the complexity and level of responsibility of their positions. The key concern in considering compensation levels should be government's ability to recruit and retain well qualified individuals for executive positions. Rewards for senior managers in OECD member countries commonly take the form of both permanent salary increases and bonuses. Three countries – Canada, Ireland and Norway – use PRP for senior staff only, and in twelve countries – including the Czech Republic, France, Hungary and Korea – the portion of senior staff pay that is performance-related is higher than other staff pay. Only six countries do not have a performance-related pay policy for executives (OECD, 2012b). However, the use of PRP has to be anchored on a rigorous system of performance management.

Executive compensation in government is a sensitive political issue. The political constraints possibly explain the wide disparities in executive pay across the OECD countries. In virtually every country, government salaries at highest executive levels are only 20 to 30% of the pay for private sector jobs with similar responsibility, according to the Hay Group (OECD, 2012b). A possible approach to help plan and justify senior government pay levels is the creation of public review boards to play a role similar to a corporate board of directors. In the United Kingdom the Review Body on Senior Salaries (SSRB) is an example. The Review Body provides independent advice to the Prime Minister, the Lord

Box A.26. **Korea: Assessing competencies for senior civil servants**

In 2006, the Korean government introduced a competency evaluation framework for the Senior Civil Service. This framework has been used to appoint senior officials regardless of seniority. Based on the successful operation among senior officials, the competency evaluation framework was expanded to division-director-level officials in the second half of 2010. Competency evaluation has improved reliability and fairness of HR management. In addition, with the results of the competency assessment reflected in training, overall government competitiveness has been upgraded.

Competencies subject to assessment include strategic decision making and commitment to change, as for high-ranking government officials, along with skills required for effective organisation management and efficient policy execution. Assessment focuses on work competency needed to run an organisation. Competencies are organised around three main areas, as shown below:

Competency model for Senior Civil Service

Competency group	Competency name	Definition
Thinking	Problem recognition	Detect problems in a timely manner through information analysis, and find root causes by analysing diverse factors related to problems
	Strategic thinking	Set long-term vision and objective, and decide how to achieve them by prioritising several options to work on them
Working	Performance orientation	Seek various ways to maximise performance of given work, and pursue effectiveness and efficiency in the process of achieving targets
	Change management	Understand direction and trends of environmental changes, and make sure that individuals and organisations adjust and respond to them appropriately
Building relations	Communication	Capture exact meaning by listening to others' opinions, and deliver one's opinion in a clear and effective manner
	Customer satisfaction	Consider job-related counterparts as customers, and make efforts to understand their needs and meet them
	Adjustment consolidation	Identify conflicting interests and tensions among stakeholders, and come up with reasonable and balanced solutions

Competency model for division-director-level officials

Competency group	Competency name	Definition
Thinking	Policy planning	Identify current issues through multi-faceted analysis, review feasibility of policies to be developed, and propose optimal alternative
Working	Performance management	Set performance targets in line with organisation mission and strategy and review/ manage work procedures to achieve the targets
	Organisation management	Make action plans to achieve targets, secure necessary resources, and allocate/ systematise work, in consideration of entire organisation and relations among departments
Building relations	Communication	Capture exact meanings by listening to others' opinions, and deliver one's opinions in a clear and effective manner
	Co-ordination/integration	Address conflicts among various stakeholders and establish/maintain co-operative work relations to achieve common objectives
	Motivation	Encourage and support subordinates to carry out duties voluntarily and actively as members of the same organisation

Source: Ministry of Public Administration and Security (n.d.), *Competency evaluation selects top talents to lead the country into a bright future*, Republic of Korea, Seoul.

Chancellor and the Secretary of State for Defence on the remuneration of holders of judicial office; senior civil servants; senior officers of the armed forces. Canada has a similar group, Advisory Committee on Senior Level Retention and Compensation. (OECD, 2012b)

Colombia could focus on ways to develop leaders and managers and build cohesion

A more cohesive senior management group would be a strength in terms of leading the public sector reforms to which the Colombian government is committed. Cohesion based on shared values and objectives could be developed in several ways. A common induction process is important, as are systematic opportunities for senior managers to meet together on a regular basis as a group in training, seminars and various collective gatherings. Making the involvement of managers in the group one of the values guiding their recruitment, renewal in post and promotion would also promote cohesion. Encouraging inter-departmental mobility for senior managers is another way of fostering a more corporate ethos and developing new competencies. Mobility is a key element of how the senior management group is managed in a number of OECD countries. While mobility is generally voluntary, it is considered to be a necessary part of the development of managers and is often encouraged by making varied experience in different parts of the public service a factor in selecting managers for senior positions.

OECD countries invest heavily in the development of public service managers. Development is a multi-faceted, ongoing process, even at the most senior levels. The Canadian public service and the British civil service provide clear examples of effectively managing senior public servants as a group through training and leadership strategies. The Canadian public service has a comprehensive, competency-based leadership and management development system (Box A.27).

In Britain, the Civil Service Capability Group in the Cabinet Office is responsible for the corporate development of senior leaders, which is considered to be critical to the success of the civil service. A notable feature of this approach is how the central HRM body – the Cabinet Office – works closely with the National School of Government (Box A.28).

Box A.27. **Key features of the management development system in the Canadian Public Service**

Management development is organised around a Learning "Roadmap" for managers based on key leadership competencies. Managers are responsible for their personal learning plans.

Required training for managers includes:

- Orientation to the public service for new recruits
- Newly appointed managers are trained in the policies and accountabilities relating to their role for (essentials of human resources, finance, procurement, information management and related fields)
- Core management skills – practical skills and techniques to help managers with their daily management tasks and responsibilities
- Managers are provided with a menu of other leadership and management development courses and activities
- Development is organised by the Canada School of Public Service

Source: Information provided by the Canada School of Public Service, www.csps-efpc.gc.ca.

In terms of building leadership and management capacity, it would be advisable for the Colombian government to put in place a more structured development programme for managers. However, such an investment might best be made in the context of setting up a senior management group, rather than at a time when managers are still subject to discretionary termination of their appointments. The experience of OECD member countries points to the importance of having well defined management and leadership competencies for senior public servants. This could be an area on which to focus in the more immediate

Box A.28. **The leadership strategy in the British civil service**

Developing leaders is of key importance for the success of the British Civil Service. There are three types of leaders within the civil service, each with a vital role to play:

- individual and team leaders, who ensure that every civil servant meets his/her objectives, and who manage the partnerships with other institutions;
- collective leaders, across an organisation or a department, who set direction and drive change; and
- corporate leaders, across the whole civil service, who look at the bigger picture – helping to build the capability and successfully tackle the challenges faced by the civil service and country.

The leadership strategy aims to: *i)* to create an effective, modern civil service that provides a world-class service, and is recognised in the UK and abroad as a source of expert policy advice; *ii)* to prepare for what is to come, while maintaining continuity; and *iii)* to understand how it is necessary to change, and who can lead the way forward.

The leadership framework sets out what is expected of senior leaders in terms of delivering business results, building capability and setting direction. It also highlights what individuals can do to improve their leadership skills. Leadership must be underpinned by the 4Ps:

- Pace: providing rapid responses to problems and delivering the right solutions for the longer term.
- Passion: being passionate about providing high-quality public services for all.
- Pride: taking pride in what has to be done and ensuring that the country is proud of its Civil Service.
- Professionalism: in the way policies are formulated and services are delivered.

The Civil Service Capability Group (CSCG) in the Cabinet Office is responsible for the corporate development of:

- Permanent Secretaries
- Directors General
- Directors
- Members of the High Potential Development Scheme.

The CSCG works with the National School of Government (NSG) to provide a suite of programmes for the Senior Civil Service (SCS) that focus on the core skills needed to support delivery, build capability, drive change and improve leadership. These programmes prepare people for the most challenging jobs in the Service.

Source: www.civilservice.gov.uk, accessed on September 2012.

term as it would support recruitment and provide the basis on which to design training and development for managers. There is scope for DAFP and ESAP to collaborate in designing leadership and management training and development programmes.

In the event that Colombia decides to create a more cohesive, identifiable senior management group, a key a key question will be where the management responsibility for the group might be placed. In the foregoing examples, it will be evident that the central HRM body generally plays a key role and, given DAFP's current involvement in recruitment of managers, it seems logical that DAFP should assume an active role in relation to any changes in recruitment methods, performance management, remuneration arrangements and competencies. DAFP appears well placed to take on such responsibilities. However, the examples provided also suggest that some type of high-level council or committee might be set up to play a role in recruitment and appointments at the very senior levels.

The role of the NCSC could be considered. The NCSC could take on a more strategic oversight role ensuring that public service values, standards and proper procedures are observed in senior level recruitment. This would be similar to the role played by public-service commissions in a number of OECD countries. A key role that the NCSC might take on could be in auditing recruitment. For example, in the United Kingdom, the Civil Service Commissioners undertake annual audits of senior recruitment. In Ireland the Commission for Public Service Appointments also has an audit function, as does the Public Service Commission of the Canadian government.

Strengthening HRM reform in the Colombian government

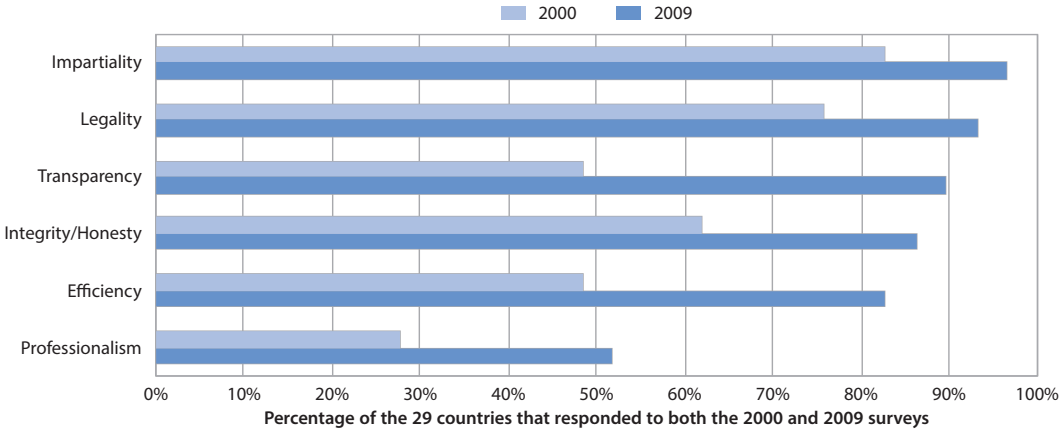
Human resource management reforms are a long-term process. In order to design and implement reforms successfully, governments need to consider a number of structural conditions. The experience of OECD member countries points to three elements, discussed in this section, which will have an impact on the success of reforms in Colombia:

- First, values are central to successful reform. Reforms will have much more chance of succeeding if the core values embedded in new legislation and new HRM instruments are clear and well accepted by all stakeholders. HRM policies and practices should send consistent signals about the values of the public service. This gives meaning to reforms and helps to maintain trust in government.
- Second, the implementation of HRM reforms requires building the capacity of the HRM function. The central department responsible for HRM needs to have the resources, authority and capabilities to steer the reform. HRM units within government organisations also need to be properly equipped to take on new responsibilities.
- Third, reform implementation strategies need to be planned carefully. HRM reforms have to be consistent with other government reforms, especially in the fields of budgeting and strategic organisational management. Building ownership of reforms among all concerned, sequencing the different phases, understanding the interdependencies, providing effective leadership and management, managing change and ensuring mechanisms to sustain the reform are all crucial aspects of implementation strategies.

Core public-service values

In OECD countries, core public-service values include traditional values such as integrity, impartiality, legality, probity and merit, as well as newer values such as efficiency, transparency, diversity, involvement of citizens and client orientation. While public service reforms have added new values, they have also reaffirmed existing core values and heightened awareness of the need to be vigilant about the way changes in HRM and other areas of public sector management may affect values.

Figure A.11. **Frequently stated core public values in OECD countries 2000 and 2009**



Source: OECD (2009), *Government at a Glance 2009*, OECD Publishing, Paris.

As OECD countries have adopted more flexible employment and management systems in the interests of improving the efficiency and performance of government, it has proved essential to reinforce the core values and to put in place values-based management systems in order to increase citizens' trust in government. Management accountability mechanisms, performance management and ethics and integrity frameworks are two key instruments in this regard.

Colombia's Constitution expresses a number of core public-service values: defending and promoting human rights; protecting the public interest; proper conduct by public officials; probity in fiscal management; legality of administrative actions; merit as the basis for entry to career positions and promotion; freedom from political influence; prohibition of nepotism. The Constitution makes provision for a number of supervisory agencies that are responsible for ensuring compliance with these values: the National Attorney General, the Ombudsman, public prosecutors, the Comptroller General, as well as municipal representatives and other official determined by law. Other public service laws give expression to additional values, such as gender equality, conflict of interest and performance. Law 909 of 2004 aims to place merit on a sound footing and to reinforce performance management.

While these provisions provide an essential foundation for public service values, they can be made more effective through being reinforced in practice and placed firmly at the centre of HRM reforms and other public governance reforms. The core values are still fragile and problems such as politicisation of the administration, corruption, nepotism and illegality, while much reduced compared to the past, have not completely gone away. Ongoing vigilance

is essential. The institutionalisation of the core values risks being weakened by several features of the Colombian public service system that have already been discussed.

- The absence of a fully open, competitive, merit-based system of appointments to public management positions means that there is not a complete guarantee of freedom from patronage, protection of independence, neutrality, and continuity. This is bound to create confusion about the core values and to weaken efforts to instil the values within the career public service.
- Senior management does not operate as cohesive group on which to build a shared ethos that aims at serving whole-of-government goals within a clear framework of values. Because people are appointed at the will of ministers (or in the case of less senior managers by heads of ministries and administrative departments) their loyalty most likely tends to be to the minster or agency head rather than to the broader public service organisation and values. Nor is there a system of professional socialisation of managers in the core values through collective training, common core competencies, performance management and management of senior managers as a group.
- For the career public service, the implementation of the new recruitment system since 2005 places merit at the centre as the core value. However, the difficulties experienced in practice make it essential to find a way of combining merit-based recruitment with a process that makes it possible to recruit people with the right skills more easily and quickly. This is an area where the experience in OECD member countries shows that strong and independent protection of merit can be combined with efficient, competency-based recruitment methods.
- While protection of the tenure rights of career public servants is intended to ensure independence, neutrality and continuity, public service values are undermined by weak performance management and the difficulty of terminating employment even in cases of ongoing poor performance. Changes are needed in this area to achieve a balance between tenure and effective mechanisms for terminating employment where this is warranted. Care should be taken that performance management strengthens other core values such as transparency, legality and probity.
- Values relating to diversity do not appear to be well developed in the public service, apart from the commitment to gender balance. Diversity should be articulated as a core value and methods to increase diversity should be part of the reforms of the recruitment system.
- Some instruments to reinforce values are already in place, such as post-employment legislation and the ombudsman. Other instruments which have proved effective in OECD countries, such as codes of conduct and ethics and training in conduct and ethics are not yet developed. Colombia could draw some guidance in this area from the *OECD Principles on Ethical Conduct in the Public Service* (Box A.29).

Box A.29. **OECD Principles on Ethical Conduct in the Public Service**

1. Ethical standards for the public service should be clear (civil servants and political officials should know where the boundaries of acceptable behaviour lie). Codes of conduct serve this purpose.
2. Ethical standards should be reflected in the legal framework (laws and regulations provide the framework for guidance, investigation, disciplinary action and prosecution).

Box A.29. **OECD Principles on Ethical Conduct in the Public Service** *(continued)*

3. Ethical guidance should be available (socialisation facilitates ethics awareness, but ongoing guidance and internal consultation mechanisms should be made available to help civil servants, and politicians, apply ethical standards).
4. Public servants should know their rights and obligations.
5. Political commitment should reinforce ethical conduct of public servants.
6. The decision-making process should be transparent and open to scrutiny (this also points to the role of the legislature and the press).
7. There should be clear guidance for interaction between the public and private sectors.
8. Managers should demonstrate and promote ethical conduct (by providing appropriate incentives, adequate working conditions and effective performance assessments).
9. Management policies, procedures and practices should promote ethical conduct.
10. Public service conditions and management of human resources should promote ethical conduct (this relates to recruitment processes, promotion and adequate remuneration).
11. Adequate accountability mechanisms should be in place within the public service (internal, as well as outward accountability to the public).
12. Appropriate procedures and sanctions should exist to deal with misconduct.

Source: OECD (2010c), *OECD Reviews of Human Resource Management in Government: Brazil 2010*, OECD Publishing, Paris.

Consistency between core values and human resource management can be improved by clearly articulating the public service values and integrating them with one another and within the HRM framework of the public service. The Canadian approach could provide inspiration for the Colombian government in this regard. Five overlapping values underpin the public service and these values are fully integrated into HRM. The Values and Ethics Code for the Public Service is a key policy for the management of human resources and is part of the conditions of employment of public servants (Box A.30). The Code guarantees that values play a key role in recruitment, performance evaluation and promotion and the core values are integrated into the public service competencies. Statements of merit criteria for most positions include values and ethics. Ethics and values are an integral part of the Management Accountability Framework for Deputy Ministers and the performance agreements of all managers.[35]

Managers at all levels play a crucial role in modelling and applying values in the public service. OECD countries have found that the attitudes of those in senior management and leadership positions set the tone and ethos for the entire organisation. This suggests that the government of Colombia could consider ensuring that its senior leadership provide leadership in values, integrating values into competencies and training for managers, and making managers more accountable for forming the attitudes and values of their organisations. In this context, managers will better be able to discharge these responsibilities if the employment framework can be made more flexible, so that managers have adequate scope to manage performance, address underperformance and deal with any failure to adhere to public service values.

Box A.30. **Values and ethics code of the Canadian federal public service**

Statement of Values

These values are a compass to guide public servants in everything they do. They cannot be considered in isolation from each other as they will often overlap. This Code and respective organisational codes of conduct are important sources of guidance for public servants. Organisations are expected to take steps to integrate these values into their decisions, actions, policies, processes, and systems. Similarly, public servants can expect to be treated in accordance with these values by their organisation.

Respect for Democracy

The system of Canadian parliamentary democracy and its institutions are fundamental to serving the public interest. Public servants recognise that elected officials are accountable to Parliament, and ultimately to the Canadian people, and that a non-partisan public sector is essential to our democratic system.

Respect for People

Treating all people with respect, dignity and fairness is fundamental to our relationship with the Canadian public and contributes to a safe and healthy work environment that promotes engagement, openness and transparency. The diversity of our people and the ideas they generate are the source of our innovation.

Integrity

Integrity is the cornerstone of good governance and democracy. By upholding the highest ethical standards, public servants conserve and enhance public confidence in the honesty, fairness and impartiality of the federal public sector.

Stewardship

Federal public servants are entrusted to use and care for public resources responsibly, for both the short term and long term.

Excellence

Excellence in the design and delivery of public sector policy, programmes and services is beneficial to every aspect of Canadian public life. Engagement, collaboration, effective teamwork and professional development are all essential to a high-performing organisation.

Source: Treasury Board of Canada Secretariat, www.tbs-sct.gc.ca (accessed 5 November 2012).

Managers and employees need to be supported by tools and advice in putting values into action. One such initiative taken by DAFP and the office of the High Commissioner for Good Governance, under the instructions of the President of the Republic, is a dedicated website for public servants (www.sirvoamipais.gov.co) which brings together information on the norms relating to public service employment as well as important documents, information on benefits and services for public servants and other such information. This could be further developed as a vehicle for promulgating public service values. A code of conduct and ethics could be an important step in making the values an explicit part of public service employment and management, along with training for putting values into action. Consideration could also be given as to where responsibility for conduct and ethics and the provision of tools and advice to support the implementation of public service values might best be placed in

order to provide greater focus on these matters. At present these responsibilities are divided among several agencies, including the Attorney General's Office, DAFP and the NCSC. Greater focus could be achieved by having the responsibility placed with one agency, such as the DAFP or the NCSC. To promote the creation of a public-service values structure based on effectiveness, efficiency, transparency and accountability, DAFP is developing as well a policy framework, methodologies and tools for the Democratisation of Public Administration through two main projects: *1)* Accountability of Public Administration and *2)* National Training Plan for Social Accountability of Public Administration.[36]

Capacity and division of responsibilities in human resources management

While human resource management arrangements vary among OECD countries, a large majority have a central body in charge of HRM at central or national government level. According to the OECD 2010 survey on strategic human resources management (Table A.10), the most common responsibilities of central HRM bodies are to: provide leadership and guidance on HRM; advise on the legal framework; standardise recruitment and design skill profiles; design the HR strategy; design the pay system; promote diversity; transmit public service values; and define salary levels and benefits.[37] The central HRM body is, therefore, expected to play a strategic and co-ordinating role, to set frameworks and standards, and to lead the implementation of reforms.

Table A.10. **Responsibilities of the central HRM body in OECD member countries**

Responsibility	Number of countries in which central HRM body carries out this responsibility
Providing leadership and guidance on HRM in general	33
Providing advice on the legal framework	28
Standardising recruitment and defining skills profiles	21
Designing an HR strategy	19
Designing the pay system	19
Promoting diversity across the civil service	19
Transmitting public service values	18
Defining salary levels and benefits across the public service	18
Provision of training	16
Co-ordination and supervision in the implementation of the HR policy/strategy	15
Actual management of HRM at central/national/federal government level	13
Defining and controlling the payroll	13
Dealing with retirement and pension plans	13

Source: OECD (2010d), *Survey on Strategic Human Resource Management in Central/Federal Governments*, Paris.

Many OECD countries have, to varying extents, delegated responsibility for HRM to ministries and departments in order to simplify and reduce the costs of HRM systems, while making more efficient use of available resources. While the general management of pay systems and post classification tend to remain under the responsibility of the central HRM body in a majority of countries, many other aspects of HRM have been delegated within established legal and budgetary limits.[38] The corollary of increased delegation has been strong performance management and accountability mechanisms for line ministries and departments, as discussed earlier.

In Colombia, a considerable proportion of DAFP's attention and resources appears to be devoted to detailed administration and management. This makes it difficult to establish the central strategic direction for HRM which is essential for the design and steering of reforms. There seem to be few opportunities for HR staff in government organisations to interact and share best practice, for example through regular meetings of HR managers. As discussed earlier, HR managers and line managers in ministries and departments have little room for manoeuvre as HRM is tightly prescribed by law. Most of the time of HR managers appears to be taken up with trying to manoeuvre around inflexible personnel management processes. Line ministries and departments have little scope to adapt HRM to their business needs, other than by hiring staff outside the career civil service framework, or by having their own separate career system. HRM seems to function better in the institutions that have their own career schemes as this gives them some freedom in their staffing processes. However, special career schemes are not a desirable development as they lead to fragmentation of HRM and set up internal barriers to mobility.

The experience of OECD countries has been that developing the capabilities of HR staff and line managers is a key part of successful HRM reforms. This will also be essential for Colombia. DAFP is still developing its strategic capabilities and does not appear to be particularly well staffed in relation to the broad scope of its responsibilities. The NCSC is, as mentioned earlier, seriously under-resourced. It is not clear how well suited HR managers in the central bodies or in line ministries and departments are, in terms of their HR skills, to the roles that they are currently occupying. There appears to be no HR "community" and possibly no professional standards/qualifications established for HR managers in ministries and other organisations.

In order to improve human resources management, the government of Colombia could consider focussing on three main areas: *i)* reorganise and redefine the role of DAFP as the central HRM body and redistribute central responsibilities for HRM; *ii)* provide line ministries and departments with more flexibility in HRM; *iii)* develop capacity for HRM.

Consider redefining the role and organisation of the central HRM body

The experience of OECD countries suggests that when strengthening the role and functions of the central HRM body, it is first necessary to build a framework that sets HRM strategy in the context of the government's policy objectives and strategic priorities. This framework could provide a long-term vision for the civil service to guide all HRM reform policies and programmes. A more strategic and holistic perspective helps avoid making reactive and short-term organisational changes. Alignment with the long-term strategic objectives of government and other managerial reforms is crucial for the sustainability of HRM reforms.

There has been a sustained trend in OECD countries to redefine the role of the central HRM body towards a more strategic and less detailed managerial function. This has been done in three ways: *i)* transferring responsibilities for HRM from central bodies to employing organisations within carefully designed accountability frameworks; *ii)* simplifying rules and procedures for operational aspects of HRM, while developing policy frameworks and guidelines which are managed from the centre; and *iii)* developing more flexible HRM policies within a strong framework of shared values and common processes. Creation of more flexible, delegated HRM systems has usually been a long-term, carefully sequenced project, also requiring more flexibility in budget management under new financial management frameworks.

At Colombia's current stage of reviewing HRM and planning reforms, priority could be given to ensuring that the DAFP plays more active role and is equipped with the resources

for such a role. This does not seem to be the right time to delegate the HRM function to line ministries and departments, considering that they lack sufficient capacity in HRM. However, efforts could be made to build capacity so that ministries and departments can, in the future, assume more responsibilities for their HRM, while the central agencies take on a more strategic and oversight role. This could start with building capacity through training and support in areas where ministries and departments already have HRM responsibilities, particularly in relation to performance management and the development of workforce planning.

The DAFP's role and responsibilities could be reshaped to enable it to expand its role in the following areas: designing and leading HRM reforms; developing the whole-of government HRM strategy, policy and HRM accountability frameworks; developing key foundations of HRM such as competency management; providing HRM leadership and advice to employing organisations; and developing critical functions like workforce planning and management of the senior public service. The most promising experiences of OECD countries suggest that central HRM bodies are more effective when they:

- Act under a managerial framework that provides the setting in which HRM policies and practices will be strengthened and evolve. The legal foundation of HRM policy gives the central HRM body a clear mandate for its activities.
- Have a plan that allows them to act strategically to achieve the government's goals and to assess how well they succeed. Their political responsiveness depends in part on this.
- Assume a co-ordination, monitoring and enabler role in the implementation of HRM policies by providing guidelines, technical support and feedback. The oversight role of the centre is not necessarily transaction oriented; it may rely on strategic monitoring and measurement of results and risks.
- Have adequate financial and human resources to strengthen HRM in the public service. Central HRM bodies should have the capacity to prepare civil service reform or to control the implementation of the civil service act.
- Have a leadership role in the development of civil service reform proposals, manage the preparation of reform legislation, and set homogenous HRM standards without interfering too much with the traditional role of other ministries, above all the Ministry of Finance.

By building its capacity in these key areas, DAFP would be well placed to provide leadership and guidance on HRM. In order to enable this, consideration should be given to transferring some functions elsewhere. For example, as indicated by Table A.10, it would be unusual for the central HRM body in an OECD country to perform the internal control and quality management functions, or process streamlining and reduction in paperwork for which DAFP is responsible Also, consideration could be given to placing responsibility for anti-corruption elsewhere, possibly with a dedicated ethics and anti-corruption office attached to the Presidency.

The fragmentation of HRM responsibilities between DAFP, the NCSC and the Attorney General's Office could be reduced by consolidating responsibilities within DAFP. The NCSC could be more effective in exercising a strategic oversight role in regard to recruitment and merit, similar to the role played by public-service commissions in several OECD countries. Responsibility for how posts are defined and for performance management could be more appropriately placed with DAFP in order to enable a more strategic and co-ordinated approach to policy and practice in these areas. It would also be

advisable for DAFP to assume responsibility for grading, job classification and discipline, with the Attorney General's Office withdrawing from involvement in these areas.

Pending decisions on how HRM responsibilities at the centre might be reorganised, there could be more communication and co-ordination between the responsible bodies and also between the central bodies and line organisations. This is particularly important in the case of DAFP and the NCSC, given the pressing need to make progress on the problems affecting recruitment and performance management. Regular, structured meetings would be a useful way of building up the capacity for joint problem solving. Another useful initiative would be to establish a national HRM forum where there could be periodic meetings between central bodies and the HR directors of line organisations. A promising recent development is the creation of the Observatory of HRM Chiefs in 2013, which could facilitate the exchange of good practices, the development of sound HRM analysis and the production of valuable input for the policy making process.

An important area for DAFP to develop its capacity is in providing a HR information system and reporting on HRM across government. This is vital for managing the workforce and evaluating how HRM policies should be developed. DAFP is well placed to do this given the work that is already underway to develop workforce information. Another key role that DAFP could play would be to develop HRM frameworks and guidelines to support improvements and consistency in HRM.

The experience of France in reorganising its central HRM body may provide a useful example for Colombia; in particular how that body has taken on new steering functions and is working in close liaison with the Budget Directorate (Box A.31).

Box A.31. **The reorganisation of the General Directorate for Public Administration and the Civil Service in France**

In 2006, the General Directorate for Public Administration and the Civil Service (Direction générale de l'administration et de la fonction publique, DGAFP) set in motion a major reorganisation process which culminated in the launch of a new organisation chart and new operating procedures in January 2007. The reform was steered by three strategic goals: *i)* assert the role and value added of the DGAFP vis-à-vis the ministries' human resources directorates; *ii)* improve the consolidation of the human resource management elements; and *iii)* acknowledge and assert the vital aspect of information and communication. Its three organisational principles are: *i)* simplification of the management structure based on the three strategic goals to avoid creating "satellites" that report directly to the Director General and duplication; *ii)* promote a customer-supplier way of working; and *iii)* be pragmatic.

The DGAFP's traditional task is to enforce the general staff regulations that ensure civil service cohesion and unity. It provides government and ministries with expertise on staff rules, pay, pensions, working hours and the staff benefits system. It is the supervisory body for the inter-ministerial civil service schools (regional senior civil service institutes and the National Senior Civil Service School – ENA). It is also responsible for monitoring social dialogue with the unions.

More recently, the DGAFP has turned to steering central government human resource management and ensuring the consistency of human resources policies. Three main assignments structure this activity: *i)* steer staff regulation consistency; *ii)* prepare and implement social dialogue din the civil service; and *iii)* define and steer the new human resources policy and its major projects: new management procedures, manpower, job and skills planning, information systems, management of senior managers etc.

Box A.31. **The reorganisation of the General Directorate for Public Administration and the Civil Service in France** *(continued)*

The DGAFP now works in close liaison with the Budget Directorate to propose a sustainable public finance strategy to develop world-class public policies. Two resources directorates, one in charge of central government HRM and the other in charge of its financial affairs, share a system of joint files on employment and pay and together steer and regulate central government resources as a whole. The DGAFP conducts a wide range of assignments covering: development of staff regulations and pay, revision of the staff grading scale, professional code of conduct, training, recruitment and workplace diversity, management of the senior executive grade, inter-ministerial staff benefits, amenities and associative activities, inter-ministerial health and safety provisions, and international administrative co-operation. Throughout these areas, the DGAFP is responsible for conducting and sustaining inter-ministerial social dialogue.

Source: Direction générale de l'administration et de la fonction publique, www.fonction-publique.gouv.fr, consulted in September 2009.

Colombia might also consider Chile's experience in civil service management. The National Civil Service Directorate is responsible for: *i)* designing policies to improve HRM; *ii)* management of the senior civil service; *iii)* advising public service organisations on HRM issues; *iv)* designing and implementing training to strengthen the modernisation of the public service; *v)* supporting the professionalisation of human resource units within ministries and agencies; and *vi)* promoting reforms to improve HRM.

Consider providing line ministries and departments with more flexibility in HRM

Line ministries and departments require more flexibility in HRM if they are to fulfil their mandates effectively and efficiently. The most pressing issue in this context is to make HRM policies more flexible and to simplify rules and procedures in regard to recruitment, movement and separation of staff so that organisations can stabilise their workforce and manage their staffing in line with their business needs. It appears that this will inevitably involve some degree of reform to the legal framework, if not to the Constitutional provisions, with all of the difficulty this is likely to entail. However, there would also appear to be scope for increased flexibility through changes to the way the existing legal framework is implemented and a number of the reforms suggested in this review, such as job profiling, competency management and workforce planning go in that direction.

Delegating HRM responsibilities to line ministries and departments has proved to be a complex, long-term task in OECD member countries. Colombia could consider first focussing on modernising its HRM policies and instruments and reorganising the central HRM bodies before embarking on additional delegation of responsibilities from the centre. For the time being, it seems preferable for DAFP to co-ordinate most of the HRM processes, and to delegate gradually as line organisations develop their HRM capacities. Some organisations may be better prepared than others to take on additional HRM responsibilities and this may provide scope for a phased approach and an opportunity to pilot reforms on a selective basis.

Maintaining a relatively centralised HRM for the time being does not, of course, imply that everything should be done or controlled from the centre. Line organisations are already responsible for performance management and some have developed workforce planning

systems. DAFP could add significant value through centrally designed frameworks and guidelines which would support improvements in these areas in line organisations. Other key areas where joint development at the centre and in line organisations could occur is in developing a system of job profiling and competency management to replace the post description manuals and a system for dealing with poor performance, as recommended earlier.

Organisational performance management and accountability mechanisms need to be in place to drive and support the exercise of HRM responsibilities in government organisations. The Canadian Management Accountability Framework shown in Box 2.10 is an example of such a mechanism. Reliable workforce data and reporting are essential elements of an accountability framework. For example, the Canadian system makes annual assessment of departments and agencies and issues public reports on the state of management, including HRM. In the United Kingdom, regular publication of employment information on the public service is considered to be an essential component of transparency. The level of employment (both payroll and non-payroll – i.e. contract staff) and the related pay bill costs of government organisations are published each month. This allows the public to hold organisations to account for their staffing levels and direct costs of employment. As workforce data and reporting are developed in the Colombian public service, they should feed into organisational performance and accountability mechanisms and be linked to budgeting.

Develop capacity for HRM

Building capacity for HRM is an ongoing process in OECD countries. The competencies of staff in central HRM bodies and HR units of line ministries and departments in Colombia will need to be strengthened. Essential skills in DAFP are likely to include policy design, strategic HRM and management of HR reforms. Essential skills in HR units of line ministries and departments will include, amongst other things, workforce planning, HR planning and job profiling. The capacities of line managers in key areas of HRM such as performance management and staff development will need to be developed. Doubtless, some of these skills already exist, but they are by no means widely available across the public service.

One approach to building capacity relatively quickly might be modelled on the Next Generation HR initiative in the United Kingdom. Rather than placing all the relevant HR expert services (Policy, Strategy, Resourcing and Learning) at the centre, they are based in a number of larger delivery departments. Such an approach could enable Colombia to leverage the skills that may already exist in some organisations.

An early initiative that DAFP could take is to create a forum of HR Directors as a way of building up a professional HR community, encouraging exchange of best practice and enabling joint work on cross-cutting problems. In the early stages this could simply revolve around a regular meeting of all HR Directors or equivalents across the public service. A revitalised and credible HR function will play a vital role in any HR reforms or re-structuring of the Colombian public service. Acting jointly as a professional function and working in partnership across the service will increase the effectiveness of the HR activities in organisations and enable the implementation of more effective performance improvement activities and common ways of working.

DAFP could consider developing a competency profile for HR professionals, as has been done in several OECD countries. In the United Kingdom, the Cabinet Office has defined HR professional standards as part of the Professional Skills for Government. Such a profile could form the basis of a training and accreditation programme for HR professionals.

Table A.11. **HR professional standards in the UK civil service**

Key areas	Professional standards	Outcome of effective performance
Knowing the business	Understand the organisation and how HR can best contribute to its success.	• Understand and communicate organisations' priorities, and support line managers in working towards them. • Align HR policy and services to the organisation's business. • Use people information to assist decision making on the line. • Demonstrate how HR practices and effective people management help line managers achieve their goals.
Demonstrating HR expertise	Understand and deliver HR practices suitable for the organisation which lead to organisational success	• Deliver HR services in a professional, responsible, accessible, and cost-effective way. • Use information to inform HR decisions and make improvements within HR. • Engage, enable and challenge line managers to manage their people effectively. • Continuously update and develop professional knowledge. • Ensure confidentiality, and practice HR to the highest ethical standards.
Act as a change agent	Make organisational change happen	• Communicate effectively to help make change happen. • Demonstrate a positive attitude towards change. • Use change and project management techniques to develop and deliver HR plans.
Personal credibility	Personally demonstrate the organisation's values, build trust with partners in the organisation, and proactively contribute to organisational success	• Listen, question and communicate in an influential and engaging way. • Present clear and concise information in response to queries. Deliver outputs on time and to the agreed standard. • Reinforce the organisation's values and desired behaviours through example. • Demonstrate a proven track record for customer service, delivery and capability.

Source: Cabinet Office (2009), *HR Professional Standards Handbook*, Cabinet Office, United Kingdom.

In terms of increasing capability, there is also in the United Kingdom an HR Professionalism and Talent Team whose role is to build a strong, vibrant civil service HR Community with a well-deserved reputation for performance and professional development. Its vision is to attract high-calibre people with the talent and ambition to work in a modern, progressive HR function. In addition, the Fast Stream, the United Kingdom civil service talent management programme for graduates who have the potential to become the future leaders of the civil service, now contains an HR graduate stream.

Reform implementation strategies

Each country has its own specific characteristics which shape the approach to implementing public administration reforms. Although valuable lessons can be learned from the experience of other countries, reform implementation strategies are highly contextual. The organisation and culture of the public service, the legislative framework, the interests of stakeholders, and the capacity to design and implement reforms are among the factors that shape the particular approach to reform in a given country.

Some general lessons can, however, be drawn from the experience of OECD countries:

- HRM reforms should not be approached as a stand-alone modernisation initiative (Huerta Melchor, 2008). HRM is an instrument for a better functioning government and reforms should be based on an overall view of how government should function. HRM reforms should be consistent with public service values and other public service reforms.

- Strategic HRM reforms should embody a clear vision of the connections between different elements of the HRM system – such as how people are recruited, organised and motivated – and the priorities of the public service. HRM reforms need to be linked to the overall management and strategy of public service organisations. The workforce is a strategic resource that should evolve as the priorities of organisations evolve.
- HRM reforms should be integrated with other public management reforms, particularly in the areas of budgeting and organisational performance management, so that there is a consistent direction to reform efforts and reforms reinforce one another. Linking HRM reforms to e-government initiatives can also provide additional leverage and it is essential to have consistency between initiatives in these areas;
- Sequencing of reforms is extremely important for successful implementation. The interdependencies between different elements of HRM reforms and between HRM reforms and other reforms need to be analysed so that each reform builds on a solid foundation and gives additional leverage to reform efforts. Sequencing needs to take account of a variety of factors: what has already been done; identifying key levers of change, as well as serious obstacles; and capacity to manage implementation. There is also an element of pragmatism involved in terms of taking advantage of windows of opportunity and forming supporting coalitions.
- Reform is a long-term process and results may not be apparent for some time. Many OECD member countries have been engaged in reforms over lengthy periods and have experienced successive waves of reform.

The experience of Mexico (OECD, 2011b) may offer some practical lessons for Colombia, even though the reform challenges are not exactly the same. With hindsight, Mexico realised that too much was attempted at once and that its reforms were not well sequenced. Some reforms, such as performance management, training and recruitment, were started before the necessary supporting mechanisms were in place. Another problem was that changes were attempted in all ministries and agencies at once and the rate of progress was determined by the slowest and least committed organisations. It was later judged that a more effective approach may have been to select some organisations in which to pilot the reforms before extending them across the whole public service.

Ten years after the implementation of reforms in Belgium, a number of useful lessons were drawn that could provide some insight for Colombia (Box A.32).

While examples from elsewhere are useful, a reform implementation strategy has to suit the particular circumstances of Colombia. There is a strong awareness within the Colombian government of the need to improve human resource management and this will provide the essential impetus for reform. The issues identified by this peer review suggest that comprehensive reforms executed as part of a well planned HRM strategy are likely to achieve more success than piecemeal changes. The importance of approaching HRM reforms as an instrument for the better functioning of government, rather than as a stand-alone initiative was emphasised earlier. HRM reforms should be planned with a view to reinforcing the government's initiatives with regard to good governance, improving public services and managing the public finances.

Box A.32. **Belgium: Lessons learnt after a decade of the Copernicus reform**

Ten years after the implementation of the Copernicus reform, some critical lessons for the success or failure of a civil service reform have been learned. The importance of these lessons is that the Copernicus reform required a fundamental re-thinking of the purpose of the civil service. The reform led to a radical re-design of the government organisations, passing form a hierarchical silo approach to new structures – process-based boundary-free organisations – in that way breaking with the past. Integrated changes were based on the strategic vision of government. Some of the main lessons are:

- An integrated vision based on customer needs is required.
- The organisational change capacity and maturity dictate the size, ambition and pace of the change process.
- Priorities must be determined.
- Results must be visible for the political level, the civil servants and the clients.
- Available resources must be used (others will not be offered).
- Stakeholders must be involved to deal with resistance, tiredness of change, lost of confidence.
- It is essential to listen to the voice of the organisation and challenge people.
- Give time to time and keep the business running.
- Methods of work must be customised.
- Tools are useful means, but are not the purpose.
- Sponsorship of the strategic board and political support must be assured.
- The journey is as important as the objective.

Source: OECD (2011b), *Towards More Effective and Dynamic Public Management in Mexico*, OECD Public Governance Reviews, OECD Publishing, Paris. Information provided by Philippe Vermeulen, Belgian delegate to the PEM Network on the occasion of the review of Mexico.

The importance of sequencing reform

While the review has identified a range of potential improvements in HRM, this does not mean that all elements of a reform should be attempted at the same time. The experience in OECD countries has been that an incremental approach generally works best, provided it is based on a strategic vision of what is required and that there is an overall roadmap of the desired reforms. An incremental approach provides time to undertake essential capacity building to support implementation and can provide space to overcome blockages and change tactics if something is not working. A possible disadvantage of doing things incrementally is that momentum can be lost and supporting coalitions can change, particularly if there is a change of government. It is advisable, therefore to sequence reforms in terms of realistic programmes that can achieved within a government's term of office and that will provide a stepping stone to the next stage of reform.

It could be useful to see reform in terms of three stages, each with its own requirements, challenges and tools:

Table A.12. **Public administration reform challenges and possible policy tools**

Key challenges	Possible policy tools
Planning phase	
• Bridging information gaps and developing a clear road map with measurable intermediary targets and final outcomes • Creating support for the reform: citizens and civil servants	• Independent systems of expertise and preliminary evaluations • Public debates and consultation strategies • Seize the moment: take advantage of crises
Implementation phase	
• Building on leadership and political commitment to the reform • Overcoming resistances to change and creating ownership feeling for reforms • Capacity and knowledge	• Clear electoral mandates • Compensating losers of reforms • Implementing complementary reforms • Contracts and experimentation • Training plans and public administration schools • Communication
Sustaining phase	
• Avoiding policy reversals • Evaluating reform and assessing success	• Evaluation mechanisms • Independent and permanent institutions • Ombudsmen and high level committees

Source: OECD (2010c), *OECD Reviews of Human Resource Management in Government: Brazil*, OECD Publishing, Paris.

Stage one: building the case for reform

Colombia is at the planning stage of its reforms and the main challenge at this stage is to build the case for reform and prepare the ground. A good start has been made by involving senior officials and middle managers in the process of defining good governance initiatives through an official website. Another approach used with success in some OECD countries to build the case for reform has been to organise a large-scale public debate on the public service as a way of engaging a wide range of stakeholders from across society: for example, France in 2007 organised a national conference on eh values, missions and functions of the public administration, while Spain held public debates and consultations in 2006 in order to create consensus for reform of the public employment statute. It is important to draw citizens into such debates and this requires reaching out so that it is not only the more privileged groups whose voices are heard. Crucial aspects of the French and Spanish debates were the wide scope of involvement, the variety of forums and, most important of all, the genuine opportunity for stakeholders to have input into the reform and thus to have a sense of ownership and legitimacy.

Key stakeholders in a reform need to be identified and their interests well understood so that reform strategies can address likely opposition or obstacles and build support. This will be especially important in relation to reforms that touch highly sensitive areas, such as public service recruitment, where a wide range of stakeholders is involved and the issue of how best to organise a merit-based recruitment system goes to the heart of public service values. Recruitment is an area where there is an opportunity to create a strong coalition in favour of reform as there appears to be a widely shared appreciation of the need for change. Ownership of a reform needs to be built from the outset by involving key stakeholders in the conception and planning phase, without letting the agenda be captured by vested interests.

The Mexican administrative reform process of the mid-1990s provides an example of how a sense of ownership can be created among civil servants. The federal government organised national administrative development meetings once or twice a year, giving local

and municipal governments, federal ministries and state-owned enterprises the opportunity to exchange experiences regarding the administrative modernisation process (OECD, 2011b). In Chile, the preparation for reform involved creating a consensus and a shared vision for reform, and establishing the government leadership and institutional conditions to support the reform.[39]

The Colombian government doubtless has a good idea of the key stakeholders with an interest in particular issues and their likely stance in regard to reforms. Stakeholders are likely to include, for example, the government itself, territorial and municipal governments, the legislature, the judiciary, clients and users of public services, public servants, those who aspire to join the public service, public service organisations along with their staff and managers, organisations that provide contractual services to government, staff representatives and unions. Analysis of stakeholders and their interests will be a critical element of reform planning and it is worth investing a lot of effort in this in order to create support for reforms and reduce potential opposition. For example, one of the stakeholder issues that will have to be addressed is what should happen to provisional staff as the employment system is stabilised. Another example is the issue of dealing with the medical professions in the context of attempts to change the way they are employed in the public health system.

It is much easier to deal with stakeholders by drawing them into the planning of the reform and finding appropriate ways of addressing their concerns rather than waiting for battle lines to be drawn. In this context, potential winners and losers should be identified and ways have to be found of addressing their concerns, particularly in the case of those who stand to lose by reforms.

There are already good practices that can be further developed to engage public employees in reforms. DAFP and the office of the High Commissioner for Good Governance are working together to develop initiatives that encourage public servants to participate in reform discussions by putting forward their ideas on good governance. The website focused on public servants (www.sirvoamipais) which was mentioned earlier is one such key initiative. In 2012, DAFP and the office of the High Commissioner for Good Governance led an "Efficiency Challenge" initiative whereby public servants were invited to share through this website their ideas about how the delivery of public services could become more efficient. This received an overwhelming response, with 215 000 public servants participating. Follow-up to such initiatives is extremely important and an action plan is being developed to put the ideas received into action.

Stage two: building capacity

Capacity-building will be another essential part of the planning phase. This has already been discussed, but it is worth reinforcing the point that senior and middle managers are a key group who will need to be fully engaged from the outset. The Colombian government is evidently aware of this and has already taken steps through the website initiative mentioned earlier. Involving managers at the conception and planning stages should contribute to building a more cohesive leadership group who can play a central role in carrying forward the reforms. OECD countries have placed a lot of emphasis on developing leaders and managers in order to better equip them to lead and manage reforms. For Colombia, the creation of a more cohesively public service management group would provide the basis for a more focused effort to develop the shared values, leadership capabilities and management skills that will be needed.

Some reforms will probably best be managed from the centre, while others will certainly require line managers and HR units in ministries and departments to take on new

responsibilities. For example, as discussed, workforce planning, competency management, job profiling and performance management, while requiring central frameworks and guidelines, have to be put into practice by line managers with support from their HR units. This will require building the capacity of ministries and departments.

Stage three: sequencing reforms

Decisions about the sequencing of reforms are extremely important. Reforms will need to be planned in a holistic way, with careful analysis of critical pathways and interdependencies. This is particularly important, as reforms are likely to involve legislative changes, as well as policy changes and restructuring of responsibilities for HRM. It will be important for DAFP to ensure that it has the capacities in place to do this strategic analysis and planning in order to avoid a disjointed approach. For example, pressures to introduce more special career systems in individual organisations in order to get around the problems affecting recruitment to the career civil service should be resisted.

The Review suggests some preliminary ideas about sequencing of reforms, although this will require careful study. Two areas where many OECD countries found it essential to lay the groundwork for reforms have been making the public service values a clear and central part of the reform effort and building leadership capacity. An early step in this context would be to address the issue of how managers are appointed in order to create a stronger merit system and to provide continuity in the professional manager group, as that will be essential for implementing reforms. In addition, there seems little doubt that improving the recruitment system is an essential early step for stabilising the employment framework and enabling government organisations to function effectively. Competency management and job profiling will be an important part of improving recruitment, as will reform of the system of post descriptions. Workforce planning is another basic building block of HRM.

Another important sequencing issue is that as the recruitment system is improved and organisations reduce their dependence on provisional staff, it will be essential to provide managers with effective tools to manage the motivation and performance of career staff. Early priorities in this context would be to put in place a system for dealing with under-performance and to implement competency-based training to improve performance on the job. A longer-term reform project would be to improve the career structure of tenured public servants. Competency-based recruitment can be expected to contribute to this, but reforms to the grading system also seem advisable.

A practical example of one sequencing decision that will need to be taken in Colombia is that there will be several different aspects to improving the recruitment system, as discussed earlier. Decisions about sequencing of reforms will need to address the issue of whether it is better to start with the way recruitment is organised in terms of the institutional arrangements, or to focus on improving the content and conduct of recruitment tests, or whether the legal framework would need to be changed in order to permit other essential reforms. It is not always possible to make major changes at the outset, particularly when changes to the legal framework of the public service are involved. This will require a careful assessment in Colombia. Changes to the recruitment system and the system of post description manuals appear essential; the question is whether the necessary changes can be achieved without extensive legal reforms? As an example, Chile took the approach of concentrating on management reforms first, before attempting legal changes and this proved to be a less complex approach which built legitimacy for subsequent legal reforms.

The territorial aspects of workforce management in supporting the development of public services, particularly in areas such as health, education and law and order, suggest that reforms at sub-national levels of government should be a key part of the decisions about sequencing of reforms. The bulk of health and education services are delivered through the local government system. There is urgency for reforms, particularly in the health sector, to improve services and enable a more cost effective management.

Colombia might therefore wish to consider a two-track approach to sequencing implementation, by concentrating one track on service-wide reforms in essential areas such as recruitment, and the other track on key sectors, such as health, that have their own management specificities. Health seems an obvious candidate for reform, although it has not been possible within the scope of this review to study the issues in depth. This is an area which illustrates the point made earlier about the need to avoid seeing HRM reforms as stand-alone solutions. Health sector reforms in OECD countries have often proved to be complex and contentious. Dealing with the problems of the employment arrangements for health care professionals in Colombia should be approached as part of a more comprehensive set of reforms of health care. This is an area where Colombia may benefit from a detailed review in order to guide reforms.

Conclusion

The Colombian 1991 Political Constitution acknowledges that the public service is a fundamental underpinning for development. Hence, since its implementation, Colombia has introduced a series of reforms to improve the system of public governance. It has adopted new elements of management: systems of administrative development and administrative information, democratisation and social control, internal control and quality systems, and public management incentives. 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.

The following assessment and conclusions aim at contributing to the articulation and implementation of workforce management reforms by the national government. The conclusions are drawn from a systematic comparison of the situation in Colombia with the experience of the 34 OECD countries, with a specific emphasis on examples that are the most relevant to Colombia considering its size, constitutional and cultural basis, and values underpinning its national public-sector HR system.

Colombia should 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 Political Constitution of Colombia, 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 integrity and performance throughout the public service, while cutting down on bureaucracy and increasing efficiency, are commendable. There is a clear commitment to transparency and openness in the management of the public service and to creating a culture of equity and equal opportunities. Impressive efforts have been

made to build capacity, particularly in the senior management ranks and in the central human resource management body.

Colombia is well placed to build on the things that are already working well and to address the challenging areas. 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, introducing new human resource management instruments and making changes where things are not working well.

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.[40] According to these data, 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.

Managing the growth, allocation and cost of the workforce is likely to present significant challenges in the coming years, for which Colombia will need to prepare. The government will need to strengthen its ability to plan and reallocate its workforce. It will also need to put in place HRM policies and practices that will enable the strategic and efficient management of the workforce in line with the government's goals and priorities.

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.

Delays in recruitment result in vacancies being filled by provisional staff for long periods of time and in unfilled vacancies. A long recruitment cycle also leads to an over-use of casual staff to perform ongoing work, although other factors are also at work, including budgetary restrictions on hiring permanent staff and a tendency by managers to hire provisional or temporary staff in order to have more flexibility to end contracts

or to move good staff to another position if there is a vacancy. Although the numbers of provisional and temporary staff have been reduced significantly compared to earlier years, there is still more to be done to remove the need for non-career staff to perform core functions. There is still a two-tier employment system whereby provisional and temporary staff work alongside tenured civil servants, often for years and performing the same work, but without the same employment conditions. In this situation, it is difficult for government organisations to plan and manage their staffing needs, while the use of so many provisional and temporary staff risks undermining the efforts made to reinforce merit, by creating scope for patronage in hiring. As the public workforce becomes more stable, the situation of provisional staff who have been employed for significant periods of time will need to be addressed. It appears that many of these staff currently provide essential experience and competencies to the organisations which employ them and that it is not in the interest of the public service to lose this capacity. Some OECD countries, such as Mexico, have had to deal with similar situations of regularising provisional staff and there may be guidance for Colombia in the solutions that were implemented.

The need to improve the recruitment system is widely appreciated and supported in the Colombian government and administration and there are a number of practical steps that should be taken as a high priority to address the problems being experienced. As regards the institutional arrangements, having an independent National Civil Service Commission 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, it has been hampered by several factors beyond its control, including insufficient resourcing for the volume of recruitment activity, an over-burdening with operational matters and constant normative changes. Over the last two years, there have been two Legislative Acts for the administrative career, in addition to judicial decisions and changes to secondary legislation, giving rise to high costs and a weakening of legitimacy and trust in the administrative career.

The effectiveness of the NCSC 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 function in a number of OECD countries. This could raise the status of the NCSC and enable it to focus on setting principles and guidelines, carrying out audits of recruitment and investigating suspected breaches of merit, while stepping back from involvement operational matters. The NCSC's effectiveness could also be strengthened by ensuring that it is properly resourced for its functions.

The other aspect of the current arrangements that is not working well is the contracting out of recruitment tests to universities. While the principle of having a third party carry out recruitment is sound, the assessment of this Review is that significantly better results could be achieved by establishing a professional public recruitment agency, overseen by the NCSC. It is recommended that this be given high priority.

Institutional arrangements in the area of oversight and recourse could be reviewed. The courts play a very active role in this context in Colombia and while this leaves little room for abuse of process in the recruitment system, it has proved to be a relatively cumbersome and time consuming process. Making changes in this area is likely to be a lengthy undertaking. However, recasting the NCSC as the statutory merit assurance body could, over time, reduce the need for court intervention. Another useful step could be to set up an internal appeals process in regard to recruitment.

There is an urgent need to align more deliberately recruitment methods with the competency needs of government organisations. The way the constitutional principle of

merit-based recruitment is understood may not be adequate to guarantee that the best person is selected for the job. While academic merit assurance is emphasised in the current system of recruitment testing, there appears to be little scope to take account of the competencies and experience needed to do a job effectively. The introduction of competencies into recruitment and the use of a broader range of best-practice recruitment methods are recommended. Recruitment methods can be based on measuring competencies and relevant past experience without undermining transparency and merit. The experience of OECD countries has been that position-based systems such as the Colombian one lend themselves well to competency-based recruitment methods and that the best outcomes are achieved by using a range of merit-based criteria and testing techniques rather than relying purely on examinations. Such an approach should also reinforce the efforts being made in regard to diversity and enable the Colombian government to give more expression to diversity objectives in regard to recruitment. One of the challenges in improving recruitment methods will undoubtedly be to raise awareness and gain support within the judiciary that academic testing is not the only way to prevent nepotism and that it work against optimal recruitment.

Frequent reference was made during interviews for this review to the rigidities in recruitment and staffing arising from the current system of post description manuals. It appears that the manuals often do not reflect the current competency needs of the employer and the system as a whole is cumbersome and resource intensive to administer. Highly specific post descriptions set up barriers to the flexible management of staff, making it extremely difficult to organise mobility or redeploy staff when reorganisations occur. The Constitution lays down a requirement that every public position will have its duties determined by law or regulation and this has been operationalised through the post description manuals. A key issue for the Colombian authorities to resolve is whether the constitutional provision would be compatible with replacing post description manuals with a new competency-based system of job profiling which would provide a standard way of describing posts across the public service. This is highly desirable in terms of the government's objective of a more flexible and efficient system of staff management and it would make a major contribution to improving the recruitment system.

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. Until recently, strategic planning was hampered by a lack of sufficient workforce data available to the Ministry of Finance and other central agencies. 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 can be taken to develop strategic workforce planning, with improvements being made incrementally as better tools and methods are developed. The two largest employers, the Ministry of Education and the Ministry of Defence, have well developed workforce planning methods and their

experience could usefully be shared with other ministries. The Administrative Department for the Civil Service could support government organisations by developing better frameworks and tools for workforce planning. Another useful initiative that might be taken jointly by DAFP, the Ministry of Finance and the Ministry of Planning could be to develop a dialogue with government organisations to regarding whole-of-government workforce planning objectives, such as raising skills, planning for demographic trends and continuing the pressure for efficiency. In this context, it is recommended that the resourcing levels in different government organisations be reviewed as a basis for reallocating staffing resources in line with the government's priorities. Another step that would improve the ability of organisations to plan could be to replace the current system of approving budgets for new posts on an organisation-by-organisation basis with more holistic decision-making about the staff budgets of all government organisations as part of the annual budget round. Consideration could also be given to revising the system of budget allocations to fill vacant posts so that recruitment actions can be organised on a different schedule from that of opening positions in order to enable organisations to better plan and manage their recruitment.

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. A priority could be health services, in order to support the efforts being made to regularise health service employment and improve the organisation of public health services.

Improvements in workforce planning methods and tools could be pursued in tandem with strengthening the accountability of ministries and other organisations for workforce planning. The experience of OECD countries shows that this can be achieved by making workforce planning a part of the strategic and performance plans of government organisations. This could enable an analysis of present and future staffing needs in light of changing organisational objectives, technological changes, new methods of delivering services, opportunities for shared services and outsourcing and other such factors. As part of the management accountability framework, managers can then be held accountable of their management of the workforce. One of the longer-term objectives for Colombia could be to further develop the organisational performance an accountability framework. Once this is well developed and functioning, the Ministry of Finance could reconsider its level of input control on staff positions in order to place more responsibility for workforce planning and management of staff numbers with line organisations. Such a development could be combined with increased pressures for efficiency in the management of the workforce.

Workforce planning could be more effective if there were greater flexibility in the management of the workforce. While the provision to employ short-term, temporary and contract staff provides essential flexibility, provided it is used for the appropriate purposes, there is otherwise little scope to manage the workforce flexibly. The ability to reallocate staff or redefine the responsibilities of posts is extremely limited by the system of post descriptions and there is no process for organising mobility. Tenure is extremely well protected and there is no scope to separate staff even where this is warranted by changing organisational needs and lack of redeployment possibilities. Increasing mobility by replacing the system of post descriptions with a more flexible system of job profiling will be essential in achieving the required flexibility to manage the workforce. Defining common generic profiles and core competencies for similar types of jobs across the workforce could be a major advantage in terms of organising mobility. Consideration could also be given to developing other mobility tools such as job rotation. Better use could also be made of training in the context of workforce planning by undertaking competency-based analysis of skill gaps and focusing training on priority skill needs of organisations, so that new hiring is not the only way to fill skill gaps.

Better scope is needed to manage staffing in the context of restructuring. OECD countries make significant use of redeployment provisions and various types of provisions to separate surplus staff in order to facilitate workforce adjustments. Colombia is advised to develop a staff redeployment system and consideration should be given to the introduction of separation provisions for dealing with surplus staff. A once-off redundancy or early retirement programme may be warranted in order to enable the government to complete the restructuring initiative which was launched in 2011 and adjust the skill mix of the workforce more rapidly.

Improve core components of staff management

The government's aim of having a well selected, trained, and evaluated workforce would 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.

Strengthening human capacity through staff training is essential for developing the capacity of the public service. The investments made in developing the activities of the School of Public Administration (ESAP) should be consolidated by additional measures. At present, training is not sufficiently well focused on the priority skill development needs of government organisations. Investment in training is uneven and in the absence of well developed evaluation techniques, it is not evident that best value for money is being obtained. Training could be approached in a more strategic manner by requiring organisations to undertake analysis of their competency gaps, to focus training on priority organisational needs, to link their training plans to their organisational plans and to integrate skill development plans into their workforce planning. Managers could be made accountable for investing in staff training and development and the management of their training budget in line with identified priorities for strengthening the competencies of their workforce. Training could also be linked to performance management so that gaps in competencies that are contributing to performance issues can be identified and addressed.

DAFP could play a valuable leadership role in this context by convening a network of training specialists across the ministries and developing guidelines and frameworks. Formal training courses should be complemented by other methods of learning such as on-the-job training, developmental assignments, coaching mentoring, knowledge sharing and team-based learning. E-learning could facilitate the introduction of new approaches.

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 is needed in the Colombian public service to ensure that managers are well equipped to provide the necessary leadership for the government's reforms. This could be facilitated by having a more clearly defined group of

professional public service managers. ESAP could be well placed to take on a more strategic role in regard to the provision of management and leadership development programmes.

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. This is hardly surprising, given that building the performance culture has proved to be a long-term undertaking in OECD countries. Nevertheless, there are pockets of good practice which show what can be achieved. For example, performance evaluations seem to be working reasonably well in the education sector and there is a strong focus on performance under new senior management in the Revenue Department. 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 it is beyond the scope of this peer review, one necessary underpinning for effective management of staff performance is a system of organisational performance management. This is not yet firmly established in Colombia, although the system of management agreements which has been implemented is an important step. The continued development of systems of organisational objective setting, performance reporting and accountability is essential to provide the organisational context for describing the desired results of public organisations, linking them to the objectives of teams and individuals and assessing performance at the organisational, team and individual levels.

One factor contributing to under-performance could be that a significant proportion of career staff were recruited before the recruitment system was reformed to reinforce merit. It may be, therefore, that at least a proportion of these staff simply lack the right competencies to do their jobs effectively. This highlights the importance of undertaking a competency gap analysis in organisations in order to have a better understanding of the root causes of performance issues. If there is a structural problem in terms of staff competencies this should gradually work itself through the system as newer staff come in through the reformed recruitment competitions post-2005 and particularly if competency-based recruitment is introduced. However, this may take too long and it may be advisable to consider other tools, such as the workforce adjustment measures that were mentioned earlier.

Managers have few tools to manage the motivation and performance of career public servants and this undoubtedly weakens the performance management system. Both managers and staff need better incentives to engage with the system. Performance assessments play no role in the careers of tenured public servants as there is no career structure for these staff. Staff are recruited to a specific post and must go through a competitive public examination to change posts or secure a promotion. This in itself would not be a major problem if experience and job-related competencies were taken into account in merit criteria. However, as this is not

the case, promotion and mobility opportunities for serving staff are very limited. Moreover, as there is not system of within-grade pay progression, there is no opportunity for increases in base salary without changing to a post at a higher salary grade. All of this rules out a key instrument for motivating staff. The position-description system further limits opportunities for career development by placing barriers in the way of staff mobility. The lack of a career structure is compounded by the fact that job grades are narrowly defined and do not provide room for staff who perform well to gain additional responsibilities or corresponding salary increases.

A clear career dimension could be introduced by creating more broadly defined job grades, with scope for progression through a number of steps within a grade on the basis of performance and improvements in job-related competencies. Taking account of past experience and competencies in recruitment could also improve career opportunities for staff. The introduction of job profiles could provide a sound basis for developing a career dimension within the job grading system. Mobility mechanisms, job rotation possibilities and competency-based training could also contribute to enhanced career opportunities and staff motivation.

Better strategies are needed to address the issue of inflation in performance evaluation ratings. Colombia is not alone in this regard, as inflated ratings are a well-recognised problem in performance evaluation. Steps that have proved effective in OECD countries include: training managers and staff in the performance management system; involving staff in defining performance criteria; ensuring clear, specific performance goals; using competencies; carrying out audits of performance ratings and using calibration committees or peer review processes. Such processes can help to build the trust in the system that is an essential ingredient for it to work as intended.

The use of performance bonuses is questionable given the weakness of the performance management system. It is recommended that performance bonuses be discontinued for the time being until issues with inflated performance ratings have been resolved. If job and pay grades can be widened, it may in the future be advisable to introduce an element of performance into pay progression. However, there is no urgency to implement a performance-related pay system, which required sophisticated staff management practices. Many OECD countries have decided not to go in this direction because of the complexity involved.

Performance management could be considerably more effective if there was a formal system for dealing with underperformance. This could send a signal that permanence in career positions is contingent on performance and provide managers with more support in dealing with cases of poor performance. It is recommended that such a system be introduced and managers trained and supported in its application. In cases where efforts to improve performance fail, it is recommended to have a range of progressively more severe sanctions. This is likely to be more effective than only having the ultimate sanction of dismissal which is rarely applied. The performance-management and disciplinary systems could be more clearly distinguished from one another. The probationary period could be used more effectively to identify and deal with any misfit between the new recruit and the requirements of the job or performance issues.

Rather than trying to implement improvements in performance management across all organisations at the same time, a more viable approach may be to identify pilot organisations where there is already a good basis on which to build. In considering how best to support performance management from the centre, it may be advisable to transfer responsibility from the NCSC to DAFP to enable a better integration between performance management and other HRM reforms and to enable DAFP to play a co-ordinating role. DAFP might itself be one of the organisations to pilot a new approach to performance management.

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

Over the past two decades, OECD countries have focused a great deal of reform effort on senior managers in order to ensure the leadership and management capacity which is essential for the reputation and performance of government organisations. Colombia has also taken steps to strengthen management by improving the way in which recruitment to public management positions is organised and through management training. Nevertheless, the group of senior managers is undermanaged compared to many OECD 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 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 is unclear.

Management of the administrative-political interface is a critical part of the development of a professional civil service. It is recommended to make a clear distinction between political appointees and public service managers. Building on the elements already in place, the system of appointments to public management positions should be made fully merit based. The competency-based recruitment and selection methods, which are already encouraged and widely used, should be applied to all recruitments in a consistent manner. Flexibility could be combined with reasonable continuity through a system of fixed-term appointments, as in a number of OECD countries. The system of discretionary appointments to top level positions could remain, although the establishment of some type of advisory body for top level appointments would be an advantage in terms of ensuring that the government has access to the best talent in these critical positions.

A more cohesive senior management group could be an advantage in carrying through public service reforms. This could be created by managing senior managers more as a group in terms of their recruitment, induction, competencies, performance management, training, and remuneration and contractual arrangements. In terms of building cohesion and shared values, it could be useful to create systematic opportunities for senior managers to meet together in training, seminars and other collective gatherings. Specific competencies and a structured training and development system specifically targeted at senior managers could help to ensure consistency in the capabilities possessed by senior managers.

Consideration could be given over the longer term to integrating middle managers into the career public service in order to provide continuity at this level. This could have the advantage of opening up additional career perspectives in the career service. However, sequencing with other reforms could be important in order to avoid introducing the rigidities of the current career employment system into the management of this group.

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. This would be in line with developments in OECD countries.

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. The aim could be to clarify the public service offer, which consists not only of salary but also of benefits, pension, employment security for career staff and other advantages, and to ensure it is properly targeted to recruit and retain quality staff without pushing employment costs beyond what is considered affordable and fiscally prudent.

There are several steps that could be taken to improve the compensation system. A more sophisticated methodology for job classification is required and it is recommended to convert the large number of existing narrow pay grades into broader grades based on a job classification system. This could enable the establishment of a new pay and grading structure based on clear, objective criteria with better scope to create a career dimension. It could be preferable to create a system of pay progression based on the grading structure in place of the current system of seniority allowances. This could enable the seniority element to be gradually de-emphasised, with competencies and performance playing a larger role.

A simpler salary structure with fewer allowances and bonuses could be more straightforward to manage, more transparent and provide predictability about salary levels and pay costs. While the government has kept firm control over pay increases, including factors other than the cost of living in the criteria for analysing pay increases, as in many OECD countries, could provide more scope to manage the overall pay bill. DAFP has an important role to play in developing the methodologies and tools for compensation management and strengthening capabilities for strategic management of pay policy.

While labour relations systems vary widely, unions and collective bargaining play an important role in virtually all OECD countries. Colombia is developing its system of labour relations in the public sector. It is important that this process continues, with a view to implicating unions in public sector reforms, moving to a more mature relationship between the employer and employee representatives, and pre-empting the emergence of a conflict-prone pattern of labour relations.

Strengthen and communicate core public-service values more clearly

The experience of OECD countries shows that ongoing 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.

A step that could be taken to consolidate the core values while creating scope for the improvements in human-resource management that the government is anxious to

pursue could be to move to a hierarchy of instruments for putting values into action. Over the longer term, some changes to the constitutional and legislative framework could be considered. A solid foundation for public-service values combined with essential flexibility in human resource management could be better achieved by having the Constitution set down the core values, with the key principles and broad policies of public service HRM contained in primary legislation, and detailed rules and processes contained in regulations and official circulars. Values could be reinforced through the use of instruments which have proved effective in OECD countries, such as codes of conduct and ethics, and training in their application.

Human-resource management reforms could clearly transmit the core values. The government's efforts in the areas of recruitment, performance management, citizen participation and efficiency are examples of how this can be done. Merit could be further strengthened by reducing the reliance on temporary staff and contractors to perform on-going functions and by making the recruitment to public management positions fully merit based. It will also be important to continue the efforts being made to strengthen performance management. Prompt and effective action on poor performance and disciplinary matters could send a strong signal regarding the values to which the government is committed. Promoting diversity in the public service is another area in which the government can highlight the importance of core values, particularly in relation to ethnicity and social diversity in public employment.

Managers at all levels play a central role in shaping the public service ethos and transmitting values. A concerted effort could be made in this area by including values in the recruitment, induction, performance management and training of managers.

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 are put in place to replace detailed central controls.

Making HRM more flexible will inevitably entail not only the reform of policies and procedures that constrain effective workforce management, but also giving line ministries and departments more scope to manage their HRM. This will require careful preparation and training of line managers and staff of HR units to enable them to take on more strategic HRM responsibilities. Experience in OECD countries has shown that delegating HRM functions will succeed only if accompanied by greater accountability for managing HRM. DAFP could assess what delegation may be desirable to make the HRM system work better and how it could be phased to enable the necessary capacity to be built up. At this stage it is recommended that the focus be on assisting HR units and line managers to improve the elements of HRM for which they are already responsible, especially performance management, workforce planning and staff training, rather than delegating additional matters.

A valuable initiative that DAFP could take in terms of building the professional HR community in government organisations would be to develop an on-going dialogue with HR functions in line ministries and departments. This could eventually lead on to setting up a forum of HR Directors and a network of HR managers. Competencies for HR professionals should be defined and a strong effort put into training and development.

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

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. Consideration could perhaps be given to a two-track approach to implementation, with one track focusing on service-wide reforms with the other track focussing on key sectors, both at the national and sub-national levels.

Notes

1. Figures relate to 31 December 2009 and were provided by the Civil Service Department, Colombia.
2. Data provided by DAFP in May 2013.
3. The DAFP responsibilities are organised around four areas: *1)* planning, training and development of human capital, *2)* employment management, *3)* performance management and *4)* management of human and social relations, incentives and welfare.
4. The number of public health care workers is estimated to be around 450 000, according to figures provided to the OECD mission team by the Colombian Ministry of Health and Social Protection. The Colombian Government has recently modified employment arrangements for staff working in health institutions; this new regime aims at better service delivery, a stronger guarantee of labour rights and increased health sector viability.
5. Data provided by the Administrative Department of the Civil Service (DAFP).
6. Information provided to the OECD mission team during interviews.

7. Data provided in note prepared by the Administrative Department of the Civil Service (DAFP), 20 November 2012 and updated in May 2013.

8. Information provided to the OECD mission team during briefing by the Administrative Department of the Civil Service (DAFP).

9. Data provided in note prepared by the Administrative Department of the Civil Service (DAFP), 20 November 2012.

10. Information provided to the OECD mission team during interviews.

11. For further information: Law 909 and Sentence C-614, 2009 of the Constitutional Court.

12. OECD, 2010d.

13. As reported by DAFP in May 2013, SIGEP's website (www.sigep.gov.co) has a section (SIGEP in figures, http://reportes.sigep.gov.co/SIGEPEnCifras) aiming at generating quantitative information reports about national public institutions and general public employment data.

14. The information in this paragraph is drawn from OECD, 2010.

15. Ibid.

16. Colombian officials interviewed during this review commented that freely appointed staff (managers and professionals) have salaries outside the regular civil service scale. However, in May 2013 DAFP reported that 99% of management related salaries are within the authorised civil service scale.

17. OECD, 2011, pp. 100, 101.

18. OECD, 2010d.

19. OECD, 2010c.

20. OECD, 2010d.

21. Data provided to OECD mission team in interview with the National Civil Service Commission.

22. Information provided to OECD mission team in interviews with managers and HR staff of government organisations.

23. Information provided to OECD mission team in interview with the National Civil Service Commission.

24. Information provided to OECD mission team in interview with the National Civil Service Commission.

25. Data on staffing and resourcing provided to the OECD mission team in interview with the National Civil Service Commission.

26. Information provided to OECD mission team in interview with the National Civil Service Commission.

27. Information provided to OECD mission team in interview with the National Civil Service Commission.

28. Ministère du budget, des Comptes publics, et de la Fonction publique (2008), *Rapport annuel sur l'état de la fonction publique: Politiques et pratiques 2007-2008,* Vol. 2, pp. 65-68, Paris.

29. Commission for Public Service Appointments, *Review Procedures Under Sections 7 and 8 of the Codes of Practice.* www.cpsa.ie/, accessed 26 November 2012.

30. OECD, 2010d.

31. OECD, 2010d.

32. Information provided to the OECD mission team during interviews.

33. Department of Public Expenditure and Reform, 2011.

34. Data provided in note by the Administrative Department of the Civil Service (DAFP), 20 November 2012.

35. Information on the integration of core values into HRM collected during the OECD review of human resource management in the Brazilian federal government, OECD, 2010c, pp. 240-241.

36. As reported by DAFP in May 2013, such policies aim at fostering: *1)* the institutionalisation of public hearings accountability to citizens in 91% of the national entities (executive branch), *2)* the development of policies, tools and guidelines to facilitate accountability, *3)* annual monitoring accountability exercises through public hearings by an Internal Control Standard Model survey, applied to national and territorial entities, *4)* policy dialogue and citizen participation, *5)* institutional alliance for civil service training purposes and social control (13 agencies).

37. OECD, 2010d.

38. OECD, 2010d.

39. Weber, 2012.

40. International Labour Organisation, 2013.

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Annex B

Public procurement in Colombia

Introduction

This Annex examines how the government of Colombia can use public procurement in a more transparent and effective manner to achieve policy objectives. This Annex focuses on three key reform areas, in particular how to:

- Optimise the organisation, operation and capability of the government's new central procurement agency **Colombia Compra Eficiente** (Agencia Nacional de Contratación Pública – *Colombia Compra Eficiente*), which was established in 2012;
- Tap 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;
- Achieve efficiency gains across levels of government, in particular through framework agreements[1] recently placed under the responsibility of *Colombia Compra Eficiente* and regulated by a new decree to be adopted in 2013.

Key challenges in public procurement reform identified by the government of Colombia include the topics set forth in the matrix in Box B.1.

Box B.1. **Matrix of challenges and proposed actions**

Key challenge	Short-term actions	Long-term actions	Link to public governance reform agenda
Establish Compra Eficiente's role as a centre for procurement capacity and expertise.	Launch an awareness campaign on Compra Eficiente's services.	Organise trainings by Compra Eficiente to other procurement officials.	Coordinate centre-of-government action in the area of procurement.
Address procurement disparities between central and sub-central levels and between sub-central levels.	Provide a help-desk and practical tools on how to use framework agreements.	Harmonise procurement practices and procedures.	Enhance multi-level governance through guidance to sub-central authorities. Increase achievement of government policies objectives.
Professionalise the procurement workforce	Create specific procurement positions with clear skills and career paths for Compra Eficiente. Train procurement officials.	Develop a commercial strategy for Compra Eficiente, with dedicated customer service.	Develop human resources management and link workforce to medium- and long-term policy objectives.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Box B.1. **Matrix of challenges and proposed actions** *(continued)*

Enhance the electronic procurement platform	Roll out the implementation of e-bidding features of new electronic procurement platform. Train public officials and suppliers in the features and potential of electronic procurement platform.	Introduce contract management features (e-payment and close-out procedures) in the electronic procurement platform.	Increase uptake of e-government objectives.
Enhance the business intelligence features of the electronic platform	Collect procurement participation and award data and perform statistical analyses on their basis.	Develop national policies to improve procurement procedures or pursue secondary objectives (green/other) on the basis of collected evidence.	Evidence-based policy making
Standardise range, quality and price of commonly procured products and services	Develop specifications for framework agreements on the basis of adequate needs analysis and market research.	Ensure regular dialogue with potential suppliers to keep track of markets development in a database.	Public service quality; achieve value for money.

Overview of public procurement in Colombia

Procurement-reform as part of Colombia's good-governance strategy

Procurement reform in Colombia is an important component of the governance-reform agenda as set out in the National Development Plan 2010-14. It forms part of the efforts from the government to enhance the quality of public-service delivery as well as transparency and accountability in government spending.

Despite its economic importance, with procurement accounting for 15.8% of Colombia's GDP, it is often not seen as a strategic function of government or as a strategic asset for the country's economic, social and environmental development. Ensuring an evidence-based approach to procurement-reform will be essential for the Colombian government to verify that the objectives pursued through procurement are being achieved – whether they relate to value-for-money objectives in the traditional sense of price and quality, or to broader policy objectives such as environmental protection. Also a pre-condition for an effective use of procurement will be to ensure that officials involved in procurement are adequately skilled and trained to achieve these objectives.

At the request of Colombian authorities, this procurement assessment, part of the Public Governance Review of Colombia, focuses on the short-term imperative for the government to promote efficiency and effectiveness in the overall procurement system and ensure quality-of-service to the public. A key recommendation for the national procurement system in Colombia is to move away from a compliance-based approach towards a more commercial approach to procurement. *Colombia Compra Eficiente*, as the recently-created national procurement agency, has a key role to play in co-ordination with the Presidency of the Republic and line ministries for promoting:

- **Policy coherence**: by harmonising procurement policy and practice across government agencies;
- **Capacity building across levels of government**: by building the professional skills of procurement officials, especially at the sub-national level. Bridging the procurement capacity gap between central and sub-central authorities will be key, as officials tend to possess less specialised procurement knowledge and skills at the local level;

- **Efficiency and effectiveness in procurement processes**: achieving productivity gains can be achieved by aggregating demand through the award of framework agreements and
- **A broader base of suppliers**: for example by developing the electronic procurement platform to promote a level playing field for potential suppliers.

Procurement in Colombia is an activity through which several public policy goals can be pursued alongside the primary goal of covering public needs. Such policy goals include support to SMEs, optimal use of natural resources and other environmental objectives, securing work opportunities for disadvantaged or sub-central communities. The achievement of these policy goals may in some cases conflict with core buying principles, such as value-for-money, and this may raise questions about how to assess the costs and benefits of the various procurement policies, how to measure the success of such policies, which objectives to prioritise in procurement and how to guide procurement priorities and policy reforms based on evidence.

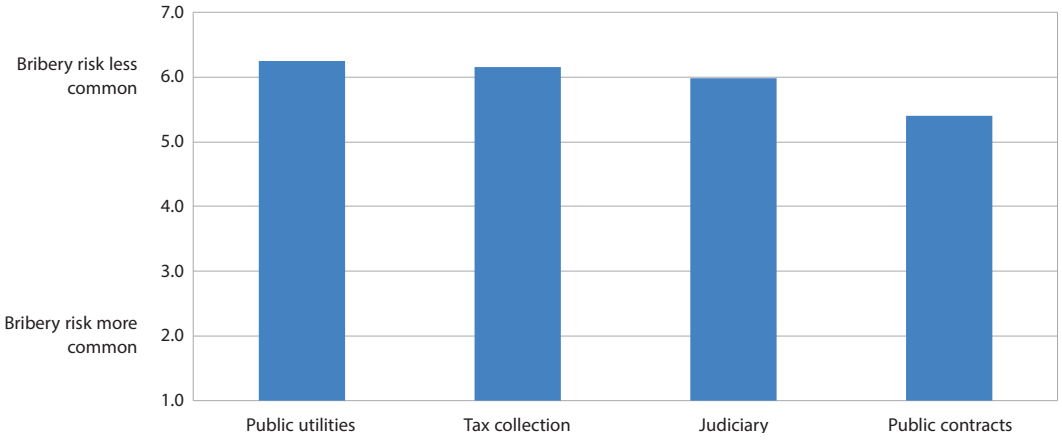
In order to ensure that procurement is used strategically to pursue key government objectives, the government of Colombia could, over the medium term, invest in:

- **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.[2]
- **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 *Colombia 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 is also 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. For example, in OECD countries the perceived level of bribery risk of public officials by international firms is higher in public procurement than in other government activities such as taxation or the judicial system, according to a survey of the World Economic Forum (see Figure B.1).

Accordingly the government may also consider undertaking an evaluation against the OECD *Recommendation on Enhancing Integrity in Public Procurement*[3] as part of a wider Integrity review of the public service. The Recommendation articulates a set of principles aimed at promoting transparency, integrity and accountability as well as good management in the whole procurement cycle, from inception (needs assessment) to completion (contract management and payment). A full-scale integrity review of the Colombian system could help promote a culture of transparency and accountability in government.

Figure B.1. **Average perceived level of bribery risk in selected government activities in OECD countries**

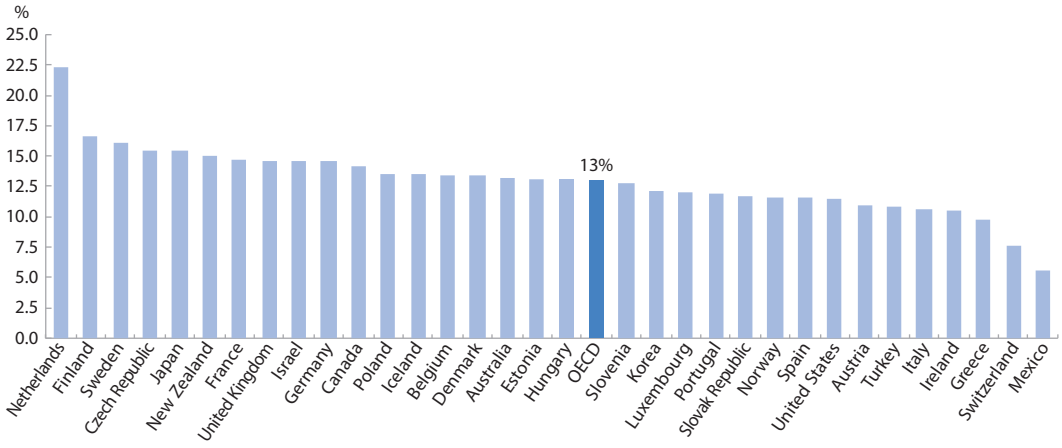


Source: OECD (2009), *Government at a Glance 2009*, OECD Publishing, Paris.

A high-value activity economy-wide

Public procurement in Colombia represents approximately 11 billion USD spent at national level, corresponding to approximately 70 000 contracts (see Figure B.3). Its 15.8% GDP share is higher than the OECD average (12.9% of the GDP), as shown in Figure B.2.

Figure B.2. **Government Procurement as a share of GDP (2011)**



Source: OECD, National Accounts Statistics.

Note: During the interviews it was mentioned that Colombia procurement spending is 15.6% of GDP. Data for Australia and Chile is not available. Data for Canada, Japan, Korea, Mexico, New Zealand and Turkey refers to 2010 instead of 2011.

A decentralised activity

In Colombia there are more than 2 000 public purchasing entities at the central and sub-central levels. Each public entity assesses its needs and carries out public contract-award procedures to fulfill them. The expertise and quality of the procurement workforce varies considerably. Procurement officials at the sub-central level tend to be less specialised.

To understand the strengths and weaknesses inherent in procurement practices across the country, *Colombia Compra Eficiente* recently commissioned a study to develop an inventory of the public-procurement workforce and identify the professional profile, professional and academic background and remuneration of procurement officials and external procurement contractors in Colombia. Data collection for this study took place between August and October 2012 and involved 87 public buying entities.

This study demonstrates that procurement is deemed by the government to be an administrative function; procurement officials are housed in administrative support units of buying entities (such as the entity's secretariat). A dearth of procurement officials has led to a reliance on external contractors/consultants to carry out procurement-related work. The average ratio of staff to contractors/consultants in entities participating in the study was 49% (procurement staff) versus 51% (contractors/consultants). Both procurement staff and contractors/consultants display, in their majority, a legal professional background (62% and 75% respectively).

Procurement: a complex regulatory framework

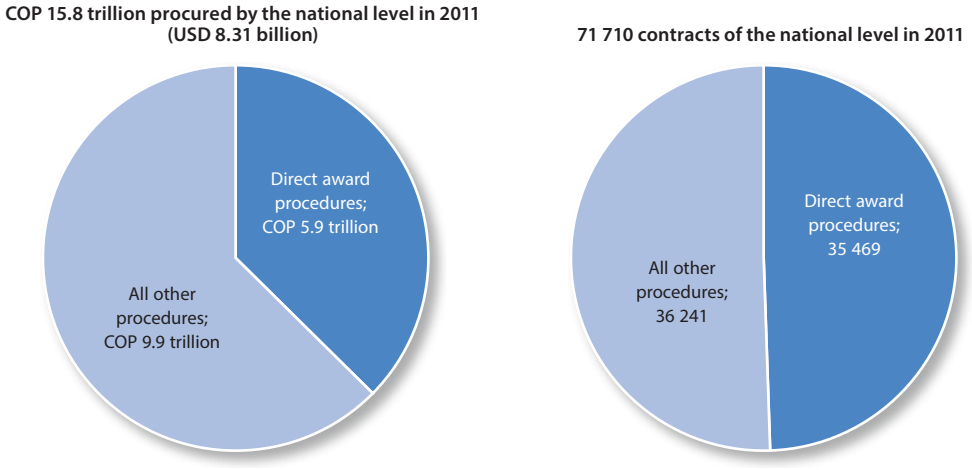
Public procurement in Colombia is regulated under a detailed regulatory framework.[4] This framework is complex, with many overlapping rules, and often not easy to implement. This contributes to public-procurement officials adopting a compliance-based approach to procurement emphasising process, not outcomes. Also, it makes it harder for potential suppliers, especially Small and Medium-sized Enterprises (SMEs), to participate in the procurement process, as it is not easy to follow the rules.

Colombia Compra Eficiente is already working on simplifying the legal framework and has prepared a new draft decree consolidating rules on public procurement principles and objectives, procedures, awards, conclusion and execution of contracts and related matters. The draft decree is intended, in accordance with its preamble, to provide a "regulatory framework that is coherent, concise, easy to understand and implement". Going forward, *Colombia Compra Eficiente* could also play an important role by providing a help-desk to respond to questions by buying entities and delivering practical technical guidance on following the new decree, which is expected to be adopted in 2013.

In Colombia there is a wide range of exceptions to the procurement rules; these allow specific entities to procure goods and services outside the competitive tendering process (e.g. for the defence and the health sectors, public universities, the central bank of Colombia etc). In addition, buying entities can bypass competitive procurement procedures using specific grounds identified in the regulatory framework, including urgency, defence procurement, insufficient numbers of suppliers in the marketplace, inter-administrative contracts (i.e. when buyer and supplier are both public entities), lease or conveyance of real estate, hiring of professional services, and research projects.[5] In 2011, almost half of the total number of public contracts in Colombia was awarded on the basis of exceptional procedures (see Figure B.3), but there is no secure catch-all mechanism to evaluate to what extent and how exceptions are used by buying entities.[6]

The government of Colombia is currently in the process of cleaning up its procurement data to enhance the reliability of the information on the size of the procurement market and the total number, type (products, works and services) and value of contracts. Also, the new draft decree prepared by Compra Eficiente consolidates, clarifies and reduces the grounds on which direct awards can be made. It places an obligation on buying entities to justify recourse to direct award, to identify clearly the rationale for the direct award and follow specific conditions and rules of procedure for direct awards.

Figure B.3. **Value and amounts of awarded contracts including direct awards in Colombia in 2011**



Source: 2011 data obtained from SECOP.

Institutional weaknesses led to the creation of the agency Colombia Compra Eficiente

All three international studies on procurement in Colombia – the 2000 World Bank Country Procurement Assessment Report (CPAR), the 2005 World Bank and Inter-American Development Bank CPAR and the 2009 World Bank and Inter-American Development Bank Status of the Public Procurement Reform in Colombia – recommended consolidating, unifying and harmonising procurement rules, creating a central public procurement agency and setting up an electronic procurement platform. The main weaknesses in Colombia were found by all three studies to be not in Colombia's legal framework but in the organisation and operation of procurement and in the system's integrity and transparency.

In response to these recommendations, and on the basis of its national plans, the government of Colombia established the central procurement agency *Colombia Compra Eficiente* in 2012 through the implementation of decree-law 4170/2011. *Colombia Compra Eficiente* is in charge of setting up framework agreements, updating and overseeing the electronic procurement platform, co-ordinating and advising on procurement policy and assisting buying entities and suppliers in procurement practices. It is already taking initiatives in these directions.

Transparency, accountability and professionalisation: impact on public procurement

The government's governance-reform agenda, as articulated in the government's National Development Plan 2010-14 (see Chapters 1 and 2), prioritises the use of information technology and of electronic means of communication as a governance tool to strengthen institutional arrangements along with the government's transparency and accountability. *Prosperidad para Todos* also focuses on improving the co-ordination and alignment of central and local levels of government and on improving public sector professionalisation and performance.[7]

The government of Colombia is currently investing in procurement to increase its transparency and effectiveness. First, it acknowledges functional and reliability limitations

in existing procurement tools and is going forward with the introduction of an advanced electronic platform. Second, it encourages the use of framework agreements[8] to aggregate demand for products and services commonly required across government entities and assist in the standardisation of such purchases. The task of setting up such agreements for commonly procured products and services is assigned to *Colombia Compra Eficiente*.

Key areas for public-procurement reform

The key areas of reform as identified at the beginning of the annex are:

- Optimise the organisation, operation and capability of *Colombia Compra Eficiente* (institutional reform);
- Tap on the potential of new technologies for procurement reforms, through the electronic procurement platform (functional reform) and
- Achieve efficiency gains across levels of government, through framework agreements (purchasing practice reform).

Colombia Compra Eficiente's mandate under decree-law 4170/2011 includes the following:

- Proposing and implementing procurement policies, programmes, tools and rules aiming to increase the efficiency, transparency and competitiveness of public buying,
- Undertaking procurement-related research, feasibility studies and data collection,
- Answering and resolving general queries on application of the procurement rules,
- Drafting circulars and guidelines, supporting the government in relevant international negotiations,
- Designing, carrying out and concluding framework agreements and other aggregation mechanisms,
- Developing and managing the electronic procurement system in line with technological developments,
- Supporting bidders in order to increase and assist in their participation in public procurement,
- Disseminating the rules, procedures, technical means and best practices,
- Providing training and capacity building (eventually with the support of other public entities) and assisting regional buying entities in the application of the procurement rules and tools.[9]

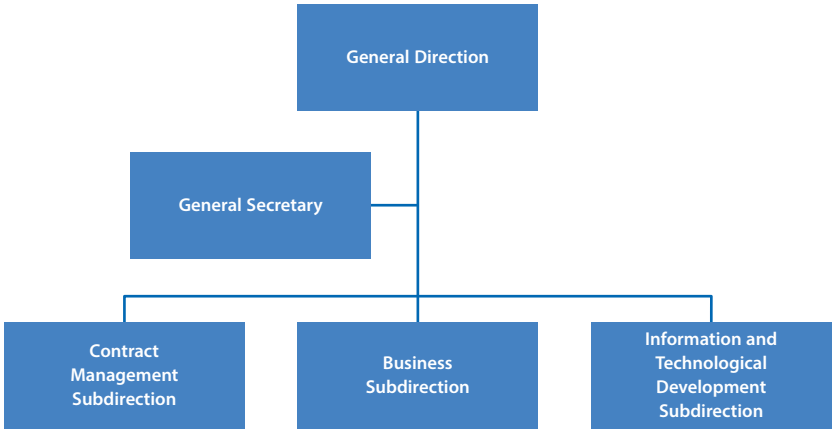
Colombia Compra Eficiente is currently hiring personnel and is expected to have a staff of 40 persons by April, 2013. Its activities are financed from the national budget in accordance with article 4 of decree-law 4170/2011 and it may receive payment for delivering training seminars (*recursos por cooperacion tecnica*). Building on *Colombia Compra Eficiente*'s 2012-13 Action Plan, the following section identifies 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. 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.

Colombia Compra Eficiente *could be structured to ensure a commercial orientation*

Colombia Compra Eficiente's mandate includes policy as well as operational tasks. It is managed by a General Director (*Director General*) and a Steering Committee (*Consejo Directivo*), which set priorities and sequencing of actions. The following persons compose the Steering Committee (the organigramme of *Colombia Compra Eficiente* is shown in Figure B.4):

- The Director of the National Planning Department or a delegate, who chairs the Committee.
- The Minister of Finance or a delegate.
- The Minister of Technology, Information and Communications or a delegate; the representative in this case could be the Vice-Minister of Information Systems and Technology in his/her role as national Chief Information Officer (CIO).
- The Minister of Commerce, Industry and Tourism or a delegate.
- The Minister of Transportation or a delegate.
- The Director of the Administrative Department of the Public Function or a delegate.
- A representative of the President of the Republic.[10]

Figure B.4. **Organigramme of the procurement agency Colombia Compra Eficiente**



Colombia Compra Eficiente has started building its workforce to cover all areas entrusted to it under the law in a step-by-step, gradual and timed, approach to staffing and activities. This gradual approach should allow *Colombia Compra Eficiente* to build its capacity, infrastructure and performance realistically and credibly, ensuring a smooth flow of work and public recognition without jeopardising the quality of its services and without risking loss of public or private trust in its work. Directions and objectives should be validated by the Steering Committee and the General Director.

Colombia Compra Eficiente is hiring specialised procurement staff to secure sound in-house procurement knowledge contacting procurement experts and specialists. This is consistent with the trend in OECD countries to recognise procurement officials as belonging to a specific profession (see Box B.2), with their own goals and career path.

Box B.2. **Are procurement officials recognised as a specific profession?**

	Total OECD countries	
yes	18	Australia, Canada, Chile, Estonia, Hungary, Iceland, Ireland, Israel, Mexico, Netherlands, New Zealand, Poland, Portugal, Slovak Republic, Slovenia, Sweden, Switzerland, United States and Egypt, Morocco and Russian Federation
no	11	Austria, Belgium, Czech Republic, Finland, France, Germany, Italy, Japan, Luxembourg, Norway, Turkey and Brazil

Note: Data are unavailable for Denmark, Greece, Korea, Spain and the United Kingdom

Source: OECD, *Government at a Glance 2013* (forthcoming).

Appropriate staffing is central to promoting the strategic goals of *Colombia Compra Eficiente*, in particular regarding the provision of centralised advice and tools on procurement and setting up framework agreements. Building in-house capacity means hiring people with a mix of profiles to build multidisciplinary teams with different expertise (technical, regulatory, commercial, market and business, etc.). Staff can then be placed in different units or teams, in accordance with the specific focus of their expertise. Key areas and skills could include:

- **Customer relations skills**, to promote *Colombia Compra Eficiente*'s services to the end users of framework agreements and other entities that could benefit from *Colombia Compra Eficiente*'s guidance. This includes listening to stakeholders' needs and developing strategies to address them, as well as developing relationship and interaction with them. Early buy-in from stakeholders could be a crucial element of *Colombia Compra Eficiente*'s success. A sound marketing approach to publicise *Colombia Compra Eficiente*'s services would be essential to make its role known and develop it into a procurement lead actor.
- **Market skills** to understand suppliers' capacity for the products and services that *Colombia Compra Eficiente* will include in its framework agreements, in terms of knowing the types and variables of products or services offered in the market and who the main suppliers are. Market skills are core as successful delivery of *Colombia Compra Eficiente*'s role is likely to depend to an extent on its capacity to understand and manage demand needs and supply capacity. These officials can increase over time, depending on the coverage of the framework agreements led by *Colombia Compra Eficiente*. These officials would act as the link between the public buyers and the private market and would need knowledge of commercial realities and business limitations.
- **Procurement and contract-negotiation knowledge and skills**, for conducting procedures and concluding framework agreements. This would include persons with experience in procurement procedures and in ways of addressing and overcoming obstacles, including knowledge and experience in a number of procurement functions such as contract advertisement and tender review, resolution of informal bidder complaints at a managerial level (formal dispute resolution belongs to the courts), selection of suppliers and contracts negotiations.
- **Legal skills** required to understand legal requirements and limitations. These are particularly important in view of the complex Colombian regulatory framework. These officials will advise in-house on legal requirements, including procurement methods for framework agreements, and could provide legal advice to end users, as needed.

- **Financial and accounting skills**. In particular regarding framework agreements, they would be following the financial aspect of procedures and evaluating, along with the other units (market and legal), bids and contract awards.
- **Information technology (IT) skills**, to handle all procurement IT requirements, including all uses and functions of the electronic platform. The financial and IT persons could also be entrusted with registering the contract in the budget IT system, the Financial Information Integrated System (*Sistema Integrado de Información Financiera*) "SIIF", thus informing the budget, and also registering contract payment during the execution of the contract in SIIF. Also, they would, gradually and based on the framework agreements concluded and performed, start preparing average prices per type of product or service.

The above functions are consistent with organisational charts of bodies entrusted with setting up framework agreements, as shown in Box B.3. The allocation of such functions within the units of *Colombia Compra Eficiente* could be done by grouping teams, for example, customer relations and market could go under the "business sub direction" of *Colombia Compra Eficiente*.

Box B.3. **Organigramme of bodies entrusted with establishing framework agreements**

The organisational charts of 7 bodies entrusted with setting up framework agreements contain the following main functions (in Denmark, France, Hungary, Sweden, the United Kingdom, Finland, Italy):

- General Management
- Product/category management
- Customer/client market management
- Procurement/contracting
- IT/electronic systems development
- Legal services management
- Financing and accounting

Source: OECD (2011), *Centralised Purchasing Systems in the European Union*, SIGMA Papers, No. 47, OECD Publishing, Paris, http://dx.doi.org/10.1787/5kgkgqv703xw-en.

It is possible to start the hiring process focusing on only some of the key functions, such as customer-relations and market skills, and then increase hiring as soon as experience in the key functions is consolidated. This was followed by the Italian procurement agency, Consip SpA (see Box B.4).

Appropriate unit organisation and staffing could avoid overreliance on external contractors, making recourse to them residual, i.e. at times of significant work load or when there is need for specific expert one-off knowledge in specific areas. Keeping activities in-house could allow better control of relevant costs and a more consistent formulation of choices and needs. A sequenced process can be followed in this regard. Thus, market research and analysis in products with which *Colombia Compra Eficiente* is not familiar can at first be outsourced. Then, over time, as *Colombia Compra Eficiente* builds capacity

Box B.4. **Italy's procurement body Consip's establishment**

- Consip SpA is the Italian public procurement agency. It was established in 1998 under the Ministry of the Economy and Finance and operates exclusively on behalf of the State, to support public administration activities. In its first stage of operation it started with one director and staff with two major orientations and skills:
  - Knowledge of the market categories (industries and products) that the framework agreements run by Consip would cover. Hiring of staff thus focused on sourcing and employing people from the relevant industries of the private sector, and
  - Customer relations skills, to market Consip's services to buying entities.
- Also, two-three lawyers with strong procurement skills were put on board since the beginning but a large part of legal support was outsourced. The part of the work that could not be covered in-house was initially outsourced to technical experts. In the beginning of its operation, Consip SpA organised day visits to every ministry to learn the market and meet the people that were going to use its framework agreements. This strategy allowed Consip SpA to gradually build capacities and expertise in-house over time, without allocating a large budget to staff before it rolled out its operations.

Source: Interview with Consip SpA Peer Reviewer.

and/or hires experts in the relevant areas, it can perform more tasks in-house and only outsource activities for which it lacks capacity in-house (for example, in case of exceptional or unusual projects) and the value of which makes it worthwhile to outsource, as ANCP has done (see Box B.5). Over time, in-house capacity and number of staff and outsourcing could reach a balance determined by *Colombia Compra Eficiente*'s needs and budget for *a)* hiring and *b)* outsourcing.

OECD countries are investing in strengthening the capabilities of their procurement officials to be able to run procurement procedures in-house and follow market developments, as is shown in Box B.5.

Successful organisation and staffing would entail hiring experienced persons with procurement experience in the private sector as well as public sector experts from across the country. *Colombia Compra Eficiente* is already moving in this direction. Also, developing the procurement skills of *Colombia Compra Eficiente*'s staff is important. They already receive training to develop technical skills and the capacity of complying with the applicable rules and procedures without losing sight of the objectives of purchasing activities. Such trained procurement staff within *Colombia Compra Eficiente* can then train procurement officials in central and regional governments and public buying entities. Training courses for procurement officials have already been designed and will kick off in 2013. The benefit of training its own officials is thus two-fold: *Colombia Compra Eficiente*'s staff become increasingly expert and will be able to disseminate such expertise.

In addition to sound hiring and training, it could be useful to put in place:

- Competency requirements clarifying the specific abilities – knowledge, skills and behaviour – needed for a given position;
- Individual performance requirements for employees in particular positions, including unit and agency objectives, with the employee being assessed against these requirements at regular intervals (for example bi-annually or annually) and
- Procurement career paths.

Box B.5. **Investing in developing in-house capacity: Ireland and Portugal**

- In Ireland, the National Procurement Service was established in 2009 in order to achieve best value for money in procurement of supplies and services. It takes a strategic approach to public Procurement, in particular through the aggregation of purchases across government departments, agencies and the non-commercial state sector to reduce prices paid for goods and services. On the basis of market analysis, the NPS has identified the top 50 categories of procurement expenditure that can be targeted for intervention. This can involve demand aggregation to leverage public sector buying power, nominating/supporting lead procurement organisations for particular categories (such as pharmaceuticals, catering security) and facilitating collaboration by public purchasers. In 2012 the NPS had 40 national frameworks in place for high spend requirements with a total value in excess of EUR400 million. The NPS is governed by a board of senior procurement stakeholders chaired by a Minister of State with responsibility for public sector reform. An advisory panel of three procurement experts (two from the private sector) has been established to ensure access to leading edge procurement practices and market developments. As a result, savings across all focus areas of the National Procurement Service have been achieved with a combination of price reductions, administrative efficiencies and demand management.
- In Portugal, the National Agency for Public Procurement (*Agência Nacional de Compras Públicas*), "**ANCP",** established in 2007, conducts market research studies and outsources as necessary, especially for contracts for which it lacks in-house capacity, for example projects with specialised technical features, and contracts for which the cost of the market research study versus the value of the framework agreement make it worthwhile. For example, they outsourced the market research study for the first framework agreement that they concluded in 2009 for IT supplies and software. Overtime, ANCP has built considerable procurement and market expertise and relies to a large extent on its in-house capacity. ANCP was merged with the Shared Services Entity for the Public Administration, "**ESPAP**", in September 2012.

Source: OECD (2012a), *Report to the Council on the implementation of the Recommendation of the Council on Enhancing Integrity in Public Procurement*, www.oecd.org/gov/ethics/combined%20files.pdf.

Box B.6. **The Scottish procurement competency framework**

- The procurement competency framework of the Scottish government identifies the skills and competency levels required by all staff involved in the procurement process and focuses on people and skills. Not all competencies are required at all levels of staff. They are increasingly required as staff moves up in seniority. The framework is intended to compliment, not replace, existing personal development tools in different organisations and agencies.
- The framework identifies thirteen key competencies:
  - *Procurement process*: has the sufficient knowledge and understanding in sourcing and tendering methods to carry out duties associated with the role.
  - *Negotiation*: has the ability to negotiate within the scope of the role.
  - *Strategy development and market analysis*: has the strategy development and market analysis skills necessary to carry out duties associated with role.
  - *Financial*: has the financial knowledge and understanding needed to carry out duties associated with role. Elements include appraisal of suppliers' financial positions, total costing and the compliance frameworks that exist for public sector finance and procurement.
  - *Legal:* has sufficient understanding of legislative frameworks relating specifically to procurement to carry out duties associated with the role.
  - *Results focus*: is aware of how personal and team objectives contribute to the success of the organisation and continually demonstrates commitment to achieving these.

Box B.6. **The Scottish procurement competency framework** *(continued)*

- *Systems capability*: has the knowledge and understanding of systems and processes utilised in the procurement of goods and services. Specific system competencies may be localised to specific systems.
- *Inventory, logistics and supply chain*: has the knowledge and understanding of materials management solutions to carry out duties associated with role. Elements include inventory, logistics, warehouse management, etc., specifically for organisations which hold stock. Knowledge and understanding of supply chain management techniques are not restricted to organisations holding stock.
- *Organisational awareness*: clearly understands roles and responsibilities, how procurement should be organised and where it should sit within the organisation.
- *Self-management*: responds quickly and flexibly where required, supporting others whilst striving to improve skill application in line with organisational requirements.
- *Leadership*: contributes to the achievement of team goals by providing support, encouragement and clear direction when appropriate.
- *Communication*: openly shares relevant information and communicates in an effective and timely manner using a variety of means.
- *Relationship management*: identifies different types of customers and stakeholders and formulates strategy for managing relationships.

Source: Scottish Government (n.d.), *People and skills: procurement capability*, www.scotland.gov.uk/Topics/Government/Procurement/Capability/; OECD, *Public Procurement Review of the Mexican Institute of Social Security and Services for Government Workers* (ISSSTE), (forthcoming).

For example, the Scottish government introduced a framework that identifies the skills and competency levels required by all staff involved in the procurement process and assists individuals to take ownership of their personal development through skills assessment, identification of training and development needs and career planning. The framework has 13 competencies which reference the technical skills needed at different levels to conduct procurement (Box B.6).

An awareness campaign on Colombia Compra Eficiente*'s role and benefits*

The success of *Colombia Compra Eficiente* is likely to depend on the extent to which trust and confidence can be built and maintained in its relations with major stakeholders, i.e. end-users of framework agreements, other government bodies such as anti-corruption, competition and audit bodies and private-sector suppliers. Both the public and private sectors should thus become acquainted with *Colombia Compra Eficiente*'s role as a platform for procurement expertise and advice. In the case of framework agreements, buying entities and suppliers need to know that with *Colombia Compra Eficiente*'s help they have access to attractive framework agreements. In the case of buyers, this means agreements capable of providing quality services or products at competitive prices with simple and clear call-off procedures. In the case of suppliers, this would mean agreements awarded fairly offering business opportunities.

Undertaking an awareness campaign could help establish business relationships with the end-users of the framework agreement and suppliers 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. In practice, as regards buyers, each unit of *Colombia Compra Eficiente* could be in touch with the relevant unit of the end users (business, legal, accounting) with co-ordination being handled by *Colombia Compra Eficiente*'s business sub direction. Properly balancing this communication with end-users is important, as they must receive co-ordinated/aligned information from *Colombia Compra Eficiente*. Make sure that the market, both on the demand (public) as well as the supply (private) side, is involved in the needs assessment, i.e. in feasibility studies and needs sourcing.

In conducting procedures for the conclusion of framework agreements, it is important to involve buyers throughout the procurement cycle, from the moment that the specifications for the purchase needs are drawn up, through to setting the framework agreements award criteria and the conditions for awarding individual (call-off) contracts under frameworks. This is essential to make sure that buyers' needs and choices are reflected and thus buyers will want to use framework agreements.

An awareness campaign should highlight success factors. In this context, a campaign can highlight the experience that already existing in Colombia regarding the success of framework agreements: for example, the Colombian ministry of Defence's centralised purchases have shown that in the case of large purchases of commodities such as clothes and shoes, lower prices can be achieved. An example of a dynamic awareness campaign is that followed by ANCP in Portugal (see Box B.7).

Box B.7. **Launching an awareness campaign in Portugal**

- The Portuguese National Agency for Public Procurement ANCP launched an awareness campaign when it was established in 2007, consisting in:
  - A road show with meetings in all large Portuguese cities for civil servants and bidders and open to all. Contacts through universities, technical chambers, chambers of commerce were sought and used.
  - Direct information sessions for buyers, in particular big or strategic buyers.
  - A large and advertised public conference and launching event with political participation, in two parts: part 1 with the participation of national political leaders and part 2 with international organisations and similar international authorities.
- ANCP is now a well-known authority which sets up framework agreements and provides procurement advice, its role recognised country-wide. ANCP was merged with ESPAP in September 2012 and now ESPAP is in charge of public procurement activities for the Portuguese government.

Source: Interview with ESPAP peer reviewer.

Set up a help-desk at Colombia Compra Eficiente

In view of *Colombia Compra Eficiente*'s current role in awarding framework agreements and developing the electronic procurement platform as well as its mandate under decree-law 4170/2011 to provide capacity-building, it can establish a help desk to guide buying entities in these two subjects, answering questions on the application of the procurement rules and methods. The help desk can be extended to other procurement matters going forward.

Colombia Compra Eficiente *could chair a network of procurement professionals*

Colombia Compra Eficiente is the platform of procurement policy and practice knowledge. As such, it could create and chair a network of procurement professionals, from both the public and the private sector, so that experiences and lessons learned can be exchanged. The network could also be an instrument to co-ordinate and promote procurement practices through the exchange of views on best practices. The first phase of such network could start with public-sector participation only, to assess participation and areas of interest. Participation of procurement officials in sub-central authorities could be particularly important, since regions have needs, processes and limitations that differ from central buying entities and their views are necessary to shape nation-wide policies. Once structured, private-sector participation can be sought, to make sure that both sides are heard and that procedures and policies reflect needs, requirements and limitations on all sides.

Going forward, the network could serve as a consultation platform to share information on the development, amendment or introduction of national procurement policies, 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. In addition, such a network could be managed so that its members meet at regular intervals. However, since participation of procurement officials from certain regional authorities might prove logistically difficult, it could be useful to create a web-page or blog where procurement-related questions, answers and exchange of ideas can be posted and web-seminars conducted. PIANOo in the Netherlands is an example of how a network of professionals and an on-line platform for sharing experiences and lessons learned in procurement procedures can be established (Box B.8).

Box B.8. **PIANOo: A community of practice in the Netherlands**

- The Public Procurement Expertise Centre (PIANOo) was created in 2005 by the Dutch Ministry of Economic Affairs as a knowledge network to increase the professionalism of public procurement in the Netherlands. It helps facilitate the management and democratisation of knowledge on that field, crossing the boundaries between practices, science, law and policy, between countries and between governments and markets. Its expertise is built up through a large network of around 3 500 public procurement professionals and contracting authorities.
- The first step taken was the introduction of the PIANOo-desk (www.pianoo-desk.nl), a discussion platform where public sector procurement professionals and contracting authorities can exchange experiences, ask questions, take part in discussions, share files, collaborate on documents and plan projects. In view of the informal nature of that community and the high volume and diversity of the information exchanged, members asked PIANOo to summarise discussions, to draw conclusions and to intervene when answers are not in line with the law.
- The role of PIANOo was expanded in 2008 when it was decided to evolve it into an expertise centre making authoritative statements on subject matter. Two expert groups were founded and headed by University professors: one is involved in the legal matters surrounding public procurement while the other covers the economic aspects of the profession. Issues that are not well solved on PIANOo-desk are transferred to one of the expert groups to make a position paper. Key themes on PIANOo in 2013 include market knowledge, the position of procurement in the organisation, innovation-focused procurement, innovative procurement and sustainable procurement.

Box B.8. **PIANOo: A community of practice in the Netherlands** *(continued)*

- PIANOo crosses reaches out beyond public procurement professionals. Policy-makers are stimulated to become members of the community and regular meetings are held to discuss policy-related topics. Interaction with the market place is also stimulated to promote supply chain integration and market knowledge. For example, business companies are invited to comment on model requests for proposals and other contractual documents available through a digital interactive library. PIANOo also organises joint meetings with the industry at which economic operators and public sector contracting authorities meet to discuss tendering and ways to improve tendering strategies.
- In addition to the PIANOo-desk, a large range of products and services are now available from PIANOo, including:
  - a main website (www.pianoo.nl), intended for both public and private sector organisations, where are available public procurement-related, advice, useful tools and model documents, including weekly publication of summary and explanation of related jurisprudence and the newest judicial verdicts;
  - A Q&A section where public procurement and tendering professionals can find answers to more complex questions.
  - Publications (e.g. practical guides and brochures) on various topics, providing a mixture of practical knowledge and scientific insights. Position papers are also developed by the PIANOo Tendering Law expert group to tackle complex legal issues in procurement practice and provide advice and recommendations; and
  - Events, such as an annual conference, regional meetings held in different locations across the Netherlands, monthly PIANOo lunch meetings as well as joint meetings with the industry.
- With the success of PIANOs in the Netherlands, it was decided to create a similar platform on a European scale. Together with Consip from Italy, PIANOo is responsible for the resulting EU Public Procurement Learning Lab.

Source: www.pianoo.nl; and Tazelaar, K. (2010), *Pianoo, a Knowledge Network for Public Procurement*, Presentation at the 4th International Public Procurement Conference, Seoul, www.ippa.org/IPPC4/Proceedings/14ProcurementProfession/Paper14-6.pdf/.

Training for central and sub-national procurement officials

Colombia Compra Eficiente has initiated training courses for buying entities both in central and local government in order to build their capacity. As a first step, given *Colombia Compra Eficiente*'s current role in awarding framework agreements and developing the electronic procurement platform, these two subjects could be the subject of training activities. Training could then be extended to cover further procurement matters. Training could also be extended to suppliers. Experience in OECD countries, for example in Italy, show benefits of training suppliers (see Box B.9).

The outcomes of the training seminars and workshops as well as issues identified through the network of public officials and through the help desk could serve as the basis for *Colombia Compra Eficiente* preparing manuals and checklists of actions (step-by-step guides and flow charts) for the use of public authorities in conducting procurement, to help them comply with legal and policy requirements and make them aware of procurement risks and pitfalls. Similar information could be prepared for bidders, focusing on requirements and risks concerning them.

Box B.9. **E-Procurement for Local and SMEs in Italy**

- Italy has taken a step towards strengthening its co-operation with suppliers by setting up Supplier Training Desks (STDs) ("Sportelli in Rete" in Italian) within the offices of suppliers' associations. STDs provide training and assistance to local enterprises and in particular SMEs on the use of electronic procurement tools. The project consists of a network of dedicated training desks over the country where Consip experts train workforce from the associations that will subsequently train local SMEs in the use of electronic procurement tools.
- The project addresses point 5 of the European Small Business Act (SBA): "Adapt public policy tools to SME needs: facilitate SMEs' participation in public procurement and better use State Aid possibilities for SMEs" and has also been quoted as a best practice, at a national level, in the "European Code of Best practices facilitating access by SME's to public procurement contracts".
- This project is successful, well received and attended by SMEs.

Source: Information provided by the Italian peer reviewer.

Institutional co-operation with anti-corruption oversight bodies

The authorities involved in taking action against corruption in Colombia include the *Secretaria de Transparencia*, *Procuradoria General de la Nación* (Office of the Ombudsman and Prosecutor General), *Contraloria General de la Republica* (General Comptroller's Office), *Fiscalia General de la Nación* (Office of the State Attorney) and *Superintendencia de Industria y Comercio* (SIC, the Competition Authority). Public officials have the obligation to report cases involving corruption and/or collusion to the competent authorities. What is missing is a well-defined mechanism and close regular contact between procurement officials and anti-corruption authorities to ensure a constant flow of information. Progress is being made and initiatives to encourage communication have taken place.

Colombia 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. A more organised interaction between authorities could help to identify risks of corruption throughout the procurement cycle and enhance, in particular, prevention of irregularities. The Ombudsman/Prosecutor General has a preventive role in controlling and resolving cases of corruption as well as the authority to impose sanctions. It is currently investing in this preventive role and has delegated 7 persons to this function. Similarly, the Competition Authority set up in April, 2012 an inter-disciplinary group specialising in collusive practices to improve the monitoring of public procurement. It has also established, within its cartel practice, a specialised group of approximately 8 persons dealing with bid-rigging. This group deals with both enforcement and education with regard to anti-competitive practices in procurement, i.e. it handles specific cases as well as provides guidance to procurement officials. This group is currently in charge of putting together a study on anti-competitive practices and bid-rigging. If *Colombia Compra Eficiente*, with its role as a new and dynamic procurement entity, establishes a communication channel with and between such authorities and in particular their prevention teams, this could feed into the development of practices to manage risks of corruption government-wide.

E-procurement roll-out

In Colombia there are several electronic procurement facilities, including the certificate of registration with the Single Suppliers Register (*Registro Único de Proponentes*), "**RUP**", and the System for Electronic Public Procurement (*Sistema Electrónico para la Contratación Pública*), "**SECOP"**, both created as a result of the implementation of law 1150/2007. Electronic facilities have proven effective in improving the accessibility of potential suppliers to procurement opportunities. However, they have functional and reliability limitations and are not interconnected.

RUP is a registry in which suppliers wishing to participate in public-procurement processes must record their professional data (including penalties against them during public-contract performance) and from which they must receive a RUP certificate, which they then submit as part of the formal requirements of each bid. Registration with the RUP consists in suppliers filling out paper forms and providing documentation on their legal and financial standing and on professional experience to the chamber of commerce closest to their principal address. The chamber of commerce then checks the information and issues the RUP certificate which then becomes accessible on-line. In procurement procedures, the RUP certificate thus acts as a preliminary check of suppliers and is as such beneficial. It is however not compulsory for all procedures. Also, although suppliers must annually renew their registration on RUP, they do not always update their information; the RUP certificate may therefore not be a reliable source of information. The new draft decree prepared by *Colombia Compra Eficiente* to be adopted in 2013 includes rules on RUP which seek to ensure that information on RUP is appropriately detailed and updated on a regular basis. Suppliers have an annual deadline to renew their registration on RUP otherwise their certificate ceases to exist. Also, chambers of commerce are required to verify and certify information on RUP, so that information submitted by suppliers is checked.

SECOP is a platform for the advertisement of contract notices; it also includes information on awards. As such, it makes procurement information easily available and helps bidders find procurement opportunities and authorities find procurement-related information. However, information on SECOP in practice contains omissions or mistakes. SECOP does not interface either with other procurement platforms, databases and tools used by public buyers, or with the on-line RUP certificate; neither does it interface with SIIF on budget information and contract payments. Also, SECOP does not allow on-line bidding or data collection on steps of procurement procedures, completion or abandonment of procurement procedures, award of contracts, contract performance and payments, or contract close-outs. Responsibility for SECOP was transferred to *Colombia Compra Eficiente* at the beginning of 2013 and can be accessed through *Colombia Compra Eficiente*'s new website www.colombiacompra.gov.co. *Colombia Compra Eficiente* is now in the process of developing the requirements for a new electronic platform and preparing to launch a tender for its development.

Electronic procurement tools can greatly simplify procurement procedures and increase the efficiency and transparency of procurement processes, through adding visibility to the system. Colombia is already moving in this direction and is in an advanced stage of specifying and obtaining an electronic platform which will enable the electronic conducting of procurement procedures.

The electronic platform: e-bidding and interface with other electronic tools

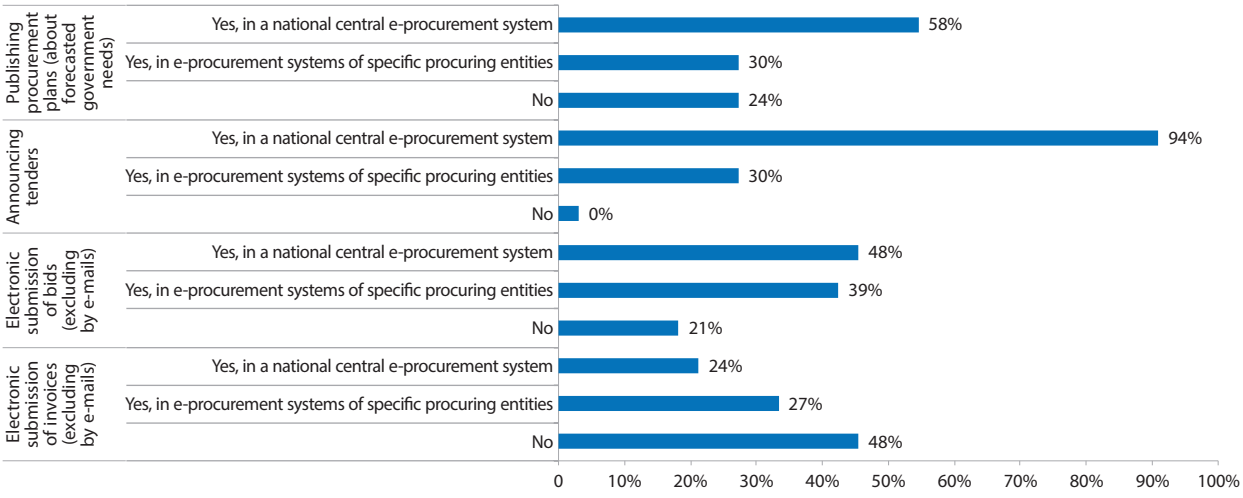
Part of the NDP 2010-2014 focuses on the use of information technology and of electronic means of communication for the economic and social development of the country. Also, Compra Eficiente's Action Plan 2012-13 envisages that the new electronic platform will allow electronic bidding. Platform functionalities involved in electronic bidding include:

- The electronic availability of the procurement documents (specifications, terms and conditions, contract forms etc.)
- Electronic communication at all stages of the procedure, including the transmission of requests for participation
- Transmission of the tenders (e-submission).

Experience in OECD countries shows that electronic announcements of opportunities and electronic bidding are part of the functionalities offered by electronic procurement platforms.

Figure B.5. **Functionalities provided by e-procurement system**

Functionalities provided by e-procurement system (e.g. portal, website) to promote competition and increase efficiency in procurement at the central government level



Source: Source: OECD, *Government at a Glance 2013* (forthcoming)..

The new electronic platform could interface with other electronic systems involved in procurement processes, in the first instance with SIIF, and then with the electronic platforms used by public buyers, so that they upload and download information. In particular, as regards RUP, it could gradually become electronic and integrated with the new electronic platform, so that there would be a unique and easily accessible and verified source of information as regards suppliers' professional characteristics and situation. This would be valuable for efficiency reasons as well as for reducing errors and making data easier to analyse. Integrated e-procurement systems have been established successfully in OECD countries (see Box B.10).

Box B.10. **Integrated e-procurement: Korea and Chile**

- The e-procurement model in South Korea is built around the Korea On-line e-Procurement System (KONEPS). KONEPS is an electronic market where public organisations and supplying companies conduct transactions. KONEPS serves as a single procurement window for private enterprises to conduct transactions with public organisations. All bidding information can be accessed at KONEPS, and a one-time registration through that portal is needed to participate in all biddings. Furthermore, all procurement procedures including bidding, contract, delivery inspection, payment of proceeds and others are processed electronically via KONEPS, and related documents are exchanged online. In particular, KONEPS links with about 140 external systems to jointly share any necessary information, and provides a one-stop service, including internet banking. KONEPS represents a fully integrated, end-to-end e-procurement model, which in 2011 enabled 288 533 e-biddings and its level of acceptance and of user satisfaction is high (84.3% in 2011, increasing steadily). The Public Procurement Service in Korea launched a smart phone bidding service in 2011, which allows bidders to search bidding information at KONEPS and participate in biddings via smart phone through newly developed security token and application.
- The Chilean e-procurement architecture, built around the web portal www.chilecompra.cl has reached a high degree of integration among various systems governing the different phases of the procurement cycle. One of the main achievements of such an integrated system is the high level of transparency towards all stakeholders, mainly by means of accurate data production about public contracts. Among other things, this has generated lots of official investigations on public contracts awards, thus strengthening the overall level of integrity of the Chilean system.
- The goals of the two e-procurement systems, including user ease of use and satisfaction and transparency, were successfully achieved and maintained.

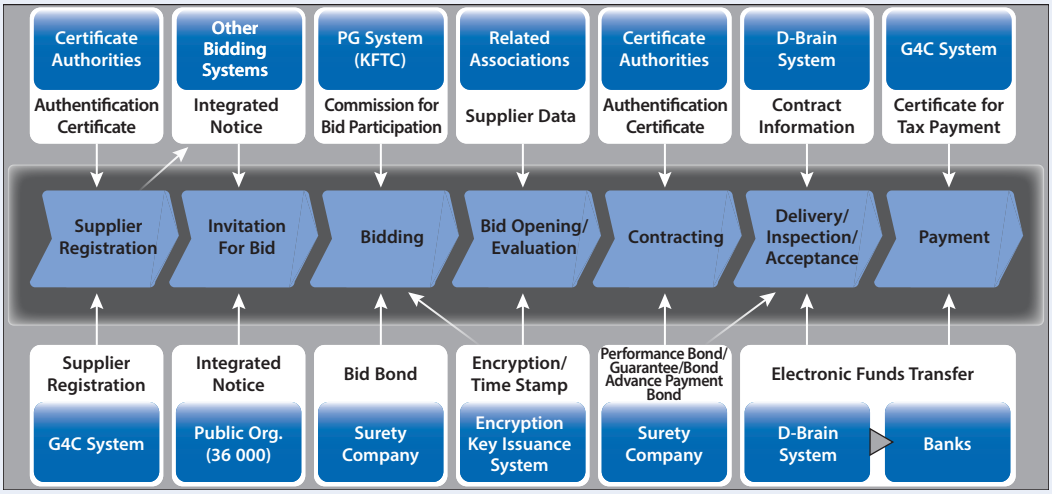
Sources: OECD (2012a), *Report to the Council on the implementation of the Recommendation of the Council on Enhancing Integrity in Public Procurement*, www.oecd.org/gov/ethics/combined%20files.pdf; and OECD (2013a), *Public Procurement Review of the Electric Utility of Mexico: Towards Procurement Excellence in the Federal Electricity Commission (CFE)*, OECD Publishing, Paris.

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. Electronic contract-management is useful in monitoring contract development and completion and allows a quick and secure search of contract steps and payments, including contract amendments, performance delays and timing and amount of contract payments. It is thus a tool for assessing contract compliance on the part of both the buyer and the supplier. Since electronic contract management is an advanced function, it can be introduced in steps, so that buyers and suppliers become gradually acquainted with the use of electronic platform and have time to acquire skills and personnel qualified to handle relevant actions and requirements. An example of an advanced e-procurement platform is KONEPS in South Korea, which covers all procurement processes, from suppliers' registration to bidding, contracting and payment, and provides a one-stop service (see Box B.11).

The electronic platform could also be enhanced to have business intelligence features, thus aggregating numbers, duration and amounts of contracts per product and per service

Box B.11. **KONEPS**



Source: Chang, K.-S. (2012), *Innovating Public Procurement through KONEPS*, Public Procurement Service of Korea, Presentation at the event "ISSSTE: Desarollo de una Estrategia Organizacional de Adquisiciones", 26 September 2012, Mexico City.

as well as per buyer and supplier and being able to generate reports and statistical analysis, i.e. ensure a "spend visibility". Spend visibility should include sufficient information to be able to answer the question, "Who buys what, from whom?" It is useful in budget review, assessment and forecasting as well as in developing an understanding of spend patterns, profile of suppliers, degree of aggregation, types and categories of spend, unplanned purchases and putting together a sourcing plan and strategy for future purchases. Advanced electronic platform features can also offer forecasting and extrapolation. Data obtained through the business intelligence features can feed back into policy, showing whether amounts and standards were achieved. This is the case in Chile (see Box B.12).

Box B.12. **Relying on procurement evidence: The example of ChileCompra**

In Chile, the Public Procurement and Contracting Bureau (ChileCompra) begun to operate in 2004. It analyses data on the number of bids, direct deals and purchases through framework agreements that are extracted from the e-procurement platform (www.mercadopublico.cl). On a monthly basis, this data is then compared with data from previous months and years in order to estimate amounts spent, savings achieved, and the correct application of standards related to framework agreement procedures.

Source: OECD, 2012 Report to the Council on the implementation of the Recommendation of the Council on Enhancing Integrity in Public Procurement, www.oecd.org/gov/ethics/integrityinpublicprocurement.htm.

Extend the use of the platform to increase transparency in public spending

If the platform is put in place and fine-tuned following a pilot phase of, for example two years, it could then be used for procurement procedures other than framework agreements, taking into consideration buyers' and suppliers' capacities and needs. The advantage of electronic procedures is that they increase the visibility of spending and allow the on-line overview of the steps and outcome of procurement opportunities by interested suppliers, government officials, national oversight bodies and civil society actors and citizens. They also offer opportunities to buyers to benchmark, informally or formally, practices between buying entities (who pays how much for what), increase efficiencies (aim to achieve same price for same product) and increase control (through public information). Public and private sector review and control may eventually increase the transparency and accountability of government action and ultimately foster public trust in government. Transparency and citizens' oversight on procurement are actively sought by the Mexican Institute of Social Security (*Instituto Mexicano del Seguro Social*), "**IMSS**" (see Box B.13).

Box B.13. **IMSS**

- IMSS is the largest health and social security provider in Latin America. It covers around half of Mexico's population and is a major spending entity within Mexico's government. In 2011, IMSS created a new online portal (http://compras.imss.gob.mx) which replaces the procurement segment of its transparency online portal established in 2003/2004 (www.imss.gob.mx/transparencia). The portal was created with the intention of enhancing public accountability and transparency and improving the understanding of IMSS expenditures. It is inspired by the US portal http://usaspending.gov/. IMSS personnel were key participants in its development. Responsibility for its deployment has been given to the unit already developing and maintaining the main IMSS portal. This allows the integration the two portals in terms of content and consistency, ensures synergies in their development and maintenance, avoids overlaps and provides a clear and coherent image to the portals' users.
- The resulting IMSS procurement transparency portal is operational since April 2011 and targets a wider public audience. It presents IMSS public procurement activities in a user-friendly manner, and provides a full picture on how, on what and why IMSS spends its resources, as well as the benefits achieved through these activities. Currently the IMSS portal includes a database, which sorts and provides specific information (e.g. price paid and quantity procured) based on the type of acquisition, service or public work. It also includes procurement planning and solicitation documents, as well as other relevant information. Details concerning suppliers, such as the value of contracts and non-performance, will also be available in the future.

Source: Source: OECD, *Public Procurement Review of the Mexican Institute of Social Security and Services for Government Workers (ISSSTE)* (forthcoming).

Ensure 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, in Colombia green procurement is an emerging priority for the government. The NDP 2010-2014 prioritises sustainable production and processes and the optimal use of natural resources. The government of Colombia intends to use procurement to promote environmental objectives. Thus in 2012 the Colombian Ministry of Environment collected information on environmentally-sustainable public procurement and selected 5 products (coffee, printed materials (books, maps and

publications), light bulbs, paper and mining materials) on which it is conducting market research in order to arrive at environmental procurement targets (product specifications, selection criteria). The Ministry of Environment already has 15 guidelines on how to include green criteria in procurement, 5 of which include life-cycle analysis of products. If procurement procedures for green products are run electronically, data and numbers acquired through the electronic platform can inform this analysis to see volumes, prices and the environmental characteristics of products purchased and can thus be used to decide whether to extend or modify the procurement targets for them. Proposing green policies, practices and methods is part of *Colombia Compra Eficiente*'s current strategy.

Framework-agreement implementation

Framework agreements are purchasing arrangements concluded following a procurement procedure "conducted in two stages: a first stage to select a supplier (or suppliers) or a contractor (or contractors) to be a party (or parties) to a framework agreement with a procuring entity, and a second stage to award a procurement contract under the framework agreement to a supplier or contractor party to the framework agreement".[11] The possibility to conclude framework agreements in Colombia has been allowed by law since 2007. However the procedure has not been used other than by the Colombian Ministry of Defence ("**MoD**") which aggregates certain purchases for the army, the navy and the police under framework agreements.

Framework agreements are convenient procurement tools in securing a flow of supply for products or services across buying entities. They are useful in covering repeated needs for a particular product or service for which the exact quantities, nature and/or timing of needs are not known at the outset of the agreement.[12] They allow parties to agree to conditions for the provision of the product or service in advance and thus save time, money and resources for both the buyer and the supplier, by avoiding the administrative inconvenience of advertising and conducting new procurement procedures whenever there is need for a product or service.

There is a growing trend internationally to use framework agreements – including with the support of e-procurement systems. Between 2006 and 2009, the number of framework agreements in the EU increased almost four-fold. Over 2008 and 2009, framework agreements in the EU represented 27% by number and 42% by value of all central purchasing contracts.[13] According to a recent OECD survey, 97% of responding countries reported that framework agreements are routinely used by some, or all, procuring entities at the central-government level.[14] Advantages of framework agreements can range from cost-savings due to consolidation of demand and leveraging buying-power at central level, to increased competition, lower transaction time and costs for end-users, and standardisation of technical norms within the public administration, for example for IT applications which call for co-ordinated solutions, simplicity and legal certainty for end-users.[15] Examples of cost-savings or lower transaction costs achieved through the use of framework agreements include:

- In Italy, in 2011 the total amount of orders made through available framework agreements was EUR 2.113 million and the overall percentage of estimated savings was about 22%.[16]
- In Mexico, the Ministry of Public Administration (*Secretaría de la Función Pública*), "**SFP**", initiated in January 2010 the award of framework agreements in order to increase the efficiency of the procurement process for common goods and services and achieve savings through economies of scale. SFP estimated the resulting savings to have reached almost USD 60 million for 2011 alone, most of

it through the framework agreement put in place for the Mexican national state oil company *Petróleos Mexicanos* (PEMEX) for work-wear, safety footwear and personal-protection products. It also calculated that the use of these instruments resulted, in 2010, in a reduction of up to 95% of the time required by buying entities to issue a contract for these goods and services[17].

- A 2009 assessment of the Swedish system of framework agreements estimates that transaction costs are reduced by approximately EUR 50 million per year due to centralisation of procurement.[18]

Colombia Compra Eficiente has been assigned the responsibility to conclude framework agreements centrally for end-users. This represents a strategic tool for *Colombia Compra Eficiente* to assert its position as a central procurement entity. The new draft decree to be adopted in 2013 includes rules on the award of framework agreements "to acquire products, works and services with uniform technical characteristics for common use" (in accordance with article 50 of the draft decree) and make their use compulsory for central government.

Getting the framework-agreement set-up right

Colombia Compra Eficiente has launched a pilot project for the award of framework agreements for selected products such as airplane tickets, fuel, insurance agreements, IT licences. During the pilot phase of conducting framework agreements, *Colombia Compra Eficiente* could consider different options for framework agreements as follows:

- Framework agreements can be concluded with a single supplier (single-member framework agreements – see Box B.14) or with many suppliers (multi-member framework agreements). Procedures for the award of single-member supplier frameworks are likely to be attractive for suppliers, because of the relative certainty that the winner will be able to receive a good amount of purchase orders and therefore may result in competitive prices. Multi-member frameworks on the other hand give in principle greater security of supply to buyers, since if one supplier does not respond to a purchase order, another one can be asked to supply. Also, multi-member framework agreements do not bind the end users to a particular supplier but allow them to make the choice between different suppliers based on specific pre-agreed procedures or criteria. Framework agreements can also be constructed to allow for the addition or removal of suppliers over time.
- Each framework agreement should not cover 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. This is particularly true in the case of single-member framework agreements, as they anyway restrict procurement to only supplier. It is also true when the government has a large share of that particular part of the market and therefore any choice it makes affects suppliers.
- The same applies in the case of 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. Duration is a matter of assessment of each particular situation and product. A small duration (for example, for a year or less) lessens the aggregation benefit and makes the effort expended at central (*Colombia Compra Eficiente*) level less worthwhile. A long duration (for example, more than four years) ties parties in terms that may become outdated, thus making the framework less attractive for end users to rely on and for suppliers to compete for. It may be

that long agreements, unless designed correctly, neglect developments in market prices and technology.[19] Again, this is particularly true in the case of single-member framework agreements.

Box B.14. **Single-supplier framework agreements used by Consip SpA**

- Consip SpA for the first 10 years of its operation used almost entirely single supplier framework agreements. The choice to start with this kind of framework agreements was mainly related to the strong focus on the value for money and process simplification that guided Consip's activity in its startup phase.
- The main advantages of framework agreements identified by Consip SpA are:
  - For public authorities: simplification of purchasing processes, reduction of unit costs and delivery times, more transparency and competition, reduction of litigation costs, better product and service quality. Navigation through the product catalogue enables the identification of the supply of goods and/or services offered through framework agreements and the possibility to order online allows for a speedy purchasing process.
  - For suppliers: access to a market with a high sales potential, possibility of becoming a supplier to various authorities through a single tender, guarantee of a completely transparent transaction process.
- Drawbacks of single-member framework agreements are related mainly to the lack of flexibility and secondly to the possible strong impact on the supply through single-source purchasing. For some categories of goods and services, a multi-member framework agreement concluded with several economic operators is a more useful tool. Nowadays, Consip chooses the appropriate type (single or multi-member) of framework agreements identifying the best strategy case by case, through a sound market analysis on the buy and supply side.

Source: Interview with Consip peer reviewer.

Consider extending framework agreements to more products and services

Framework agreements in Colombia will be piloted to specific products and services. Following the pilot phase, their use may be extended to more products and services. Under the new draft decree to be adopted in 2013, central government buying entities can request *Colombia Compra Eficiente* to conclude a framework agreement for a defined product or service. *Colombia Compra Eficiente* shall then review the request, assess its relevance and opportunity cost and proceed accordingly to launch a procedure for it, or not. Also, in accordance with the draft decree, central government buying entities shall inform *Colombia Compra Eficiente* of the technical and financial terms that they have achieved through their own procurement procedures, so that *Colombia Compra Eficiente* launches a procedure to conclude a framework agreement on these terms. The range of items usually covered by framework agreements often includes:

- ICT products and services (computers, photocopiers, printers, servers, software), generally the largest product area in terms of purchasing volume;[20]
- Telecommunications products (networks, mobile phones, landline phones, telephone exchanges);
- Office furniture;
- Travel services;
- Office equipment and supplies;

- Vehicle and transport services;
- Fuel (for heating and transport) and electricity;
- Food (foodstuffs, meal tickets);
- Organisational and human resources development services

Consider making framework agreements mandatory for more end-users

Under the new draft decree to be adopted in 2013, the use of framework agreements will be compulsory for buying entities at the central-government level and optional for sub-national buyers. Buying entities at the central level will have to decide whether a framework agreement can cover their needs and, if so, they must use it. Thus, "non-loyal" end-user behaviour is avoided, as end-users are obliged to buy under available framework agreements. Such compulsory use of framework agreements is useful as it enables, at the procurement design phase, an evaluation of the demand for a product or service, which is not possible if need can be freely covered outside the framework agreement. At the bidding phase, they also boost competition, since if the market believes that framework agreements are not going to be used, interest in competing to sell products and services under the agreement would disappear.

Following the first phase of implementation, *Colombia Compra Eficiente* could consider whether use of framework agreements can be made compulsory for more buying entities, for example for authorities of a specific region only or for all buying entities in relation to certain products or services. This could ensure that standardised products and services covered by the framework agreement are procured throughout the public sector, thus aligning quality with public-service delivery. This may be particularly relevant in the case some products, for example for ICTs, for which there may be an increased need for standardisation, interoperability and integration of systems nationwide. Advantages of the mandatory use by the central government of framework agreements – the approach being pursued by the government of Colombia – have been identified by OECD countries (see Box B.15).

Box B.15. **Mandatory framework agreements**

- In Canada the Public Works and Government Services Canada (PWGSC) Business Transformation Initiative was approved in 2005, modifying various elements of the supply approach of the federal central procurement agency. Amongst others, the federal contracting policy was modified to render the use of existing framework agreements mandatory. Prior to putting in place any procurement instrument or contract, federal procurement units (either from PWGSC and any other federal department or agency) must first verify whether a framework agreement exists that meets their requirements. If one does, they are required to use it, unless in exceptional cases which they need to justify. The reason for making framework agreements mandatory in Canada was to ensure long-term benefits and savings through government-wide use of such contracts.
- In Portugal, use of framework agreements let by ANCP is also mandatory for central administration and public institutes. The mandatory approach was chosen due to the common understanding that it was necessary to promote discipline of use, standardisation of goods and green public procurement criteria, alongside with rationalisation of expenditure and savings. ANCP was merged with ESPAP in September 2012 and now ESPAP is in charge of public procurement activities for the Portuguese government.

Source: Treasury Board of Canada Secretariat (2005), *Business Transformation Initiative – The Way Forward, Policy Notice*, TBS, Ottawa, www.tbs-sct.gc.ca/pubs_pol/dcgpubs/contpolnotices/2005/04-eng.asp/; Public Works and Government Services Canada (PWGSC) (2012), *Supply Manual*, Version 12-2, Ottawa, https://buyandsell.gc.ca/policy-and-guidelines/supply-manual/ (accessed May 2013)..

Notes

1. By framework agreements, we mean purchasing arrangements, under which one or more suppliers provide goods or services over a period of time to public buying entities, which we will call the "**end users**", in accordance with the terms and conditions set forth in such framework agreements, including prices or methods of calculating prices.
2. OECD, 2009.
3. OECD, 2013b.
4. These include Law 80 of 1993 on public administration contracting, Law 816 of 2003 on supporting national industry through public contracting, Law 1150 of 2007 amending law 80 of 1993, Law 1474 of 2011, decree-law 19 of 2012 on regulations, processes and procedures applicable to the administration, decree 734 of 2012 which groups and consolidates many older decrees on public procurement, decree 1397/2012 on contractor capacity for public works, and decrees 1467/2012 and 1508/2012 on public-private partnerships. There also two public-policy guidelines on procurement: Conpes (Consejo Nacional de Política Económica y Social (National Council of Economic and Social Policy) 3249 of 2003 and Conpes 3714 of 2011.
5. Article 2 of law 1150 of 2007.
6. OECD, 2012b.
7. Colombian Government, 2013.
8. Article 2 of Law 1150/2007.
9. Article 3 of decree-law 4170 of 2011.
10. Chapter II of law 1470 of 2011.
11. UNCITRAL, 2011, Article 2.
12. Arrowsmith, 2005.
13. European Commission, 2011.
14. OECD, 2012b.

Annex B.1

Setting up framework agreements

Setting up framework agreements typically involves the following steps:

- **Define technical specifications and selection and award criteria**:
  - The solicited products or services need to be specified with as much precision as possible and not discriminate between bidders (i.e. target to eliminate some or assist others, on grounds not allowed under the law). Selection and award criteria should be set at the outset of the procedure too. A pertinent award criterion is the projected security of supply over the period that the framework agreement is in place. One aspect that is useful to consider is whether, if a bidder is awarded the framework agreement and becomes a framework supplier, it will be obliged to supply the requested good or service, if a purchase request is made. It may be useful to provide for such obligation, at least up to a certain quantity or amount. Otherwise, if framework suppliers are free to refuse to supply they will be able to cherry-pick purchase requests, accepting the profitable ones (whether by volume, type of product or service, location of end user, timing of purchase request) and rejecting the others. This can distort the procedure for the award of the framework agreement, because bidders may intend from the outset to respond only to lucrative orders and not to the low profitability ones.
- **Decide on end users:**
  - It is good practice to identify the entities that are entitled to have recourse to the framework agreement, i.e. those who may buy under it, by name or by other means, such as a reference to a category of entities (such as all ministries, or all local authorities in a given geographical area etc.). Different buyers can be agreed to have access to the framework agreement at different dates. If it is decided that entities that are not mentioned at the outset may use the framework agreement going forward, it would be best if such additional entities are still mentioned as likely or potential users, so that suppliers can judge whether it is worthwhile to participate or not, on the basis of the likely size or coverage of the agreement. Free access of any public buyer to a concluded framework agreement may make the agreement unmanageable, due to bidders' unresponsiveness (if, for example, they receive too many purchase orders which they cannot process).
- **Advertise the framework agreement** on the electronic platform sufficiently in advance, make a selection and conclude the framework agreement: bidders would need sufficient time to prepare their bids and the awarding authority sufficient time to evaluate and make a selection.

- **Place (by the end user) purchase order to framework supplier:**
  - In the case of single-member framework agreements, the situation is straightforward: the purchase order will be placed with the only supplier. In the case of multi-member frameworks, end users are usually given flexibility to obtain goods or services that are covered by the framework agreement, by requiring them from one of the suppliers directly under the terms already set out in the framework, without further competition. Alternatively, end users may conduct a mini-competition between suppliers on the basis of predefined criteria set forth in the framework agreement. To ensure transparency, the objective criteria that will govern the choice between these two methods of performing the framework agreement, i.e. direct award or mini-tender, should be stated in advance (for example, in the tender documents). Such criteria could for instance relate to the quantity, value or characteristics of the supply or service concerned or to market developments or changes in price levels compared to a predetermined price index; thus the buyer may decide to conduct a mini-competition to seek a discount or ask for improved products. This is common for IT licences due to the constant rapid development of information technology. In cases of direct purchases, choice of specific providers should be done on the basis of objective criteria defined in the tender documents for the framework agreement: for example, the provider who is cheaper, or who is geographically closer to the authority, may be chosen.

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Annex C

National development through the strategic use of ICT and e-Government in Colombia

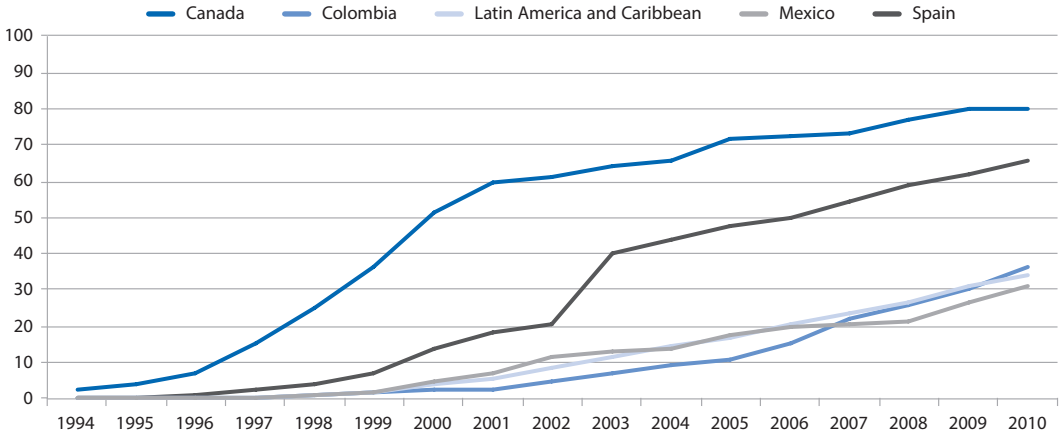
Introduction

Colombia is emerging as an important economic actor in Latin America and in the world. Significant progress has been made on a number of fronts over the last decade, including in reducing crime and enhancing security along with improvements in infrastructure and in the delivery of public services. The country is marked by flourishing optimism and confidence in the future (see Chapter 1).

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 (see Figure C.1), even though the level of investment in 2010 was lower than in countries with a similar GDP

Figure C.1. **Internet users per 100 habitants in selected countries and Latin America**



Source: World Bank (2012), *World Development Indicators*, http://databank.worldbank.org.

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

(Ministry of Information Technologies and Communications, 2011). That said Colombia faces important challenges in developing an inclusive information society and in nurturing supply and demand in an internet economy. More specifically, these challenges relate to encouraging the use of ICTs in the public sector (such as for the development and uptake of coherent and accessible online services).

This Annex examines 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 highlights a number of good practices in Colombia and provides an overall assessment of the government of Colombia's approach to addressing key challenges, including how to govern the use of ICTs; how to focus on the added value of ICTs; and how to use ICTs to open up the government. The Annex provides examples of good practices from OECD countries in a number of areas and recommends specific proposals for action.

The strategic framework for using ICTs in the public sector

Colombia's work on public-sector reform through the adoption of ICTs began in the 1990s, laying the foundation for more than a decade of developments in this area:

- In 2000, Colombia's strategic approach was consolidated in the government's national "Connectivity Agenda",[1] which first articulated the government's information-society strategies (Government of Colombia, 2012).[2]
- Since then, strategies and plans for the information society and public-sector use of ICTs have been identified as key levers for development, and have thus been co-ordinated under successive national development strategies. This is reflected in a general approach to the use of ICTs, where the need for good governance and broad societal impacts are emphasised.
- In 2003, CONPES document 3248 gave authority to the National Planning Department to launch the government's Public Administration Renewal strategy [*Renovación de la Administración Pública*]. This highlighted a new focus on information systems and the use of information technology as a government-wide, horizontal lever for public policies: "The purpose is to achieve a modern public management organised around information. The policy in this field includes a comprehensive strategy for the collection, management and use of strategic information…" [*El propósito es lograr una gestión pública moderna que tenga como eje la información. La política en este campo incluye una estrategia integral sobre la obtención, la administración y el uso de la información estratégica*] (National Planning Department, 2003).
- In 2008, Colombia launched the "National ICT Plan 2008-2019" [*Plan Nacional de Tecnologías de la Información y las Comunicaciones 2008-2019*] outlining a vision and medium-term directions for government-wide use of ICTs. By the end of the period, the plan's aim is to have all Colombians connected, using ICTs to create an inclusive and competitive society (Ministry of Communications, 2008).

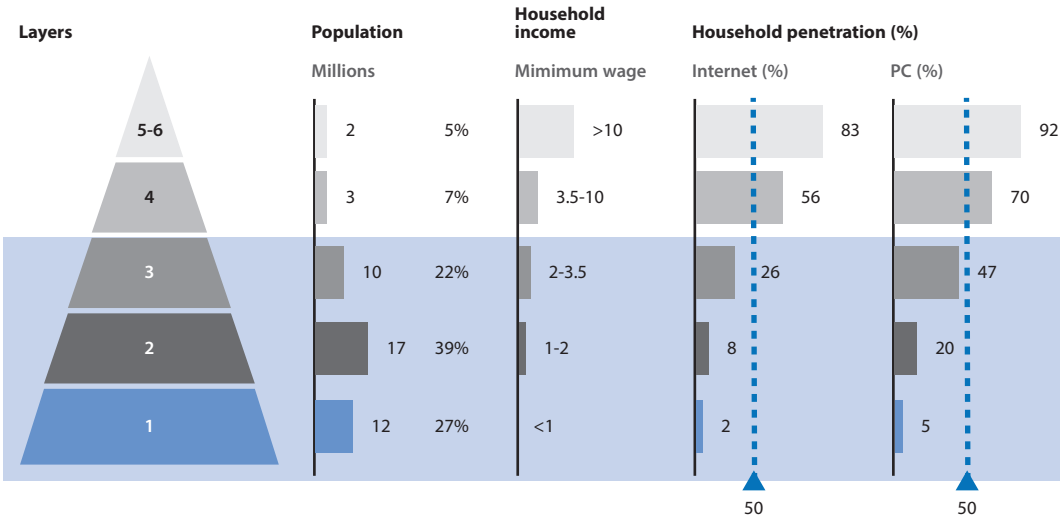
In 2010, the central government launched its 2010-14 National Development Plan aiming to achieve "Prosperity for All" (see Chapter 2). The Plan confirms the government's general strategic direction respecting the public use of ICTs. 564 trillion pesos (313 billion USD) were allocated over this four-year period in the Plan's multi-year budget. In the Plan's vision, the use of ICTs and innovation is highlighted as being of particular relevance both as an enabler and as a driver relating to good governance and effectiveness, growth and competitiveness. Other pillars such as regional development and risk-prevention also hold important technological components.

"Good government, citizens' participation and combating corruption", are key priorities for Colombia, as the country aims to attain international benchmark-standards in these areas (National Planning Department, 2011). These objectives cover a broad range of strategies and activities. Good government covers such areas as the promotion of transparency, capacity building, implementing an online government strategy, ensuring efficiency and a high level of innovation, and broadening access to information held by public entities. Citizens' participation includes the promotion of participatory planning including participatory budgeting, strengthening collaboration with local communities, and further developing channels and mechanisms to foster citizens' participation in the activities of government. Anti-corruption strategies cover improved inter-organisational co-ordination and the implementation of the anti-corruption measures, including revised legal standards and procedures, and the use of ICTs to improve oversight and auditing (National Planning Department, 2011). In addition, these initiatives are complemented by the Colombian government's commitments to the Open Government Partnership through its Open Government Action Plan (Ministry of Foreign Affairs, 2011).[3]

Vive Digital

Vive Digital, the government's ICT-uptake strategy that emphasises the better use of ICTs, is an integrated component of the National Development Plan. As the Colombian government focuses on inclusive growth, it is encountering challenges regarding access to and use of the internet and personal computing equipment (see Figure C.2). The *Vive Digital* strategy includes a comprehensive plan on how to integrate the use of digital technologies in all areas of activity in the lives of Colombians (Ministry of Information Technologies and Communications, 2011). As such, it addresses considerations relating to the information society, the internet economy, and not least, the role of government as a driver of ICT use. The *Vive Digital* strategy recognises the fundamental need to establish a full digital eco-system, and is based on the central principle of government as a user and a promoter of ICT, hence the

Figure C.2. **Penetration of Internet and PCs on different socio-economic layers**



Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones [Ministry of Information Technologies and Communications] (2011b), *Vive Digital, Colombia, Documento Vivo del Plan*, version 1.0 (2011), http://vivedigital.gov.co (accessed 10 October 2012).

Note: The figure demonstrates that internet and PCs are practically very little used in the poorest half of the population; the marked area illustrates the focus of the government.

mantra: "the Government has to lead by example" (Ministry of Information Technologies and Communications, 2010; Ministry of Information Technologies and Communications, 2011).

This approach seems at once ambitious and politically-driven. USD 2.9 billion[4] (COP 5.5 trillion[5]) were in 2010 estimated to be allocated to the implementation of the plan toward 2014. Of this budget, more than half (approximately 58%) comes from the Ministry of Information Technology and Communications (Ministry of Information Technologies and Communications, 2013).

Vive Digital aims to increase the use of the internet as a means to help the country leapfrog to democratic prosperity. The strategy assumes that increased use of the internet will foster growth in ICT employment, promote economic growth directly and indirectly, and reduce poverty (Ministry of Information Technologies and Communications, 2011). Although aggregated effects are still preliminary, World Bank and OECD data suggest a positive relationship between increasing internet adoption and economic growth. Additionally, the use of ICTs is an important factor in increasing labour productivity and in attracting investments (OECD, 2012).

The objectives of the Colombian government relating to increasing internet adoption are ambitious; within the period 2010-14, the government aims to:

- Multiply by four the number of internet connections (of the existing 2.2 million connections, 1.4 million are wired, and only 0.8 million are mobile);
- More than triple the number of municipal optic fibre internet connections, covering 1078 municipalities and 90% of the population, connecting the remaining through wireless services;
- Increase the internet access ratio of connected households and micro, small and medium businesses to 50% (that is, a double for citizens, and a seven fold increase for businesses).

Achieving this requires not only good regulation and considerable infrastructure investments; demand also needs to be stimulated. *Vive Digital* aims to spur demand through the provision of applications and content, and by motivating end-users. Here the public-sector use of ICTs plays a key role, particularly through the Online Government Strategy presented below, but also through general stimuli of the ICT sector by the government and the development of digital content.

As part of the government's broader vision of the information society, *Vive Digital* identifies digitisation goals in some of Colombia's priority policy areas including national security, education, tourism, agriculture and mining. Providing mobile services to a large number of farmers is one example; the deployment of personal computing equipment in schools is another. Such alignment facilitates the articulation of a coherent whole-of-government vision for the use of ICTs across policy sectors; at the same time, it highlights the need for effective co-ordination of policies, both at the national and at the central-local levels of government (see next sections and Chapter 4). In parallel, *Vive Digital Regional* focuses on the building of strategic alliances, institutions and capacities at the sub-national levels of government.

Colombia's e-Government Strategy

The Colombian e-Government Strategy is mandated by Law 962 of 2005, and further set out in Presidential Decree 1151 of 2008 and Decree 269 of 2012. The latter articulates the strategy's objective as contributing to "a more efficient, transparent and participative state, through the reaping of the information and communication technologies." The strategy commits to a unified vision of the state with equal multi-channel access, based on credibility

and confidence in the government's online activities. Decree 1151 initially broke the Government Online Strategy down into five phases, in line with good international practice:

- *E-Information* phase: government entities will provide websites with access to basic information and simple searches.
- *E-Interaction* phase: two-way communications is to be established between citizens and businesses, through online consultations and interaction with public servants.
- *E-Transaction* phase: products and services are to be provided and made accessible online.
- *E-Transformation* phase: public-sector entities are to transform their operations to accommodate the needs of citizens and businesses better through the use of one-stop shops and governmental intranet.
- *E-Democracy* phase: citizens are to be motivated to participate actively in public policy-making through the use of ICTs.

In December 2012 the e-Government Implementation Manual 3.1 was established through Decree 2693. The application of this Decree is mandatory for the public administration and includes targets for compliance at the national and territorial levels. The Ministry of Information Technology and Communications is responsible for defining the policies and standards necessary to the implementation.[6] Decree 1151 of 2008 initially mentioned a 5 year implementation horizon, however the latest e-Government Implementation Manual 3.1 extends this period, setting out targets for full implementation in 2015 for the national level, and 2017 at the territorial levels. Decree 2693 of 2012 promotes the following subjects at national and regional level:

- Supply of procedures and services through multiple channels and use of information and communication technologies in administrative procedures
- Interoperability, procedures chains and a single virtual window.
- Technology and Environment
- Open Data and Open Government
- A joint construction

The e-Government Implementation Manual 3.1 sets out a general hierarchy of targets but now refers to 6 components (rather than phases and, building on initial progress, encourages carrying out various activities simultaneously), including implementing transversal linkages enabling public institutions to comply with and integrate the Manual in their individual implementation plans. Targets initially focused mainly on supply and aimed for a gradual implementation across the various levels of government. Table C.1 lists the weighted targets across thematic areas. This most recent model for monitoring and evaluating the implementation of the e-Government programme using Manual 3.1 aims to shift focus to measuring results while sharpening attention on following up on implementation locally. Where national implementation of the 2012 goals is estimated to have achieved around 80% of performance targets in those units capable of measuring progress, the 2015 goals are currently only being implemented at a rate of around 6%.

The goals of the Colombia's e-government strategy are ambitious, and the starting point challenging, particularly in terms of connectivity and full implementation of online service delivery. The UN data (see Figure C.3) suggest that Colombia has a strong foundation in the area of the skills which it can harness to implement its strategy; however, the greatest

challenge appears to lay in the provision of proper communication infrastructure. The data show a high level of online service provision, using the UNDESA Web measure as a proxy. Colombia appears to be ahead of its peers in the region regarding online service delivery. This is confirmed in the progress of Colombia in other ICT recent related surveys and rankings, such as for example *Latinobarómetro* and the World Bank ICT indicators (Colombian Government, 2012; DANE, 2012; World Bank data, 2012; World Economic Forum and INSEAD, 2012).

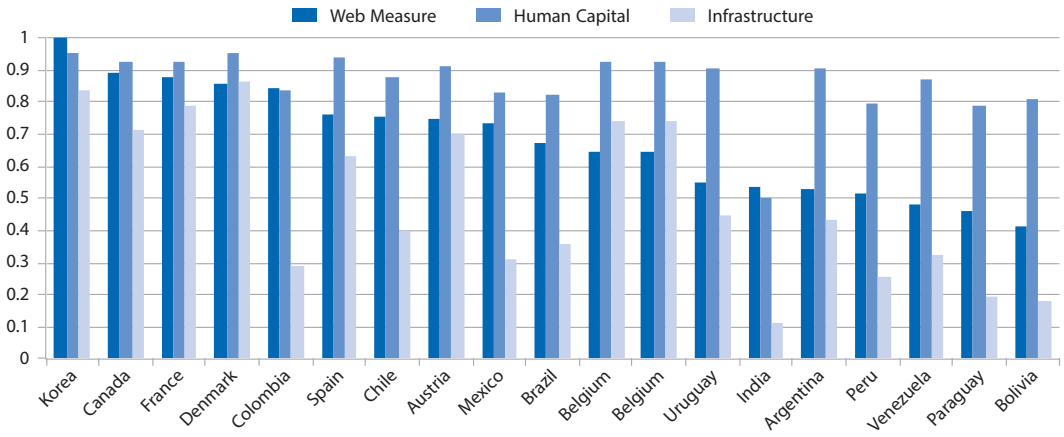
Table C.1. **National implementation targets of the Government Online Strategy Manual 3.1**

Components	Activities	Weight	2012 target	2013 target	2014 target	2015 target
Transversal elements	*Institutionalising the GOL strategy:* Steering committee, planning, approval of strategy, monitoring and evaluation	30%	50%	75%	95%	100%
	Focusing on the users: User caracterisation, strategy promotion, accessibility, usability	30%				
	Implementing an IT management system: planning and adjusting technology, IPv6 protocol	15%				
	Information security management: Implementing an information security management system	25%				
Information online	*Publishing of information:* Political editorial, publishing of information, multi channel access	57%	50%	80%	95%	100%
	Publishing open data: Information repository, opening up public data	43%				
Interaction online	*Establish interaction spaces:* Interactive consultation of information	50%	60%	80%	95%	100%
	Establish electronic space to make requests: Contact system, mobile contact system, integrated contact system	50%				
Transactions online	*Make administrative procedures and services available online:* Exemption rules, certificates and authentifications, procedures and processes, one-stop-shops	100%	40%	70%	95%	100%
Transformation online	*Using elecronic communication channels internally:* Good practices, file management system, authorisation of processes	45%	25%	70%	95%	100%
	Exchange of information between public entities: Process design, information exchange services	55%				
Democracy online	*Define the participation strategy:* Strategy for participation through electronic media	15%	55%	80%	95%	100%
	Construct participatory policy making and strategic planning: Normativity and regulation, strategic planning	40%				
	Open up space to enhance social control: Accountability	20%				
	Open up spaces for open innovation: Promotion of open data, problem solving	25%				

Note: The figure illustrates national targets only. Targets for the local levels of government for 2012-17 can be found in the decree.

Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones [Ministry of Information Technologies and Communications] (2012), *Estrategia Gobierno en linea, 2012-2017 Para el orden nacional, 2012-2017 Para el orden territorial* [E-government strategy, 2012-2017, For national entities, 2012-2017, For territorial entities], http://gobiernoenlinea.gov.co.

Figure C.3. **UN E-Government readiness indicators in selected countries**



Source: UN (United Nations) (2012), *United Nations E-Government Survey 2012: E-Government for the People*, Department of Economics and Social Affairs, www.unpan.org/e-government.

Note: The three components together form the UN E-Government Readiness indicator. The web measure is an assessment of content and features on four stages; the human capital measures literacy and tertiary education enrolment; the infrastructure is a composite indicator of five connectivity measures on internet and telephony access.

Key challenges for the strategic development and implementation of ICTs in Colombia

The approach of the Colombian government demonstrates a political vision for the use of ICTs that is well aligned within the National Development Plan, identifying key priorities for further development. However, a number of challenges emerge from the pursuit of the goals listed above regarding the public-sector use of ICTs. The following sections are structured around approaches to and progress on the most relevant key challenges, developed through interviews with a number of Colombian key stakeholders (e.g. high level political and administrative policy makers, business representatives, academia and civil society):

- The national governance challenge: ensuring leadership through broad co-ordination, engagement and commitment to practical implementation;
- The central-local governance challenge: facilitating territorial development through clearer local responsibilities, capacity building and ownership;
- The coherence challenge: a unified vision on the prioritisation of online public service supply across sectors and levels of government;
- The information systems challenge: ensuring a coherent public administration exchanging data and information seamlessly;
- The impact-management challenge: assessing and managing the government's performance and progress in its use of ICTs;
- The user-value challenge: ensuring a sustainable uptake of services, reaping value added for the users;
- The openness challenge: increasing trust through greater transparency, incentives and opportunities for engagement in policy making and service delivery.

The Colombian government is currently consolidating its institutional structures and governance processes with regards to public-sector information and the use of ICTs and e-government, as shown below. Furthermore, with the revised e-Government Implementation Manual time schedule, adequate instruments will be required to ensure its execution. This section examines these challenges with a view to provide advice to the government on how best to address them.

Governance of e-government at the central level: Fine-tuning governance mechanisms

The government of Colombia is currently at a crossroads in its pursuit of the revitalisation of the national structure governing information systems and ICTs. Since the government's initial information-society policies were announced in the 1990s, CONPES, chaired by the President, has played the main role in setting the strategic direction for the use of ICTs. This has meant that actors at the highest levels of national political life have been engaged in the pursuit of the agenda in what can best be characterised as a top-down approach to strategy-setting and roll-out. To support CONPES' general approach to the use of ICTs in the public sector, the Intersectional Commission of Policy and Information Management for the Public Administration (COINFO) was created in 2003. However, COINFO was assessed to be insufficient and its mandate revoked in 2011, particularly due to unclear responsibilities and weak co-ordination capacity due to non-binding recommendations and lack of budgetary instruments and resources (Colombian Government, 2012).

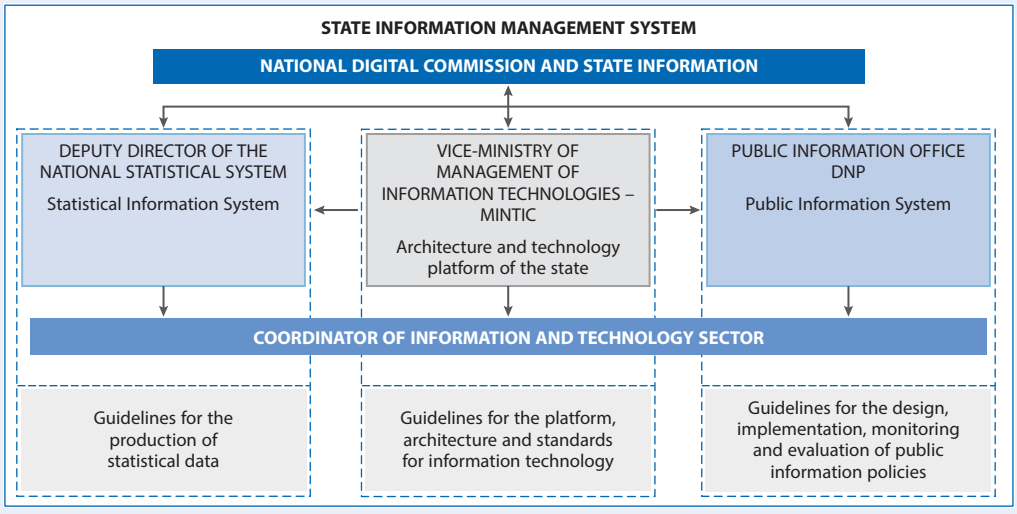
Linking management of public information and statistical data and public sector modernisation through the National Commission for Digital and State Information

Decree 32 of January 2013 established the National Commission for Digital and State Information [*Comisíon Nacional Digital y de Informacíon Estatal*], absorbing COINFO's previous functions (Government of Colombia, 2012). The Minister of Information Technology and Communications will chair the meetings. The Vice-Minister of Information Systems and Technology [*Vice-ministro de tecnologías y Sistemas de la Información*], in his/her capacity as National CIO, will act as Technical Secretary [*Secretaria Técnica*] to the meetings. The Commission does not have a separate budget, but will use existing funds already allocated by its members as well as general budgets available locally. Members of the Commission include the Directors of the Departments of National Planning (DNP) and of the National Statistics and of Public Administration (DANE). In addition, the Director General for Economic Regulation of Social Security in the Ministry of Finance as well as a representative from the Presidency, are members. The Commission can invite occasional speakers to the sessions according to the agenda, but they will have no vote.[7] An Operational Committee [*Comité Operativo*] will co-ordinate any necessary technical sub-committees. As such, the composition of the Commission is quite narrow, as it contains no other ministries which might be crucial to the further development and implementation of key ICT projects. Similar institutional arrangements in OECD countries typically include a wider selection of key ministries and institutions as members.

The establishment of the National Commission illustrates the Colombian government's understanding of the need to ensure national alignment of the different institutional approaches to public-sector information policies. Appreciating the potential of good data and information to increase the impact of public policy-making is essential for good governance. The Commission will work, *inter alia*, to ensure better co-ordination between ICT policies and the production of data by the statistical information systems through the

Box C.1. The functions of the new National Commission for Digital and State Information

1. Coordination and guidance of the execution of public functions and services related to the management of public information throughout the country.
2. Recommend guidelines for national and sector policies related to the use, development and maintenance of technologies for managing information according with country requirements and state information articulation.
3. Advise the Government on the position to be presented to international agencies related to Internet governance, domains, intellectual property in the web, cyber security, cyber defense, protection and privacy of information.
4. Guidelines generation for the Cyber Emergency response group of Colombia.
5. Promote the agreements to ensure interoperability and integration of intra- and intersectorial information systems in the country.
6. Recommend policies and programmes to Government in order to develop standards of access and use of public information.
7. Promote in all State agencies the use and appropriation of technologies to manage state information and improving services provision.
8. Recommend policies and programmes to National Government for State's technology infrastructure development.
9. Establish its own regulations in order to ensure compliance of its functions, and the articulation and co-ordination for decision making inherent in their field.
10. Knowing and recommend policy guidelines for procurement of hardware and software without implying participation or approval of the procurement processes, previous concepts, terms of reference, contractual conditions or investment projects of public agencies.
11. Establish guidelines for access and management of public information under an open government, for the benefit of citizens, through mechanisms to improve the quality, accessibility, availability and reliability of public information.
12. Consolidate, in co-ordination with the Ministry of Information and Communications Technologies, inter-sectoral requirements related to government information and information technology for the purpose of defining policies and strategies in this area.
13. Follow up the implementation of policies and guidelines related to State information and information technologies.



Source: Colombian Government (2012a), *Background report* (unpublished working paper).

National Statistical Office, DANE, and with the Public Information Office of the National Planning Department.

Initially, the *Vive Digital* strategy foresaw the establishment of a broad National Digital Council (*Consejo National Digital*) to be chaired by the President of Colombia. This Council aimed to ensure the implementation of *Vive Digital* and thus addressed the public-sector use of ICTs. The Council was to include a broader selection of relevant ministers and other public-sector stakeholders, different private-sector stakeholders and academics, as well as international experts. However, this broader Council was *in fine* not established and the new National Commission will take on its task in its more limited composition. As highlighted earlier in this section, this key co-ordination role of policy-implementation and project-oversight could better be carried out by a commission with broader representation than the current one.

Ensuring the effectiveness of the National Commission

With the establishment of the National Commission, Colombia aims to revitalise its governance structures related to information policy and public-sector use of ICTs as a means to accelerate progress across the different sectors and policy areas, including the implementation of national strategy such as the National Development Plan's *Vive Digital*, including the Government Online Programme. The Commission is mandated to ensure national and sector-specific co-ordination and to provide recommendations to the government on the use of information technology.

This mandate seems ambitious in terms of the scope of the agenda to be covered and the degree of eventual alignment sought. The strength and value-added of the National Commission will be to co-ordinate and align the interests of its members, although this might prove challenging in some areas if interests differ. Indeed it remains unclear how the Commission will succeed in recommending joint guidelines, for example, or in promoting agreements on interoperability and integration of services, or in ensuring the implementation of guidelines for procurement of ICTs, in case of disagreements or of differing interests leading to disputes requiring resolution. At the time of drafting this Review, neither the Commission nor the Ministry had yet finalised a specific action plan with an operational agenda; such action plan or agenda will be an important prerequisite for the Commission to succeed. As such, the Commission seems to rely on the capacity of its members to make decisions collectively, by essentially playing a guiding role in several important areas of public-sector use of ICTs, such as ICT policies in specific sectors, public information management or guidelines for procurement. Areas requiring more binding decision-making responsibilities on the part of the Commission could thus also be considered.

Given its mandate, the National Commission will need to acquire the necessary co-ordination capacity to align the approaches of the stakeholders; this will be quite challenging as it cannot rely on its current mandate to take binding decisions. On a number of issues, the National Commission will need to ensure adequate political commitment by including and engaging the other ministries relevant to the *Vive Digital* Agenda, as well as for the specific issues mentioned above, such as interoperability standards, ICT procurement, and the active commitment to transforming government policies through the strategic use of ICTs. This will be particularly relevant when dealing with policies, guidelines and standards with direct impact on the organisation of business processes in ministries, public organisations and institutions, influencing local actions. As the Commission includes among its standing members mainly representatives from the Ministry of Information Technology and Communications, and representatives linked to

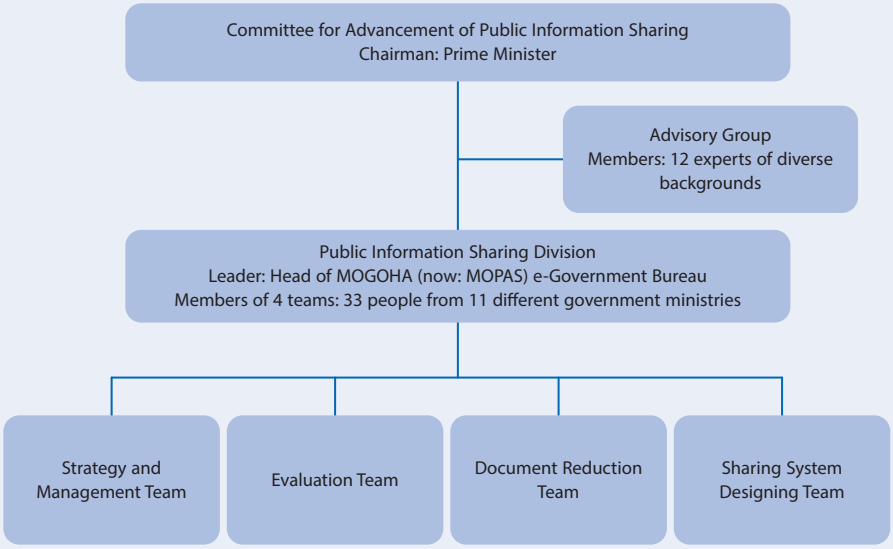
the Presidency (DANE and the National Planning Department), the direct engagement of other policy or sector stakeholders is limited. The extensive use of sub-commission could be one way to address this. Colombia could thus consider additional governance instruments to ensure political, administrative and operational commitment to cross-governmental and multi-level co-ordination of digital information in single-sector areas and across sectors.

Although the Ministry of Finance is represented by its unit responsible for Economic Regulation of Social Security, its role in the National Commission is intended to cover oversight and allocation of additional resources to projects of strategic importance to the Commission. Indeed, financial instruments to back up and incentivise the implementation of policies could be one way to address the governance challenges. The different sources of project funding

Box C.2. **The Korean Committee for Advancement of Public Information Sharing**

Korea has since the 80s recognised strong political leadership as a precondition for advancements in e-government. This has resulted in strong presidential support and leadership, sustainable 20 year plans, a nationwide change management programme, and the alignment of e-government programmes with performance evaluation.

The Public Information Sharing Division was set up under the Committee for Advancement of Public Information Sharing in 2005. The committee is chaired by the Prime Minister, with its members comprised of 12 ministers, and 6 experts from the private sector to provide advice. The division staff includes 33 dispatched officials from central and local governments who are involved in administrative information sharing. An Advisory Group was also created to provide additional expertise. The division has four sub-teams to handle strategy, evaluation, document reduction and system design.



Information sharing mechanisms have been secured and allow government efficiency through the free flow of information. Information sharing plans have been developed in sector specific areas, such as for example heath, pensions, welfare and financial services.

Source : OECD (2011), *Towards more Effective and Dynamic Public Management in Mexico,* OECD Publishing, Paris.

managed by the National Planning Department and the Ministry of Information Technology and Communications could be more closely co-ordinated to support integrated service delivery and to consolidate co-ordination capacity through aligned funding. However, the Commission itself might depend largely on the intentions and interests of its individual members in order to advance decisions to be implemented – and hence on the political attention from the Presidency in order to ensure broader commitment to implementation across the government. DANE and the National Planning Department are planning to revise their structures to support this reorientation through the creation of dedicated entities, for example with reference to the national CIO or the Public Information Office.

OECD countries have adapted different approaches to enhance co-ordination capacity in the area of e-government. In countries such as the UK, for example, the CIO's office and responsibility for e-government have traditionally been placed in the Cabinet Office serving the Prime Minister. Such arrangements typically help improve the focus on pursuing political and citizen-oriented objectives. In other countries, such as Australia and Denmark, for example, the CIO is located in the Ministry of Finance. Such an arrangement tends to generate an emphasis on the use of budgeting instruments and efficiency measures to guide the implementation of e-government priorities. Still other countries have placed e-government responsibility in ministries of Public Administration or in ministries of Information and Communication Technology, as in Colombia. The UK has recently suggested what might be a trend: abolish or consider abolishing the CIO function completely, assuming that this function cannot be separated from the transformational thinking and whole-of-government integrated approach required to reform and modernise the public sector as a whole as well as its individual policy sectors.

Digital leadership supporting progress

The Government of Colombia has identified five overall mechanisms for co-ordination of e-government implementation that are already put to use:

- The formal implementation of the e-government strategy through compliance with the decree 1151 of 2008 and decree 2693 of 2012 and the subsequent manuals;
- Inter-institutional articulation through the co-ordination between the Ministry of Information Technology and Communications and appointed E-Leaders locally, as well as other cross-governmental oversights, such as the High Presidential Office for Good Governance and Administrative Efficiency;
- Technical assistance, providing both capacity building and assisting in the local co-ordination of the Government Online implementation;
- Provision of specific technological tools, in order to support the technical assistance;
- Promotion of public resources' investment in ICT through a number of dedicated funds aligned with the national strategies.

Placing the responsibility for e-government in the Ministry of Information Technology and Communications naturally emphasises the relevance in the Colombian context of an approach driven by the will to increase the use of ICTs to spur and reinforce the information society and the information economy. This provides an overall point of departure for considering the roles of supply and demand with regard to public-sector use of ICTs. Linking the technical-supply perspective (solutions offered to users) with demand-side issues is important; for example, on how best to meet the needs of local citizens and businesses, as well as those of the administration. The governance setup should demonstrate the capacity

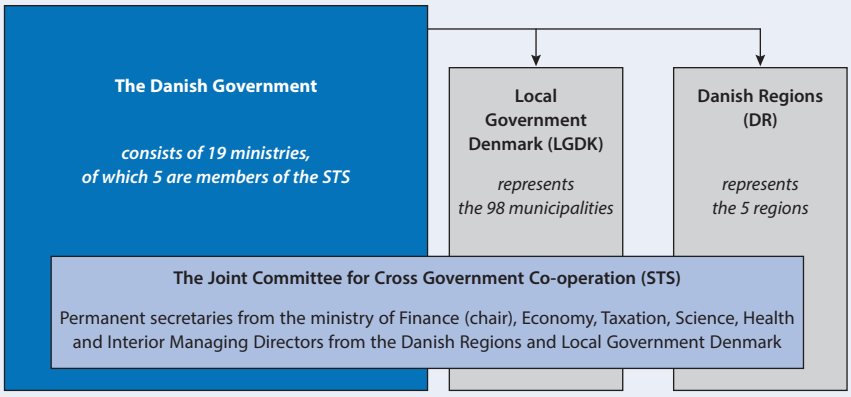
Box C.3. **The Danish joint e-government coordination structure**

Denmark co-ordinates the policies of the national level of government with the local levels of government, the regions and the municipalities, through several mechanisms. Aside from the use of laws and decrees, including the annual budget law, annual agreements on the future economy are concluded between the government and representatives for the regions and the municipalities, respectively. This altogether enables an overall steering of the local government, despite the local (fiscal) autonomy of each municipality. The local responsibility for the economy maintains incentives to use ICT and other tools to modernise and rationalise the administration and the service delivery.

The regions are mainly responsible for health and regional development; the municipalities are responsible for the main service delivery in the key welfare areas.

In order to ensure the co-ordination of the modernisation of the public sector across the three levels of government, the Steering Committee for Cross-Government Cooperation was established was established in 2005. It has then functioned as a key co-ordination forum for modernisation projects, including the simplification reforms and the national e-government strategies across the government (from 2007 to 2010, and recently from 2011 to 2015).

Although the Steering Committee holds no formalised decision making competence, through its broad mandate, it works as a co-ordination forum for its members, ensuring that their separate interests are presented and co-ordinated. The Steering Committee is chaired by the Ministry of Finance; its members are key ministries and the organisations representing the local levels of government, Danish Regions (regions) and Local Government Denmark (municipalities). Other sector ministries are invited as needed. The Committee reports twice annually to the government, the regions and the municipalities.



The approach is based on the development of a consensus and a broad engagement of all key stakeholders, although the Ministry of Finance ensures the drive of the modernisation process and holds separate budgetary tools to advance progress across the government.

Source: OECD (2010), *Denmark, Efficient E-Government for Smarter Public Service Delivery*, OECD Publishing, Paris; The Danish Government, Danish Regions, Local Government Dennmark (2011), *The Digital Path to Future Welfare,* www.digst.dk/Digitaliseringsstrategi/~/media/Files/Digitaliseringsstrategi/Tilgaengelig_engelsk_strategi.ashx.

to address such co-ordination and user-demand issues. As mentioned above, the government is already doing a lot to push forward the development of an adequate approach, although the emphasis remains on centrally driven initiatives. A number of governance mechanisms can be considered to complement current efforts (see also Box C.4).

The co-ordination mechanisms in place are also important in order to create the foundation for the development of future IT strategies. Countries are approaching this in a number of different ways – and no right solution can be identified. However, three elements seem particularly important in a number of countries:

- High-level political stakeholders are engaged and actively committed to the strategy process – particularly as the use of ICTs increasingly permeates most policy and sector areas.
- Users and main constituents are systematically engaged in order to determine what value added the strategy should be built around; and
- A mechanism is in place to ensure the financial negotiations, implementation incentives and the relevant funding is secured throughout the strategy-implementation process.

The National CIO and the emerging CIO network

Decree 2618 specifies the responsibilities of the Vice-Minister, also identified as the national CIO of Colombia. Although the CIO position and term have a strong value-added for communications purposes, the role of the CIO is part of the role of Vice-Minister. While the Vice-Minister is also the secretary of the National Commission, her mandate is not limited to the work of the National Commission or other co-ordination bodies. However, as the secretary for the Commission she will drive national policy and strategy-implementation, while ensuring co-ordination among the key parties of the Commission. Additionally, as the national CIO, she will work with the existing and new sector-CIOs within a national CIO network. Co-operation with private-sector CIOs is also intended as part of the mandate of the national CIO. By establishing a national CIO network, the government intends to gather CIOs from all 24 central administrative sectors in order to increase awareness of the political and administrative benefits of digitisation in the different sectors and policy areas.

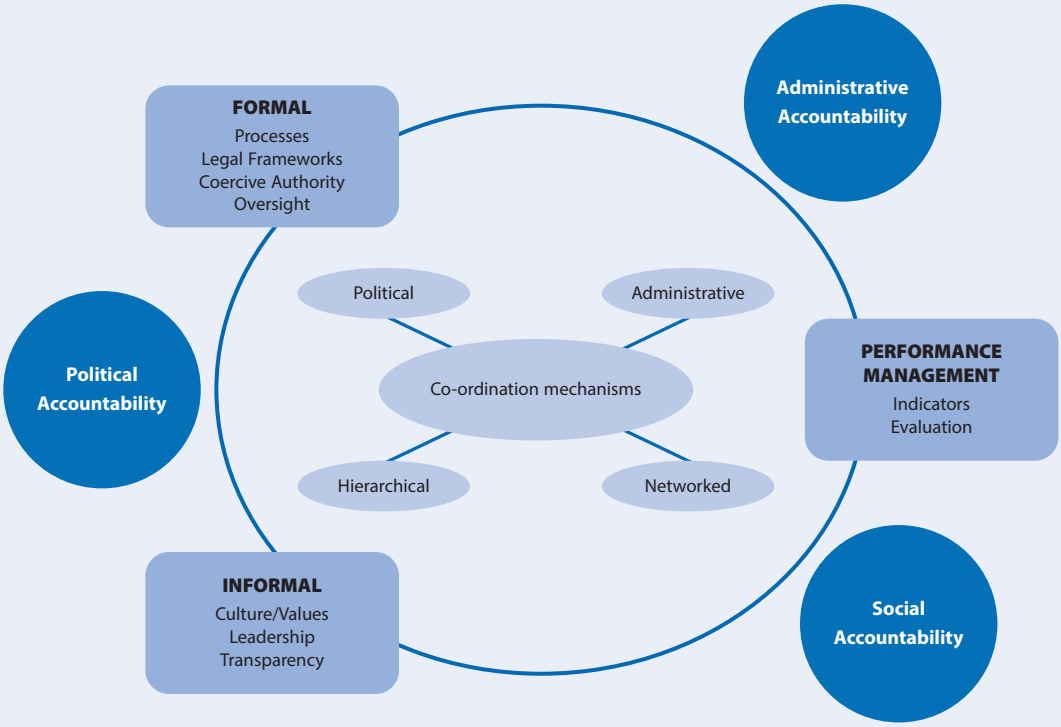
Decree 2618 of 2012 specifies the role of the new Vice-Minister for Information Technology and Communications. Inside the Ministry of Information Technology and Communications, the Vice-Minister is responsible for three divisions: Policy and ICT development; Standards and ICT architecture; and the Government Online programme. All three divisions have important cross-national, cross-government and cross-sector areas of work and stakeholders. The Vice-Minister holds a number of key functions, including (but not limited to):

- "Formulate, co-ordinate and follow up on the implementation of public policies for the use, access and administration of technological infrastructure supporting the state information, aligned with the national and sectorial government strategies, and the security, privacy and interoperability of the systems."
- "Promote and develop the IT industry to contribute to economic growth, competitiveness, generation of employment and reduction of poverty."
- "Design and implement mechanisms to finance, promote and incentivise the IT sector in order to finance plans, programmes and projects according to the mandate of the Fund for Information and Communication Technology, as defined in article 35 of Law 1341 of 2009 and the regulation that modify, add or substitute it."

Box C.4. **Systemic elements of public governance**

The concept of public governance provides a useful framework for identifying the key levers for achieving a whole-of-government approach and understanding the elements of whole-of-government working. This approach brings out the different systemic elements that shape decision making and action, and that need to be addressed in order to promote greater horizontality: formal and informal working methods and relationships are linked, as are political and administrative levers, ownership of issues, and accountability and co-ordination mechanisms. Accountability in its various forms – political, administrative, and social – provides boundaries and incentives for action and behaviour.

Most public administrations have hybrid governance systems, combining hierarchical (i.e. driven from the top or Centre of Government) and networked (i.e. distributed across individual and institutional nodes) structures, and formal and informal mechanisms for co-ordination and decision making. Each element forms part of a whole in order to achieve objectives. Co-ordination mechanisms are central to a well-functioning system, as they bind the other elements together. In addition to being either hierarchical or networked, co-ordination systems also have political (e.g. Cabinet Committees) and administrative (e.g. inter-Ministerial Working Groups) elements.



The backbone of a single government approach to public administration is the establishment of co-operative structures in order to more effectively meet government objectives. These structures can be created by hierarchical pressure or can arise – possibly more effectively – from collegial nurturing and negotiation, driven by informal networks and values. Achieving government objectives utilising hierarchical structures implies gaining agreement among the political and administrative spheres on organisational design or intentional re-organisation, whereas utilising negotiation as a driver accommodates heterogeneity, making room for the assumption that political and administrative actors will have different attitudes vis-à-vis public administration reform. Countries appear to strike a balance between these; top-down or mandated structural change, generally associated with strong political will and a central vision, may not always prove sufficient in and of itself for producing results.

Source: OECD (2011), *OECD Public Governance Reviews, Estonia, Towards a single government approach*, OECD Publishing, Paris.

- "Establish, in co-ordination with the National Planning Department, DNP, and the National Administrative Department of Statistics, DANE, standards and guidelines for the application of information policies in the public administration".[8]

Nine CIOs were appointed by October 2012. The role of the CIOs is to accelerate and direct the exploitation of information systems and ICTs for policy-making and service delivery. This can also be a positive move in terms of sharing knowledge, building capacities and nurturing collaboration in the government. The CIO network does not intend to be a decision-making forum complementing the National Commission for Digital and State Information, but rather a venue to ensure increased awareness and the more strategic use of information and ICTs. With the establishment of the national and the sector-based CIOs, Colombia demonstrates that it has understood the need to strategically apply ICTs across the whole of government including in specific policy areas, as well as the need to ensure co-ordination of all these efforts. It will require highly skilled sector CIOs capable of creating a political platform for levering the potentials of ICTs in across the whole of government, particularly regarding the policies and guidelines of the Commission. The CIO Council of the UK has provided a good example of a broad co-ordination forum, including all levels of government (see Box C.5).

Box C.5. **The Chief Information Officer (CIO) council of the United Kingdom**

The Chief Information Officer (CIO) Council brings together CIOs from across all parts of the public sector to address common IT issues and improve public service delivery.

The role of the CIO Council

- Acts as a forum for partnerships among IT professionals across government;
- Draws its membership from the wider public sector – central government, local government, and agencies in fields such as health and law enforcement;
- Is charged with creating and delivering a government-wide CIO agenda to support the transformation of government and to build capacity and capability for IT-enabled business change;
- Balances government-wide agendas with accountabilities in line-organisations.

The operating model

- Council business is conducted on the following basis:
- The Council is chaired by the Government CIO, whose team performs the secretariat function;
- There are a minimum of three full-day meetings per year;
- Members attend major meetings in person;
- Teleconferences are used between meetings to maintain/steer progress;
- Council members operate on a "collective responsibility" basis to steer, own and deliver agreed strategic actions;
- Council membership is by invitation of the full Council;
- Interactive and action-oriented events form the basis of Council activities.

Source : www.cabinetoffice.gov.uk/sites/default/files/resources/CIO-council.pdf (accessed January 2012).

Hence, with the new organisational design, Colombia demonstrates that they are aware of the importance of establishing an appropriate governance structure. This includes particularly decision making processes and structures and the development of the proper co-ordination mechanisms, which are likely to be a key requirement to succeed. Further consolidating and improving these co-ordination mechanisms could emphasise different aspects, such as political, administrative and social accountability, as elaborated in Box C.5. This also includes market-like mechanisms and financial incentives, as highlighted in the responsibilities of the Vice-Minister above. The co-ordinating capacity and implementation mechanisms to be put in place by the new Vice-Minister will play a key role for the successful outcome.

Main assessments and proposals for action

During the last decade and particularly within the last few years, Colombia has accelerated its capacity to delivery public services through the use of ICTs. The government has demonstrated strong leadership and been the key driver in this development. While strong national leadership has proven instrumental in this period, it seems that Colombia is reaching a maturity stage, where new approaches are needed to address development and implementation challenges. Colombia has initiated several measures to ensure a better national governance of public-sector use of ICTs. By establishing the National Commission for Digital and State Information, Colombia aims to pay increased attention to coherent government service delivery. This includes particular attention to the use of information across the public sector. As the use of ICTs is increasingly becoming relevant across different sector and policy areas, ministerial and sector-specific commitment to the national strategy is essential. The National Commission constitutes an important step to improve the national governance of public sector use of ICTs, although identifying its actual impact will have to await further implementation and evaluations of its practical functioning.

However, there appear to be several areas where changes in the design of the Commission could be considered to improve its impact further. The mandate of the Commission is not very strong and a concrete action-plan framing its functioning remains to be developed. It seems that a number of key decisions to be taken according to its mandate are not binding on others. This voluntary compliance implies a great challenge for improving the co-ordination capacity of the Commission, closely supported by the newly-appointed Vice-Minister in her capacity as National CIO. The National CIO will need to exploit and leverage fully her role as secretary to the Commission to ensure coherence and synergies among key stakeholders. The absence of key sector-based ministries as members of the Commission endangers commitment and ownership across the government, and makes co-ordination more difficult. That said the extensive use of inclusive sub-commissions could address this issue along with the appointment of sector CIOs. This could help ensure sector co-ordination and use of ICTs in specific policy areas. Furthermore, the government could do more to enhance its co-ordination capacity and consider how it can further nurture the development of governance mechanisms supporting the roll out of online services; in particular the commitment to, and ownership of, national ICT strategy and the development of back-office-connected online services. To achieve this, the government could consider:

- **Further improving the co-ordination capacity of the Ministry of Information Technology and Communications and capturing the full value of the CIO's co-ordinating role.** The Ministry of Information Technology and Communications plays a central role as co-ordinator of the information society and e-government policies, even more accentuated after the nomination of the National CIO in the ministry. In order to fully succeed, it could benefit from further developing

its capacities to become *a co-ordinating ministry with Centre-of-Government institutional capacity to maximise cross-governmental relevance.* Indeed, should the government proceed with the creation of a standing Cabinet Committee on Government Operations as recommended in Chapter 2, this Committee could take into account the new role of the National Commission of Digital and State Information (indeed the Commission could be named as a sub-committee of the Standing Cabinet Committee). The Minister of Information Technology and Communications could also play a key role in such a Cabinet committee, providing the link between coherent government operations writ-large, efficient and effective public service delivery and the need for connected public-sector management of information.

While relying on the political support and co-ordination powers of the Presidency may ensure a high level of political attention to these issues, the Ministry needs to build on and enhance its line functions to increase its agility and encourage *whole-of-government ownership* of information society policy agenda. Strategic use of the CIO Network can leverage this, through thematic discussion of key issues demonstrating the value-added of ICTs for policy making.

Reinforcing the co-ordination position of the Ministry can be achieved by harnessing the political, administrative and operational interests of other important stakeholders in the area, extending top-down mechanisms with bottom-up governance. This will require maintaining strong leadership, building alliances within government and with key private sector and civil-society stakeholders, and using economic and political *incentives* as well as applying broad *formal co-ordination* rules and processes. The national CIO will need to play an important role in these matters, binding together the work of the National Commission with parallel efforts.

- **Establishing inclusive national ICT co-ordination mechanisms.** In this regard, co-ordination mechanisms that include key national government players can help guide economic, social and political decisions on how to prioritise the use of ICTs in the public sector. This requires *strong inter-ministerial co-ordination,* and increased attention to the local levels of government. The newly established National Commission aims to ensure national co-ordination of information systems and public use of ICTs, including establishing common policies, standards, and implementation frameworks, but could benefit from a broader inclusion and commitment.

  Colombia could ensure that the membership of the National Commission reflects *broad political and administrative commitment* to the decisions and commitment to their implementation, in particular in relation to key ministries in high priority areas, such as education, health, justice and competitiveness. This could for example be by granting some ministries membership in the commission or by extensive use of sub-commissions to ensure ownership of, and commitment to, the results. This would also help the development of and commitment to future ICT strategies by sector policy makers and increases in integrated use of ICTs. This extended inclusion should be developed and aligned closely with the parallel role of the emerging CIO network.

- **Strengthening governance instruments.** The National Commission will be an important co-ordination forum. However, it might be worth considering if it should strengthen its governance instruments through selected *mandatory requirements*, for example regarding the use of joint standards or infrastructure components:

Standardised procurement agreements on ICTs could be used to ensure coherence and consolidation of standards, and accelerate interoperability, for example through a "comply or explain" model. This could be an area in which the government mandates close collaboration with the newly established Compra Eficiente, the agency created as a result of the government's decision to consolidate procurement-capacity (see Annex B). Strategic procurement of ICTs would be important levers for coherence and interoperability. Establishing such agreements in *close co-operation* with public-sector buyers and users as well as the private suppliers could help align national ICT standards. Procurement is listed as part of the mandate of the Commission.

The current *co-operation arrangements and the division of responsibilities* between the National Planning Department and the Ministry of Information Technology and Communications could be assessed further in order to guarantee *alignment between development and information policy* objectives while improving agility in the decision making processes to void overlap and duplication and ensure coherent use of resources. This would also imply fully ensuring that all *funding criteria* are aligned across the different sources. This co-ordination is listed as a key part of the mandate of the Commission.

Multi-level governance: Central support and incentives for territorial supply of online services

Although the Constitution grants autonomy to territorial units, departments, districts, and municipalities, current legal and financial constraints to this autonomy are quite extensive.[9] Colombia displays significant regional contrasts: from agricultural to fishing areas, from mining to construction industry areas, from urban to rural areas, from beaches and high plains to mountains and rain forest (see Chapter 1). Colombia also has one of the highest levels of regional inequality, and some of the highest differences between urban and rural areas relative to its Latin American peers (OECD, 2011) (see Chapter 1). The National Development Plan aims to address these disparities and in doing so focuses on a number of issues with vital relevance for the use of ICTs, such as the rate of literacy, unsatisfied basic needs and more specifically internet and broadband penetration. Although clear progress has been made, significant disparities in connectivity at the local level across the country remain.

As developed in more detail in Chapters 1, 2 and 4, Colombia's main share of tax revenues is collected and public expenditures made by the national level of government (Government of Colombia, 2012). The national government is the centre of strategy-making, addressing both national and local challenges. The Government Online strategy, as initially defined in 2008, sets out objectives and implementation timelines for the national as well as the territorial levels. Although the Colombian government recognises the need to bridge its national vision and direction in its online strategy with local circumstances and specific conditions in each of its territories; in practice this can prove difficult. The Ministry of Information Technology and Communications co-ordinates the implementation of the e-Government strategy; this appears particularly challenging at the local level where a top-down approach has only partially been complemented with incentives to increase efficiency through self-funded ICT projects. This might be generating challenges regarding service-implementation, IT support inside the public administration, and in ensuring sufficient local knowledge and capacity, at the same time as too little emphasis is being paid to service-uptake. The national government is currently addressing this by enabling standardised services to be implemented at the local levels. This goes for front-office services as well as back-office services. Such nationally driven approach allows for great potentials for the usage of cloud services to ensure a levelling of the local differences.

Funding ICT spending nationally and at sub-national levels of government

Information systems and ICTs are financed through different sources at the local level: General state transfers adjusted according to local needs and conditions, the DNP funding of the National Development Plan (which includes significant, leveraged private investments), national ICT funds under the Ministry of Information Technology and Communications, and local tax revenues differing in type and size between the departments and the municipalities. In addition, the new mining-revenue funded royalty system (see Chapter 4) also funds ICT investments through its development funds, but particularly through the 10% allocation dedicated to science, innovation and ICTs. The largest funds are run by the Ministry of Information Technology and Communications (FONTIC), but the general national resources, approved by the Ministry of Finance, and particularly the 10% royalty system fund, are also important in terms of size (see Table C.2). A remarkable feature of the Colombian spending pattern is a very high share of investments. The ratio of investments/operating costs was 62/38 in 2012 of (Information Technology and Communications, 2012). This is reflected in the pace at which significant progress has been achieved, although the speed of change can impose weighty challenges in terms of managing it effectively.

This latter fund is managed by the *Colciencias* – the Administrative Department responsible for science and innovation policies – together with the DNP. The royalty system is managed by six regional bodies for administration and decision making, the

Table C.2. **Sources of funding of ICT projects in Colombia (2012)**

Name of source	Approving authority	Executing authority	Approximate amount for projects with an ICT component 2012 (USD)	Additional information
National investment resources	DNP-DIFP	National entity	Around USD 206 million	A separate funding option for investments targeting national entities.
Found of Information Technology and Communications	FONTIC	FONTIC	Around USD 682 million	This includes funds for communication infrastructures.
National entities, own resources	National entity	National entity	Around USD 304 million	
Fund for Science, technology and Innovation: 10% of General Royalties	DNP-Colciencias	Territorial entity	Around USD 470 million	This also includes science and innovation projects that *do not* have a public sector ICT component.
Fund for General Royalities	DNP-OCAD	Territorial entity	USD 1 135 million, USD 703 million for regional development	This is mainly projects that *do not* have a public sector ICT component.
Territorial entities, own resources	ICT secretary (departments) and the municipality	ICT secretary (departments) and the municipality	No data	Territorial entities have the right to take up loans to finance investments.
Public Private partnerships	Public and private entities	Public and private entities	No data	As of 2012 PPPs have become an option for organising and funding ICT investments and operations.

Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones [Ministry of Information Technologies and Communications] (2013), *Fuentes Recursos TIC 2012 – rev MIM* (unpublished working paper).

Note: The data are preliminary approximations based on available number as of February 2013. Exchange rate per 2011: USD 1 = COL 1 850.

OCADs [*Órganos Colegiados de Administración y Decisión*] (see Chapter 4), directing strategic investments at the territorial level, including for ICTs. Projects containing funded under the Development Plan are addressed by the National Planning Department, with those containing an ICT component being managed through an extended procedure by a dedicated unit in the Planning Department. This takes place without the involvement of the Ministry of Information Technology and Communications. This latter process appears to be sub-optimal, as it does not fully reflect the necessary requirement to align investment decisions with national recommendations on the use of ICT and information systems. The Colombian government is currently considering how to create a more agile and effective procedure, supporting at the same time local impact and national alignment.

One principle governing the different national funds for local development is that local levels engage in competition for project funding under the strategic development priorities. This competitive mechanism should help ensure the funding of the best projects. According to some officials, however, decision-making on funding is sometimes based on regional distribution issues and the result of negotiations. Although this might reflect important regional fairness concerns, the usage of solid evidence from the demonstration of projected impact of the use of ICTs should be ensured in the allocation process. Furthermore, the existence of numerous sources of funding requires strict co-ordination to ensure coherence and alignment across investment categories. A clear focus on achieving and measuring outcomes could be strengthened also here. The government is critically aware of this. Other incentives to local commitment are also widely applied today, such as the use of co-funding in projects. A number of projects benefit from 50/50 funding from the investment fund and the local authority, although the levels of co-funding are adjusted according to local variations in fiscal capacity and levels of development so as to provide a more just redistribution. This in principle should encourage local commitment to the funds spent. There are no centrally available data on the share of local resources allocated to the use of ICTs at the departmental and municipal levels. Although some estimates can be made, comprehensive analysis of the incentives in place would require further analysis and the systematic collection of better data.

The competencies of the departments and the municipalities with regard to the public-sector use of ICTs are not clearly defined, but ICTs remain part of their general responsibility for service provision. The local levels of government, mainly responsible for local development, seem to function as operational branches focussing implementation, rather than separate political entities with independent service delivery strategies. Some officials point to difficulties establishing a clear connection between national and local policy-making, hence attract the political interest of the mayors. This requires further attention to ensure coherent policies and services across the whole-of-government. Several good initiatives are enhancing national dialogue across local levels, yet there seems to be considerable areas for improvement regarding central-local co-ordination (OECD, 2013). Analysis suggests a higher level of local stakeholder-engagement as one way to improve co-ordination and governance (OECD, IBRD, The World Bank, 2013).

Multi-level policy dialogue

One important element of the continuous national dialogue at the local level is the Agreements for Prosperity [*Acuerdos para la Prosperidad*], which capture a high level of political attention[10] (see Chapter 4). These are local dialogue meetings situated in locations all over the country, covering a broad number of sectors. The meetings typically include a broad number of stakeholders, both from the public and private sector as from the civil society. With weekly attendance by the President of the Republic, the agreements are

creating genuine public dialogue and a perception of national presence at the local levels. This includes discussions on connectedness, digital skills, and online service delivery, among others. The meetings are generally supported through different digital media as citizens' questions are being answered, preparing for the live interactions.

Digital Agreements for Prosperity are also discussed online, with local participation through government web pages, Facebook or YouTube sites. Currently, online participation remains limited in terms of user take-up; hence of limited direct impact. However, Colombia's emerging practice of blending online and offline public dialogue holds great potential for further increasing online uptake, in line with the multi-channel service delivery strategy.

Some independent organisations more directly represent local interests, such as the Colombian Federation of the Municipalities [*Federación Colombiana de Municipios*]. Although highly involved in the practical development and implementation of e-government and online services (for example through the *Metalogo* project), such organisations do not seem to play an institutionalised role in the central-local governance framework. Some OECD countries benefit from such inclusive institutional arrangements, using organisations with a strong local presence to play a key role in ensuring local commitment and responsibility as well as bottom-up policy making.

The Committee for Administrative Development [*Comité Institucional de Desarrollo Administrativo*] was created by decree in 2012 to oversee full implementation in all entities. Such standardised units with an aligned public sector reform perspective might be engaged further and applied to local-central communications. A local Government Online leader in these sub-national entities acts as the local counterparty responsible for the implementation. Engagement needs to build on strong local communities and requires local capacities. Colombia recognises that insufficient local capacity is a challenge. Furthermore, Colombia has been experiencing difficulties in obtaining value for money regarding its education, including particularly primary education (OECD, 2013; OECD, IBRD, The World Bank, 2013). While this constitutes a separate challenge, the lack of growth in the number of ICT professionals in most of the last decade might further aggravate the situation from an ICT viewpoint. This "absent growth" is also in sharp contrast to considerable growth rates in the number of ICT professionals in other emerging economies (Ministry of Information Technologies and Communications, 2011).

Through the Territorial Government Online programme [*Gobierno en línea Territorial*], the national Government is seeking to ensure that local connectivity will improve access and skills through local programmes in schools, city and town halls, court houses, libraries and hospitals. Led by *Compartel,* more than 2000 local tele-centre-points were provided for across the country, known as *Puntos Vive Digital*. As of the latest restructuring of the Ministry of Information Technology and Communications in 2012, *Compartel* has been renamed the Directorate of Connectivity. Such positive approaches are currently being extended into the more rural areas and the Amazon forest. This seems fully in line with the objectives on inclusion outlined in the *Vive Digital* strategy. In such OECD countries as Spain, the use of e-learning and online courses has proved useful in local capacity building, supporting the implementation of national e-government policies. Another source of practical knowledge is the more developed municipalities in Colombia, for example Bogotá, which might highlight useful good practices with a focus on added value. Currently there is little formalised exchange of experience and knowledge across the local levels of government, particularly at the municipal level.

Main assessments and proposals for action

Colombia has early recognised that the local levels of government are key for interaction between state and the citizens, hence key also for public service delivery and communication. Colombia has prioritised and showed progress in promoting its Government Online agenda to the local levels of government. Connectivity and service delivery has increased, and the local development of online services is increasing. Having outlined an ambitious transformation programme through the Government Online programme for the Territorial levels, the government is also supporting the local levels of government. However, more can be done to fully engage the local levels of government, ensuring ownership and local commitment. The financial incentives are still not fully developed, and the operating model is often based on local execution rather than delegation and ownership. To address these issues, the government could consider:

- **Facilitating and increasing local commitment to online service delivery.** The Colombian government has established a strong central drive for online service delivery. While there is a need to further improve the coherence and commitment to online service delivery across the different levels of government, the presence of *local representatives* from the different levels of government could be considered for inclusion in relevant central-government bodies or formalised through central-local dialogue meetings. The National Commission could make an obvious point of departure for such dialogue and co-ordination processes. This could enable a better understanding and higher emphasis on local needs and accordingly boost implementation commitment. It might also facilitate *bottom-up dialogue,* improving central-local vertical co-ordination mechanisms.

  Engaging municipalities in formalised dialogues might also provide the ground for a better *exchange of good practices* from more developed departments or cities, such as Bogotá or Barranquilla. This could also be organised horizontally across the departments and municipalities. The strengthening of the *municipal and departmental associations* could also be encouraged and they should be assured that they are appreciated counterparties. The development of a parallel local government CIO Network might in complement the national sector based CIO Network.

  In this regard the government could work to ensure that vertical dialogue between the central and local levels focus on *key priority questions*: Where is a *strengthening of the governance* on the e-government interoperability frameworks, and the delivery of joint components and service delivery platforms needed? Would it be worthwhile at the same time to *accentuate local governments' autonomy* in the realisation of the social and economic benefits of ICTs, including ensuring the uptake, targeting specific online services to the local circumstances and users, moving from "agent oriented" service execution towards more autonomous local policy making and management?

  The underlying key principles should be to *avoid institutional overlaps* and *unnecessary duplication*, to ensure harvesting the *synergies* between similar or related authorities and units. Higher awareness on, and inclusion of, *local insights* might also help clarify how to demonstrate the value added of online and mobile service delivery to sceptics thus ensuring a greater buy-in from key stakeholders.

- **Aligning criteria for national funding across the government.** Greater attention could be paid by the central government to ensuring enhanced co-ordination and alignment of criteria of national funding of different local initiatives. The

funds provide an important instrument *to ensure coherence and facilitate compliance* with national strategies, including priorities on online service delivery, interoperability and transparency among others. Following the same guidelines and directions will be important in order to achieve full *value for money* of the national investments and nurture an integrated approach to service delivery.

Managing the use of ICTs for higher impact in the public sector

The Colombian government has stated a number of policy objectives for the work on development through digitisation. At a general societal level higher employment and increased competitiveness are important goals. Higher efficiency in the public administration, and better quality and lower administrative burden are more specific programme-oriented goals. Increased transparency and participation are also essential for strengthening trust in government and improving political accountability. Achieving these goals requires a firm focus on impact. This section elaborates on efficiency – in decision-making as well as in implementation – in order to increase impact.

Increasing efficiency in the public sector means reducing costs while still providing the same output, or increasing or improving the services using the same resources.[11] This requires measures that can be implemented and then reflected either in the budgets or as public service improvements. Most OECD countries struggle with harvesting the financial benefits of using ICTs in the public sector. Although Colombia might have deployed measures that have contributed to the increased efficiency of the public sector, it does not seem that data have been collected adequately to document this. Although monitoring and progress is measured with regard to the implementation of technical solutions, process improvements and service provision, insufficient emphasis seems to be put on estimating the actual impacts: This might prompt further considerations on the collection of data and information. Easy to communicate templates for how to measure impact can be supportive to get better data.

Realising efficiency gains in the implementation of ICTs requires clear identification if where the added value is. Typically, OECD practice points to possible efficiency gains when processes can be automated or redesigned and resources freed up for other purposes; when service-delivery channels or the operation of systems are fully closed down; when systems are consolidated; when economies of scales are enabled across entities. Setting up budgetary and/or political measures for the full harvesting of these gains is considered supportive to ensure that gains are allocated adequately once identified. Colombia could further enhance its follow-up measures and focus its programme-evaluation process on measuring impact. This is currently being advanced within the government, and the Government Online Programme is currently collaborating with the DNP on improving impact measures in terms of financial gains or time reductions, as well as democratic benefits such as participation and transparency.

The numerous sources of funding of ICT projects can make it challenging to ensure coherence government-wide, as well as to ensure that resources are prioritised correctly and consistently. Colombia is seeking to ensure coherence through central strategic and technical guidance of projects. However, budget allocations and performance measures could be more closely integrated in the area of digitisation. As the Ministry of Information Technology and Communications and the Department of National Planning complement each other with respect to funding, ensuring the alignment of guiding principles and outcome-based follow-up mechanisms is important. At the programme and project level, some OECD countries have greatly benefited from introducing the systematic use of business-case models, such as Denmark (See Box C.6).

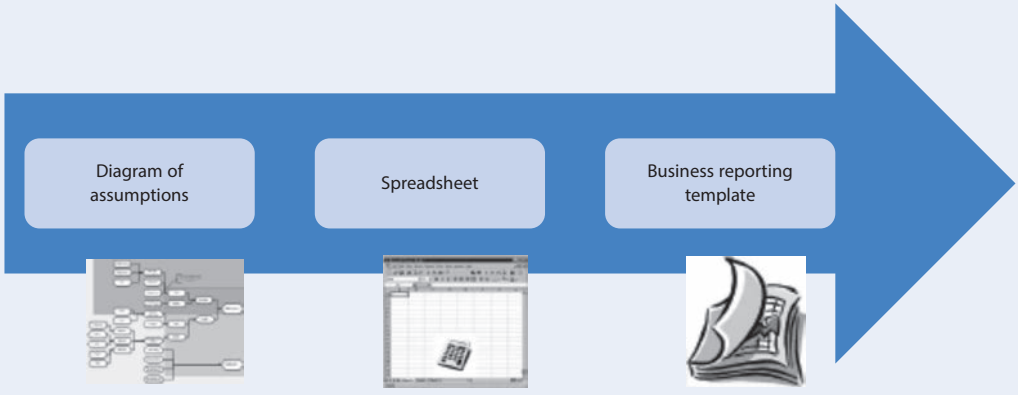
Box C.6. **The Danish use of business cases to manage by impact**

The Danish government has introduced the use of one joint project model for ICT projects for all central government bodies, advisers, and suppliers in order to improve the success rates of public sector ICT projects. Complementing the common project methodology, the mandatory use of a common business case model has been set up as a key requirement for all ICT projects exceeding DKK 10 million (approximately EUR 1.35 million).

The purpose of the business case model is to provide a framework for clarifying the value added of the proposed project and providing grounded measures for how to manage the implementation of the projects and the realisation of the estimated gains. By doing so, the business case model aim to ensure better evidence based decisions and a better management of resources in ICT projects. Standardised reporting across projects also enables comparisons and portfolio management across the state. The business case model covers analysis on a number of topics, including:

- Project phases and cross-functional transfers.
- The provision of key financial figures on estimated cost and benefits (inputs and outputs), and furthermore a standardised view of the underlying assumptions, thus giving decision makers a more comprehensive background for taking decisions.
- Realistic budgeting providing the foundation for improved project and risk management. The risk management element includes the use of risk adjustments in terms of weighted averages, or for larger projects above DKK 60 million.
- Clarification of financial risks (along with the classic risk analysis) through the business model.
- Benefit realisation and costs where the financial controllers are key players in design, follow-up, and realisation of business cases. Who bears the costs and who owns the gains is key information.

The use of the business case model is organised around three process steps, as illustrated below, covering breaking down the assumptions in a diagram, inserting the values in a spread sheet template, and applying the template for business and management reporting:



A strengthened governance setup was introduced with the business case model. It includes, among other key measures, better management of high-risk projects; and the establishment of the Government Project Council, which performs systematic quantitative risk assessment that takes into account funding, scope and consequences, resources and competencies, technology and ownership focusing on the realisation of the benefits. The systematic risk assessments are supplemented by external reviews carried out on the recommendations from the Government Project Council.

Source: Digitaliseringsstyrelsen (2013), Business Case, www.digst.dk/Styring/Statens-projektmodel/Statens-Business-Casemodel.

Main assessments and proposals for action

Well advanced in its thinking on the public-sector use of ICTs, Colombia is aware of the importance of ensuring impact and good management to achieve results. A number of good initiatives have been put in place, including sophisticated performance-measurement tools. As the instruments and data are increasing in maturity, Colombia is focusing its attention on outcomes-based measures. Striking the balance between relevance, quality and efforts put in to the production of data is a challenge. As Colombia is advancing with its Government Online Implementation Manual, it will need to enhance the relevance of these measures, focusing their attention on outputs and particularly outcomes. Such an approach will be instrumental for the development of future ICT strategies, programme-based priorities of online service development and implementation as well as operational ICT project management. To achieve such objectives, the government could consider:

- **Defining priorities and follow-up mechanisms measuring programme outputs and outcomes.** In order to implement the Government Online strategy, Colombia has developed a comprehensive framework containing a scorecard with a number of key measures, such as accessibility and service delivery on different platforms. Well reflecting the current maturity of the existing online services, the scorecard focuses particularly on enabling and providing online services. The defined objectives and the implementation phases reflect a perception of where the impact is the highest, adapted to the general maturity level. However, what creates high impact might differ across regions.

  Exploiting better the space to define *sector or local priorities* for agreed objectives is a way to acknowledge and address differences in local contexts. This requires skills and guidance on how to establish and ground priorities with solid data, and how to ensure effective prioritisations. This in turn increases the relevance of online and mobile service-provision, particularly targeted to local needs and committing local stakeholders. Several bodies or networks for sector and central-local co-ordination exist and could constitute venues in which to start discussing how to conduct and frame such priorities.

- **Establishing a more consistent focus on the desired impact and value.** Impact and value are important together with information or services provided online, but as well as overall outcomes, such as money saved, growth in selected sectors, improved results in overall policy areas or improvement in citizens' participation. Emphasis on the actual use and value added of the information and services provided is essential to prioritise limited resources. Follow-up mechanisms and management tools to assess results should reflect this.

  Several OECD countries are successfully using *business case models* to standardise the assessments of value and returns on investments across the government. The Colombian government should consider if a *systematic use of business cases* would provide for an effective tool for managing ICT programmes and projects and secure results.

Prioritisation of online service delivery

Gobierno en Linea – *digitising public services*

The portal of Colombia [*Portal del Estado Colombiano*] (www.gobiernoenlinea.gov.co) is the online entry for citizens and businesses to the government. The portal gathers information on services and it also provides some online services. Although Colombia

is ranked high in terms of online service provision, the challenges for public sector digitisation remain significant. Although the national level of government is responsible for more than half of all public spending, municipalities account for around a third and deliver an important share of public services and procedures [*tramites*]; one example could be a request for a permission from a public authority (see also Box C.7). More than three quarters of all procedures nominally are provided at the local levels of government, which also experience the greatest difficulties with the digitisation, as illustrated in Table C.3.

Table C.3. **Online, partly online and offline service delivery published in Colombia's SUIT**

	Offline	Partly online	Online	All procedures
National government	1 309	371	100	1 780
Territorial government	5 764	531	36	6 331

Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones [Ministry of Information Technologies and Communications] (2012g), *Trámites en linea SUIT* (unpublished presentation).

Note: This table shows 8 111 public procedures [trámites publicados] included in the Unique System for Information on Procedures (SUIT). The national and territorial levels of government hold all in all 2 134 and 12 592 procedures. The data could be underestimated as some territorial entities might have digitised services, but not yet provided the adequate information in the SUIT. The data are update by the authorities continuously – a considerable increase at the territorial levels is foreseen already from 2013 with the programme Territorial Government Online (Gobierno en línea Territorial).

Most OECD countries have been pushing services out in "front office" using integrated portals, in order to establish adequate interaction with their citizens and businesses. Canada is one example in this regard, with the establishment of the national online service portal, Service Canada (www.servicecanada.gc.ca/). Spain has also deployed a one-stop shop for government online services, 060 (www.060.es). Providing a complete view of the services provided, organising them around life events, key themes with high relevance or topicality, segmented services, or even personalised and situational service provision, seem to be good practices emerging across OECD countries, among others. Colombia fully understands the value of such good practices, already reflected in the continuous development of its Government Online portal (see Figure C.4). Colombia will need to continue its efforts ensuring the implementation of fully transactional online services at all levels of government.

Focusing the implementation of high impact online services

Of more than 8 000 public-sector procedures (covering a number of services and processes) registered, less than 2% are fully available online across all levels of government, according to the information published in the SUIT. Although further analysis might indicate that these procedures, selected to be digitised initially, are the most important, most used, and most value creating, this might indicate that the potentials of using ICTs are yet not fully reaped. A full view of all transactions and transactional costs per services on the applied channels would be the ideal starting point grounded in the status quo. This points to a great challenge in the digitisation process itself, but also to the importance of determining and prioritising what services should be put online in the future, and in what pace. Colombia has through the Government Online Territorial programme increased the attention to the local implementation as part of the Government Online Implementation Manual through the strengthening of local capacities, institutions and services.

The Implementation Manual focuses particularly on the provision of services to users. This "front-office" emphasis seems sound in order to ensure reaching out to the citizens and businesses by demonstrating the added value of ICTs, particularly at the local level. However,

Figure C.4. **The portal of Colombia: Government Online [Gobierno en linéa]**



Source: https://www.gobiernoenlinea.gov.co/web/guest (accessed 27 may 2013).

Note: The portal shows a number of possible entry points to facilitate the user's access to information: The tablets show entry points for citizens, businesses, civil servants or youngsters; the main three pictures illustrate that services and information are organised according to life events, themes of interest and online participation with the government.

the Colombian government has realised that it needs to complement these efforts with a stronger focus on the "back-office", or the internal public-sector organisation, including more seamless exchange and use of data and information across the whole of government. Hence, direct actions to support this are currently being put in place.

Many cities and municipalities are facing parallel challenges in terms of how to prioritise between front-office and back-office initiatives among others, while facing limited resources and skills. As illustrated in the Figure C4, local implementation is still focusing on getting the fundamentals right. Although local service-provision online seems to be a great challenge, no specific criteria seem to have been developed on guiding the prioritisation of where to start the implementation of the interactional and transactional online services. This entails that resources might not necessarily be spend where they create the highest impact or where they could engage and motivate the greatest number of users to accelerate the uptake. Colombia is aware of the need to prioritise high impact services, but might dedicate further attention to fully concretise this awareness operationally. Other OECD countries, facing similar challenges, have also sought to focus on high impact services in their digitisation efforts, for example Spain and Mexico (cf. Box C.8).

Box C.7. **Government Online Territorial: Advancing implementation**

The Government Online Territorial programme supports the local governments in the implementation of the online provision of public service. This is done at several levels, through general subsidies, through broad information society programmes as well as through the direct provision of enabling joint components and direct implementation assistance on specific selected services.

Through the establishment the Transactional Tool [Herramienta Transaccional] the National Government helps the local levels of government advance under the Government Online, Connectivity Agenda. The tool enables the local levels of government to design and modulate integrated online services. Using a web platform, this tool helps ensuring alignment with national standards, for example on security. It also helps to organise the process of documenting the provision of online services, again enabling re-use of components and functioning as a knowledge repository. The Transactional Tool is an important step in advancing the local capacity to provide e-government services and will sustain the local levels of government in achieving their objectives. The Tool was donated to the government by the Colombian federation of Municipalities [Federación Colombiana de Municipios]. As of the end of 2012 the following represents the minimum requirements that the local levels of government should comply with:

- Post on the website basic information about their performance and results.
- Tools enabled for citizen's requests (Requests and Complaints mailbox chat, social networking).
- Provision of electronic certificates for users or employees are enabled.
- At least one electronic procedure or electronic service implemented.
- Participation or implementation of at least one service chain or one-stop shop.
- It has implemented at least one information exchange service.
- It has implemented at least one participation exercise.

Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones [Ministry of Information Technologies and Communications], *Estrategia de Gobierno en línea Territorial* (unpublished presentation); Government of Colombia (2013), *Good practices, Dialogue on South-South cooperation* (unpublished working paper); and Ministerio de Tecnologías de la Informacíon y las Comunicaciones [Ministry of Information Technologies and Communications] (2013), *Gobierno en Línea en el orden Territorial, Anexo 9, Documento Técnico* (unpublished working document).

Note: The government has developed a Transactional Tool (Herramienta Transaccional de Gobierno en línea) in order to facilite the online provision of services locally, with 3 local services preconfigured by 2012. Full implementation and documentation remains a challenge.

Box C.8. **Identifying high impact service provision in Spain and Mexico**

2007/11: The law on citizens' electronic access to online public services

The most significant recent progress in Spain regarding the public sector use of ICTs was probably made through the Law 11/2007 on citizens' electronic access to online public services. The law granted the citizens a high number of rights and established a number of minimum requirements that public entities needed to comply with, in terms of front office services as well as back office interoperability and processes. This acceleration of online public service provision lead to a need to prioritise the digitisation efforts in the implementation phase, to give highest priority to the services with the highest impact.

Once the law was published, the Spanish government focused its impact measurement around the transaction volume. Around 155 procedures cover 75% of the total volume in the Spanish government. Of these, 45% were already fully adapted to the requirements of the law. The ministries of Finance, Health, Labour and Social Affairs, Industry, Tourism and Trade, and Development accounted for 77% of all adapted procedures with high impact. The non-adapted procedures with high impact were most significant in the ministries of Interior, Labour and Social Affairs, Industry, Tourism and Development covering 63% of the remaining high impact procedures. This helped identify the most important focus areas.

Box C.8. **Identifying high impact service provision in Spain and Mexico** *(continued)*

If only the 23 procedures with the highest impact were considered, they could alone ensure 48% of the total transactional volume. Although a general legislative approach to the e-government implementation might seem broad; focusing on high impact can help achieving more results earlier in the process. Nevertheless, this approach does not ensure a focus on the most cost heavy procedures or processes, nor does it promise that the online delivery of such services are in fact followed by a subsequent use. However, it does ensure is that a high number of government interaction points have now been digitised and easier to access. As such, a focus on high impact while providing online public services seems a good practice.

The prioritisation of high impact services was followed by a massive implementation of services at the national level. Since December 2009, 92% of the National Government services are also available in an online version and 75% of online services are estimated to be available at the regional layer.

The Mexican value model

Mexico has re-launched its national citizens' portal, gob.mx, around the basic concept of "search". In collaboration with the search company Google, a new interface also ensured a complete new underlying open architecture for information on public service delivery. This also included the provision of search government widgets on a number of public websites, including more than 600 portals, to enlarge the data basis even further. The then Mexican government has used this new information infrastructure to collect data on internet search behavior related to the public sector. With around 140 000-160 000 daily searches or around 44 million searches a year – this enabled the government to get a clearer idea of what social needs the citizens are looking for, and what language they use to describe them. It also provides the government with a clear idea of changes in the preoccupations of the citizens, enabling the creation of "trending search topics".

The government also used the new data to provide the local governments with better tools to monitor the needs of their citizens, thus improving the dialogue and citizens-centeredness of the public administrations. These data has enabled the government to set forward sharp priorities of what creates the most value for its citizens – including what services *not* to provide online. Although the data population is likely to be somewhat limited relative to the entire population, this approach ensures a focus on user value. The insights into users' needs also makes the eventual uptake of services more likely – and thus improves the basic conditions for providing a well grounded business case for the online public service delivery.

Source: Spanish Government (2007), *Ley 2007/11, Ley de acceso electrónico de los ciudadanos a los servicios públicos, Plan de Actuación*, www.socinfo.es/contenido/seminarios/herramientas/Plan_de_Actuacion.pdf; and interview with the Mexican government (2012).

Main assessments and proposals for action

Colombia is making fast advancements in its public service delivery, including particularly its online service provision. The country has committed to accelerate the move from providing basic and informational services online, to ensuring transactional and transformational services. This requires co-ordinated efforts in the front office as well as in the back office. Colombia is aware of this and has launched initiatives to address the challenges. The National Portal is well developed and is being improved through continuous efforts to increase the service delivery. Particularly the national solutions to support local service delivery are also instrumental in this regard, although local commitment and connected services remain a challenge. Continuing the digitisation will require focus and prioritised efforts. To enhance its capacity to achieve its objectives on integrated service delivery, the government of Colombia could consider:

- **Implementing means to achieve greater coherence between its policies and its budgetary processes and instruments.** Colombia has introduced some incentives and financial encouragements in order to advance the use of ICTs in the public

sector. The use of competitive project selection, co-financing and some use of local tax revenues for funding ICT costs and investments are examples. The creation of the new mining-revenue funded royalty system, where 10% of the revenues are allocated to investments in science, innovation and ICTs, levers the acceleration of digitisation, although the overall efficiency and returns on the projects funded might be difficult to measure. However, there seems generally to be too little direct incentives in the relations between the proportions of local taxes spent, national transfers to the local levels, project funding and the achieved impact in the implementation of the policies.

- A more systematic *use of incentives* should aim to ensure increases in impact, rather than financial redistribution. High quality business case can help demonstrate the financial value of ICT projects, enabling progress by *aligning budgeting and strategising even closer*. Colombia should ensure coherence between the funding models used to allocate resources and the incentives applied. It is important that a clear model for sharing investments and benefits of ICT projects is established. For example, the full implementation of basic joint components or services could be levered through well grounded and timely phased *budget reductions* in general transfers reflecting increased efficiency – when a solid financially positive business case exist. However, elaborations of existing co-financing and impact assessment models might work better for the fund based financing of projects in order to maintain the right incentives for good projects. Incentivising the sequencing of payments could also be considered, making targeted funding dependant of achievement of critical objectives. This is in line with the need to evaluate the responsibilities and the processes related to the funding of ICT and information system projects.
- Improving the *quality and relevance of data* to support implementation across all levels of government. The government recognises that further attention and support is needed to support the implementation of the ambitious goals put forward. Assessing progresses and identifying areas of stalemate will be crucial – and so will the quality and relevance of the underlying data. The recently created National Commission for Digital and State Information seems well placed and composed to take up this task.

  Ensuring *high quality data and necessary evidence* for good decisions will support targeting correctly the implementation. Creating, consolidating and analysing the right public sector information will be necessary to support public policy making and service delivery. Aside from the National Commission, the CIO network might also be a good place to take up discussion on how to improve the identification and collection of data on the strategic use of ICTs within the sector areas. This also includes providing *good evaluations* and *accounting for ICT investments* in a transparent manner, across all levels of government, to ensure full political accountability of spending and results. Leading practices include transparency portals with real time data available on progress and spending in the different authorities at all levels of government. Hence, better high quality data might support implementation and accountability.

The information-exchange and sharing challenges: coherence and seamlessness in interoperability

Colombia has been working on interoperability and public information management within the last decade, although the main legal foundation of the current interoperability work remains the Decree 1151 from 2008 outlining the e-Government Programme.[12] Colombia

defines interoperability as "the exercise of collaboration between organisations to exchange information and knowledge in the context of their business processes, in order to facilitate the delivery of online services to citizens, businesses and others". (Ministry of Information Technology and Communications, 2010).

In line with the increasing online maturity, Colombia's e-Government 3.1 Implementation Manual particularly emphasises interactional and transactional services and participation, where the first implementation manuals aimed to establish online presence and the provision of basic information. Establishing interactional and transactional services with seamless exchanges of data and information organised around the citizens, requires interoperability and agreed-upon standards across the whole of government. This in turn, creates added value for the users through simpler and less burdensome public services.

The National Interoperability Framework

The Government of Colombia has established a number of initiatives that constitute its National Interoperability Framework. The framework includes policies, guidelines, standards and transversal solutions. The framework covers five interoperability domains, the political-legal aspects, the socio-cultural, the organisational, the semantic and the technical aspects. The Colombian framework is building on a number of key principles for interoperability, showing a high level of conceptual understanding of the strategic benefits of interoperability (see Box C.9).

Box C.9. **Key principles for interoperability in Colombia**

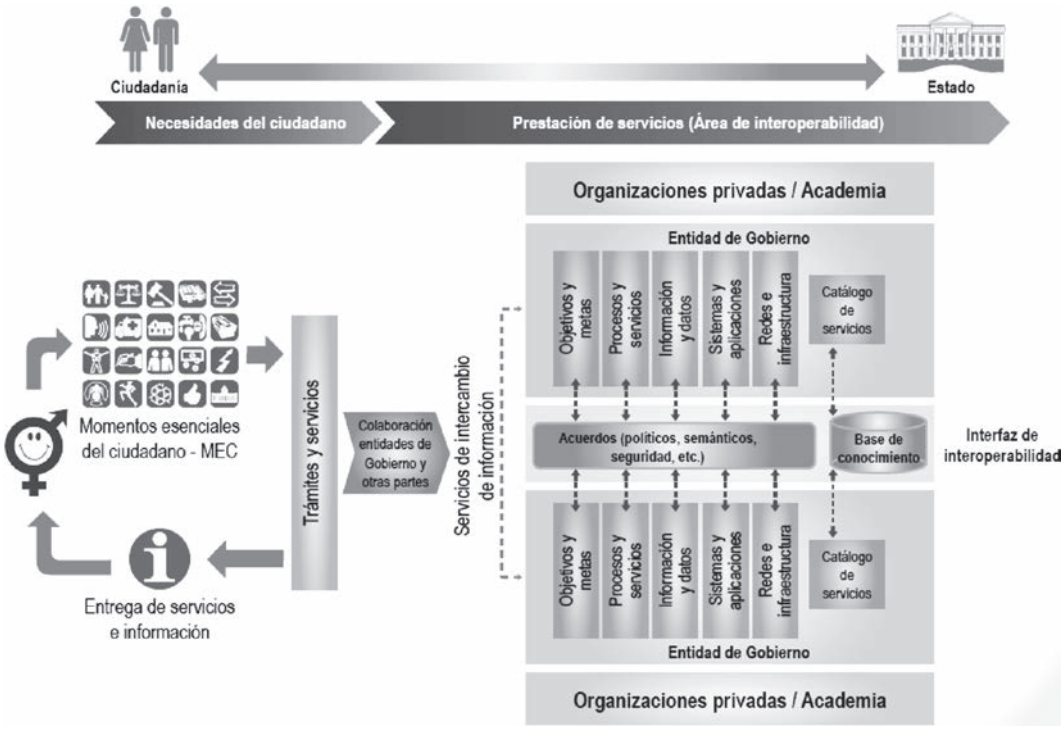
The Interoperability Framework version 2010, outlines the key principles for the work:

- *Focus on the citizens* when developing services and ensuring interoperability;
- *Strategic information management*, handling information as an value adding asset;
- *Coverage and proportionality,* ensuring interoperability to all levels of government and private partners;
- *Security, protection and preservation of information*, respecting the privacy of citizens and businesses;
- *Collaboration and participation*, interoperability schemes promoting joint systems and use of information;
- *Simplicity,* responding to the users' needs, avoiding unnecessary administrative complexity;
- *Technological neutrality and adaptability,* ensuring technical platforms enabling connectedness;
- *Reusability,* in terms of systems, services, solutions as well as data and information;
- *Trust in information,* ensuring that citizens and businesses can and will trust the services delivered;
- *Cost-effectiveness,* ensuring that the benefits of the services justifies their costs.

Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones [Ministry of Information Technologies and Communications] (2010), *Marco de Interoperabilidad para Gobierno en Línea, versión 2010*, www.intranet.gov.co/images/fbfiles/files/marco_de_interoperabilidad_gel.pdf (accessed 10 May 2012).

Colombia has adapted an approach to interoperability based on guidance, support and local responsibility. This in turn highlights the need for inter-governmental agreements as well as the local promotion of and commitment to interoperability principles and standards. Figure C.5 illustrates the overall approach to the co-ordination of interoperability through agreements. These tasks are among the mandate of the National Commission (see previous section). Ensuring the fully effective functioning of the Commission is also a key concern regarding interoperability.

Figure C.5. **Model for service delivery and information exchange**



Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones [Ministry of Information Technologies and Communications] (2010), *Marco de Interoperabilidad para Gobierno en Línea, versión 2010*, www.intranet.gov.co/images/fbfiles/files/marco_de_interoperabilidad_gel.pdf (accessed 10 May 2012).

Note: The figure shows from the top (text in Spanish): The relation between citizens' needs and the areas of interoperability, the service delivery areas. The citizens' needs are structured around essential life events, information services and public services and procedures. The Interoperability interface areas is structured around the public sector and its partners, highlighting the need for interoperability agreements between public authorities on themes such as political, sematic and technical standards, across all layers of the government architecture.

Hence, the framework demonstrates that the Colombian government is aware of the importance of ensuring interoperability. However, as standards are not mandatory, encouragements of collaboration are not fully operational, and agreements not yet functional or in place, the work largely relies on conceptual and technical guidance. Achieving interoperability will require additional stewardship and dedication, both regarding the practical implementation of services at the operational levels across sectors, but particularly also in the government back office. As is the case in most OECD countries, Colombia is still experiencing interoperability obstacles, such as difficult access to information, a low and burdensome level of data re-use, limited access to data-based service-generation and data analytics as well as low data quality and consistency levels (Ministry of Technology and Communications, 2011).

Box C.10. **The National Interoperability Framework in Spain**

In October 2012, Spain published the last of 11 technical interoperability standards, in order to support the National Interoperability Framework as established by Law 11/2007 and further regulated by Royal Decree 4/2010. The technical interoperability standards, application guidelines and other supporting materials are now available at the National E-Government Portal, http://administracionelectronica.gob.es.

The National Interoperability Framework was put in place in order to support more rational exchanges of information, reducing costs and eliminating redundancies. The technical standards cover all levels of government and have been developed in broad collaboration between the General Administration, the Autonomous Communities, Local Government (FEMP), Universities (CRUE), and the judiciary (EJIS), under the leadership of the Ministry of Finance and Public Administration.

The Law 11/2007 granted, among others, citizens the right to choose their preferred channel of service delivery and communication with the public administration, and not to provide the same information more than once, In order to realise this, a high level of interoperability was needed. Within the National Interoperability Framework, technical standards have now been established to support interoperability:

- Standard catalogues (http://administracionelectronica.gob.es/recursos/pae_000022113.pdf),
- e-documents (www.boe.es/diario_boe/txt.php?id=BOE-A-2011-13169),
- document digitisation (www.boe.es/diario_boe/txt.php?id=BOE-A-2011-13168),
- e-files (www.boe.es/diario_boe/txt.php?id=BOE-A-2011-13170),
- e-signature and certificate policies (www.boe.es/diario_boe/txt.php?id=BOE-A-2011-13171),
- data mediation protocols (www.boe.es/diario_boe/txt.php?id=BOE-A-2012-10049),
- data model relationships (www.boe.es/diario_boe/txt.php?id=BOE-A-2012-10050),
- e-document management policies (www.boe.es/diario_boe/txt.php?id=BOE-A-2012-10048),
- public administration communication network connection requirements (www.boe.es/diario_boe/txt.php?id=BOE-A-2011-13173),
- authentic copy and conversion procedures (www.boe.es/diario_boe/txt.php?id=BOE-A-2011-13172),
- data models for registry entry exchanges (www.boe.es/diario_boe/txt.php?id=BOE-A-2011-13174).

Based on the joint public sector network infrastructure, SARA, services are provided in accordance with the legal standards of the National Interoperability Framework, providing for coherent infrastructure services across all levels of government. This includes for example key services such as e-signature (@firma), e-notifications as well as engines for the generation of digital files and forms (G-Inside). With SARA as the heart of the Spanish system of interconnectivity and exchange of informations, Spain is currently working on the further enhancement of the technical interoperability standards to fully ensure the reuse of public sector information.

With a foreseen transition of the SARA network upgrading to IPv6, Spain is preparing its infrastructure for potential use of public cloud computing across the administrations.

Source: Government of Spain (2012), *Technical Standards and Common Services to Facilitate Interoperability in Public Administration*, Ministry of Finance and Public Administration and E-Government Observatory, http://administracionelectronica.gob.es/recursos/pae_000022567.pdf (accessed 8 April 2013); SARA – Telecommunication Network of the Spanish Public Administration, Ministry of Finance and Public Administration and E-Government Observatory, http://administracionelectronica.gob.es/recursos/pae_020002712.pdf (accessed 8 April 2013).

Common public-service enablers

Colombia has sought to support and complement the National Interoperability Framework through a number of operational common enablers, provided for use across all levels of government. To make the interoperability goals operational, increase awareness and share knowledge across the government, the Government Intranet Portal [*Portal de la Intranet Gubernamental*] has been established (www.intranet.gov.co). The portal provides entities with information and a number of services, such as website provision support, both for specific parts of the public sector as well as for the territorial levels; information on services and procedures across all levels of government (the SUIT, see also Box C.11); interoperability guidance and support, including also a joint language portal (lenguaje.intranet.gov.co). Adding to this are specific infrastructure services provided, such as high speed broad band, data centres and internal and external call centres. As such, a great number of well-functioning components of the Interoperability Framework have been developed and are in place, although their use varies.

Box C.11. **SUIT: The Single System for Information of Procedures [Sistema Único de Información de Trámites]**

The SUIT is an information system that manages procedures and services in the Colombian public sector, created by the Law 962 in 2005. The portal – www.suit.gobiernoenlinea.gov.co – is integrated in the state portal and administered by the Administrative Department of the Civil Service [Departamento Administrativo de la Función Pública] in a strategic partnership with the Ministry of Information Technology and Communications and the Government Online programme.

SUIT allows you to integrate information about the procedures and services of the public administration entities to provide a centralised online platform for all public sector requirements. All public authorities, institutions and enterprises at all levels of government should register their procedures. Designated administrators are appointed in the entities. As per 2012 SUIT holds 8 111 procedures out of 14 726 across all levels of government.

A procedure is defined as the steps a user needs to take to acquire a right or to comply with an obligation. A service is defined as a set of actions or activities that adds value to the users of the service, and hence, also for the public functions providing it.

SUIT aims to provide updated information about the procedures and services to facilitate them, but does not actually support the handling of the processes. Still SUIT provides a view of the existing processes enabling further work on the public service delivery architecture.

Source: Administrative Department of the Civil Service (n.a.), *SUIT, Material de Capacitación Auto-dirigida*, www.suit.gobiernoenlinea.gov.co and www.gobiernoenlinea.gov.co (accessed 12 February 2013).

A number of OECD countries are providing directly operational solutions for interoperability and transactional services, such as for example e-form generators or a number of selected, national key registries (see the case of Spain above). Colombia has also taken up such approaches, for example with the previously mentioned Transactional Tool, but also the establishment of the Online Processor [Tramitador en línea] (www.tramitador.gov.co). This seems to be an innovative way of standardising public service delivery, by integrating selected back office functions at the national level. However, driving online service delivery forward centrally can also be challenging across ministries, and particularly at the local levels of government. Commencing and deploying such

work requires good measures for which services to deliver online, and prioritise where interoperability adds most value and should be ensured first. In a number of areas, regulation will usually complex and will need particular insights, that can be difficult to match in a standardised manner. This – together with identifying the measures to apply to ensure high impact implementation progress – seems important topics to clarify, once the National Commission for Digital and State Information convenes.

Currently, compliance with general architectural guidelines, when providing public online services, is in particular a matter of local relevance and commitment. Few of the interoperability guidelines are mandatory and it remains to be clarified and how the National Commission can address this issue alone under its current mandate, as elaborated above. While an ambitious procurement programme is currently being established (see Annex A), it seems that so far only limited attention has been given to ICT procurement specifically. In other countries, such as Mexico, the use of mandatory standards in ICT procurement has been implemented successfully. Furthermore, while full local responsibility for the organisation of the service provision can make good sense to enhance local accountability and better the local allocation of resources in an offline public sector environment, this changes, when digitising public service delivery together with the definitions of infrastructure and public goods. Key digital infrastructure components become vital to accelerate implementation and ensure coherence. This includes national interoperability policies and standards.

Colombia prepared early for a digital signature through the Law 527 from 1999, but no general solutions have yet been put in place, although some signature solutions and services have been developed, for example in the taxation area. In the health area, another important infrastructure component, an electronic invoicing and payment system, has also been developed. A number of OECD countries have benefited from centralising infrastructure services among others, not only enabling legally shared infrastructure components, but actually providing them. A key component such as digital authentication is among the important pillars to ensure trust and confidence in the online dealings of the government. Issues related to the kinds of infrastructure or technological solutions that could be centralised and which others could be open to the market could be addressed in the ITC component of the eventual PGR implementation plan for Colombia.

Box C.12. **Sharing registers and data: Scandinavian examples**

Norway: The shared Brønnøysund Register Centre

The Brønnøysund Register Centre in Norway is an administrative agency responsible for a number of national control and registration schemes for business and industry. The overarching aim of the centre is to improve the conditions for financial security and efficiency for business and industry, and the public at large. The Brønnøysund Register Centre performs an important task by co-ordinating the reporting obligations of business and industry. The aim is to prevent superfluous collection and registration of information, which will especially alleviate the workload for small and medium-sized businesses. The Register of the Reporting Obligations of Enterprises catalogues the information the arious registers and public bodies require from business operators and compares the forms issued by the various bodies. If two or more public authorities or agencies ask the same type of questions of the same type of companies, these bodies must co-operate so that their questions are asked only once. The Act relating to the Register of Reporting Obligations stipulates that the public authorities and agencies must co-operate.

Box C.12. **Sharing registers and data: Scandinavian examples** *(continued)*

The Brønnøysund Register Centre operates a number of national electronic registers. The major ones are the Register of Mortgaged Moveable Property, the Register of Business Enterprises, the Central Coordinating Register for Legal Entities, the Register of Company Accounts, the Register of Bankruptcies, and the Register of Marriage Settlements.

Denmark: Consolidating core data to for all authorities

The Danish Government recently launched a new cross-government e-government strategy, *The Digital Path to Future Welfare.* The strategy focuses among others on consolidation of core data. A small part of the public sectors rich data are so-called "authoritative" data – core data that should be used again and again across the public sector. These core data enables higher efficiency in the administration through re-use and less retyping of data, faster case handling for citizens and businesses, and support the overall efficiency of society. This also requires a higher reliability and quality of the core data. And they need to be accessible across the public sector for all relevant authorities.

Core data is authoritative data covering the fundamental information needed for effective public sector administration, but also for example for the development of private services by businesses. Core data is standardised through 1 new and 9 existing registries in the following areas:

- Geography, roads, and real estate,
- Properties, housing, buildings and addresses,
- Personal identity, residence and family relations,
- Companies and their key related persons,
- Personal income, assets and education.

As the demand for core data is increasing the development of new digital solutions, so is the pressure on the existing capacity to distribute data. Hence, the Danish government will in 2013 establish a Joint Data Distributor, to ensure the efficient distribution of core data from the core registries to the case handling authorities in the different sector areas.

The areas for improved interoperability, distribution and re-use of data have been selected with a particular attention the public and private sector demand. Hence, while providing an increase in the level of quality, the initiative is estimated to demonstrate a positive business case within three years, in addition to additional private sector gains.

Source : OECD (2005), *E-Government Studies, Norway*, OECD Publishing, Paris; The Bronnoysund Register Centre, www.brreg.no, accessed 3 May 2013; Danish Government, Danish Regions, Local Government Dennmark (2011), *The Digital Path to Future Welfare*, www.digst.dk/Digitaliseringsstrategi/~/media/Files/Digitaliseringsstrategi/Tilgaengelig_engelsk_strategi.ashx; Regeringen (2012), *Gode grunddata til al*le, www.digst.dk/Loesninger-og-infrastruktur/~/media/Files/L%C3%B8sninger%20og%20infrastruktur/grunddata/Grunddatatilallevkstogeffektiviseringokt2012.ashx.

Aligning information management through the National Commission for Digital and State Information

With the design of the new governance structure, Colombia has strengthened the collaboration between the key national institutions that is DANE, Ministry of Information Technology and the DNP. This has also meant a clarification of the national responsibility for infrastructure, for driving through the development of interoperability standards, and

also for the development of guidelines and requirements for the use of information systems and ICTs across the government. However, the governance mechanisms, incentives and levers for the promotion of the national agenda across the government remain to be fully clarified and possibly extended.

Box C.13. **Mexico's National Interoperability Scheme**

The Mexican Government considers the adoption of the National Interoperability Scheme (*Esquema Nacional de Interoperabilidad* – ENI) and the development of the Interoperability for Communications Exchange Systems project – to be executed by the Subcommission of the Communications Exchange according to the plan presented to the CIDGE in December 2010* – as a way to strengthen co-ordination mechanisms and support programme integration.

Focused on citizens, the scheme aims to integrate, promote and boost digital processes. Its specific objectives are: to define the reference and the basis for the establishment of the strategic framework, develop the needed normative instruments to support its implementation, and ensure its proper diffusion and promotion. Hence, the ENI is intended to secure the achievement of the desired level of technical, semantic and organisational interoperability – as well as the governability of the systems and applications of the federal public administration. As a result, it is expected to sustain co-operation and exchange of information among public agencies for improved service delivery and access to information (seen as public goods). The scheme should indeed facilitate the definition of an interoperability platform for the development of systems, applications and services in various business domains (e.g. health, social services, education, security).

Experiences in OECD member countries have shown different drivers for a country's pursuit of interoperability. The targeted outcome will determine a country's approach for developing an interoperability framework. For example, some countries may be inspired by the need to make it possible for older stove-piped information systems to communicate with each other; others may aim to cut down on costs associated with managing and exchanging digital information organised and formatted in many different ways, including time delays, data errors and multiple data entry by citizens and businesses. Still others simply want to develop the infrastructure required to share services and exchange information, efficiently and securely, among the various agencies of local and central government. Moreover, priority can be given to schemas that are generic across many public sector organisations; or precedence can be given to new, joined-up services and inter-organisational process development.

Despite the different drivers for interoperability, experiences in other OECD member countries show that it can indeed lead to more flexibility and easier scalability in the development of e-government services, as well as to the development of integrated and transactional services, among public agencies. In the short term it can provide a framework for effective, efficient and transparent interaction of systems based on public data, which can support the strengthening of single points of access for citizens and businesses. In the medium and longer term, the ENI (National Interoperability Scheme) can facilitate the development of the IT industry and, particularly, create the context for the development of transactional systems joining up various technologies (e.g. fixed and mobile). These types of integrated systems will increase the possibility to use public electronic services such as the digital signature, the RUPA (Single Register of Accredited Persons) and the CURP (Unique Population Registration Code). As a result, it may increase the return on investment (ROI) and facilitate the take-up of electronic services already available. Finally, it should be noted that the full-scale adoption and implementation of the interoperability framework will require changes in the relevant legal and regulatory framework.

*Agreement CICGE/2010/016.

Source : OECD (2011c), *OECD Public Management Review, Mexico*, OECD Publishing, Paris.

The seamless exchange of relevant public-sector information should be leveraged based on the specific relevance, in the specific context of the needs of the government at all levels and across the sectors. Building on the OECD country experience with the consolidation of core data based on core registries could be one approach to consider in addition to the other services nationally provided. However, the main challenge in Colombia seems less to be the prioritisation measures, and more to be the structures and processes that bind the government functions together, or what could also be called a public service-delivery architecture (OECD, 2005).

Box C.14. **Achieving interoperability in Portugal**

Portugal views interoperability first as a semantic challenge, particularly the importance of defining public sector processes, data models and information entities (e.g. citizen, address, building), with the assurance of an inter-organisational strategy, where each organisation remains responsible for data, information and systems. Like other OECD member countries, Portugal was challenged by the need to make old stove-piped information systems communicate with each other. To meet this challenge, an interoperability platform was developed providing the following capabilities:

Data integration. The adoption of a standard data model that allows different government systems to exchange data. All government agencies can therefore accept a single citizen data submission – such as a change of address or name – eliminating the need for citizens to fill out redundant paperwork.

Application integration. Web services that connect all applications, regardless of programming languages and hardware. Simplified identification. Citizens identify themselves once to the Common Services Framework and can then submit data to multiple government agencies, although citizens continue to have distinct identities with each agency. Once data is sent over the network, identification consists of embedded individual identities based on random numbers. Unique identification numbers are not allowed according to the Portuguese Constitution.

Privacy and security. Active Directory Services ensure that only encrypted tokens are sent over the Internet, not identification information. Agencies may also send encrypted messages over the Common Services Framework.

The Interoperability Platform provides the technical basis for communication among government agencies, based on the information architecture for the Portuguese public administration and opens possibilities for re-arranging and changing organisational structures and workflows. The purpose of the Interoperability Platform is to improve workflows and service orientation, rather than share information and data. The Interoperability Platform was established in accordance with the *European Interoperability Framework for Pan-European e-Government Service*. Use of the Interoperability Platform and the Common Services Framework is mandatory for Portugese central government organisations, but not for the autonomous local governments. Each public authority decides on access criteria, for example cross-checks with tax and social security.

Source: OECD (2012f), *Towards More Effective Public Management in Mexico*, OECD Publishing, Paris.

Main assessments and proposals for action

Colombia has been committed to public sector information management and interoperability within the last decade. A National Framework for Interoperability has been developed, demonstrating a solid understanding of the gains of interoperability, as well as its different components. A number of good results have been achieved at the national level, particularly regarding interoperability in the front office online services. In order to provide a fully coherent and integrated online service to citizens and businesses at all levels of government, the Colombian government recognises that it will need to further strengthen its work on back office integration and service delivery.

As Colombia is fully aware these challenges, it has launched a number of initiatives, both in terms of a renewed governance setup and in terms of sustained practical and operational support. Common enablers to digitise services, structure processes and exchange knowledge, information and data across the government have been put in place. However, while the common enablers are often well designed and functioning, their use needs to be further extended and fully implemented across all levels of government. As automatic or fully transactional one-stop-services often require a systematic use and re-use of data and information across all levels of government, efforts to promote and to implement the government's interoperability framework have been initiated. Such efforts support a more coherent and connected provision of services. However, as the government's service delivery architecture and interoperability frameworks are not mandatory to use, and as implementation design and collaboration agreements remain a challenge, perhaps also due to the existing financial incentives, there is room for improving the impact of the overall Colombian efforts on interoperability. Realising the Government Online objectives on transactional and transformational services will require further efforts to ensure the whole of government implementation of seamless reuse of information among others. To enhance its capacity to achieve its objectives on interoperability, the government of Colombia could consider:

- The **definition and adoption of mandatory standards, systems, guidelines or interoperability solutions** in specified functional areas or sectors. Colombia has already successfully been driving forward a standardised way of digitising its public sector online services. However, it seems the governance mechanisms in place in the National Committee, in DNP and in the Ministry of Information Technology and Communications could be even more oriented towards full implementation across the whole of government.
- **Specifying further the mechanisms for prioritisation and implementation of its interoperability framework**, starting with the nationally provided common services, the sector areas and the local levels of government. This would entail reconsidering the current incentives for the use and development of joint solutions, common standards, among others.
- The **development of a national public-service architecture**, grounded in the existing Colombian ICT infrastructure, defining the horizontal and vertical and even transversal roles of delivering online components and services would support the implementation. This would entail for example analysing main public registries, information flows and interfaces, the supporting information systems – online and offline – with the aim of creating a coherent front office, supported by a interconnected back office. The National CIO and the Commission are well placed for engaging in this work, building on the existing achievements, engaging closely with relevant stakeholders.

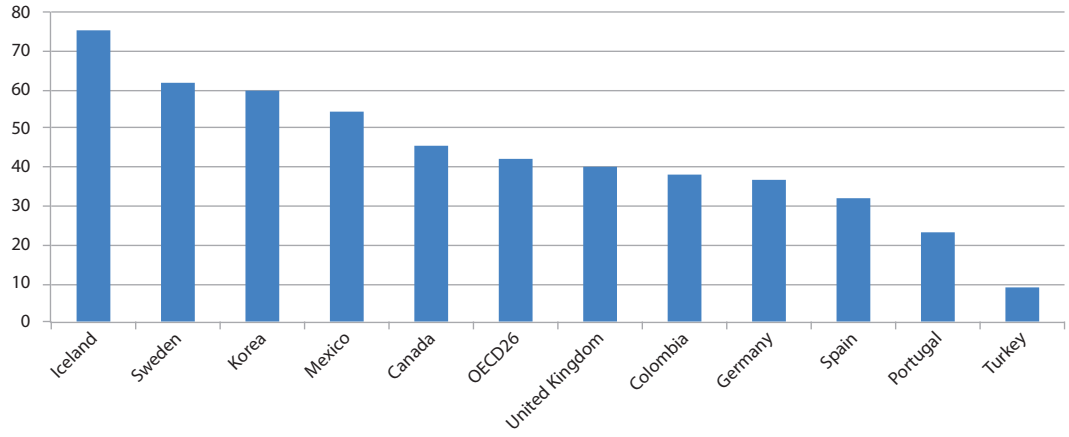
Creating value-added for the user

Decree 2693 from 2012 renews the guidelines for the Government Online Strategy, including the fundamental principles upon which it is based. One principle is innovation through new ways of using ICTs in the public sector, with the purpose of "…generating new and higher value in the operations as in the administrative processes and service delivery.". Understanding, defining and generating value added for the users is a key challenge for Colombia as for most OECD countries.

Increasing the uptake by focusing on the digital divide

Vive Digital clearly aims to reduce and eventually even eliminate the digital divide in Colombia. In order to achieve this ambitious objective, Colombia will need to work on a number of different areas in parallel to ensure that the users do perceive a value added. Key areas include awareness, ease of use, skills, importance and relevance, accessibility and costs.[13] Although Colombia continues to face serious challenges in terms of connectivity and accessibility, the citizens' awareness of the Government Online is relatively high: In 2012 95% of the citizens knew that the government provides services online and understand that public entities have capabilities to interact online – and around 50% of the citizens between 16 and 70 had used the Internet to interact with public authorities. Although not directly comparable, these numbers testify the considerable uptake development and efforts of the government. Colombia is almost at the OECD average of 82% regarding businesses' online interaction with government: 78% of businesses interacted with the government online in 2012 – and 96% of businesses were aware of the government's online service provision (Ministry of Information Technologies and Communications, 2012; OECD, 2011). Figure C.6 compares Colombia with selected OECD countries, based on 2010 data set (Ministry of Information Technologies and Communications, 2011; OECD, 2011). Data indicate that Colombia is experiencing a faster increase in the uptake than the OECD average.

Figure C.6. **Uptake of online government interaction by the citizens in Colombia and selected OECD countries**

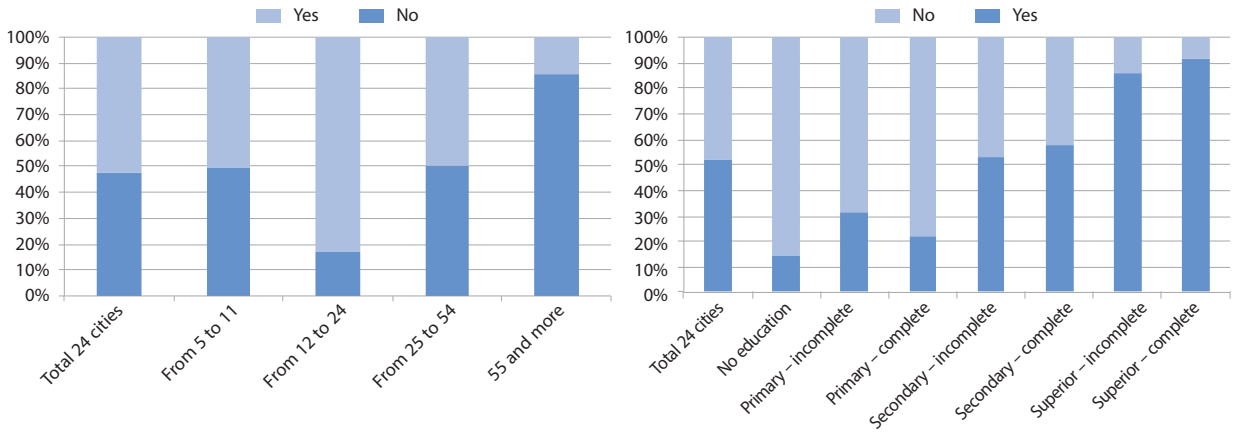


Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones (2010b), *Online Government in Colombia, 2010-2011*, www.gobiernoenlinea.gov.co/ (accessed 10 October 2012); and OECD (2011d), *Government at a Glance 2011*, OECD Publishing, Paris.

Note: The data cover 2010. The numbers indicate the percentage of citizens interacting with their governments through electronic means, although data on Colombia have been collected separately, not based on the OECD and Eurostat methodology. OECD country data cover citizens from 16-74; data on Colombia cover citizens from 16-70. However, the figure might still provide some relevant insights.

Uptake measurements are essential to understanding the needs of citizens as well as the effectiveness and efficiency of the public services provided. Although too much weight should not be given to survey based uptake measures on electronic interaction, the numbers can be important indicators. Usage numbers are currently not included in the Government Online Implementation framework, although analysis is recurrently conducted on incentives and barriers for the access and use of online government services. Service specific uptake measures on a service and transaction level are generally considered necessary to follow up on the precise impact and value of online service delivery. Colombian figures point to a relationship between age and education and the use of ICTs, as Figure C.7 shows. This puts the challenge of ensuring the uptake of ICTs and public services in a broader perspective of general development (DANE, 2012).

Figure C.7. **Use of the internet in Colombia divided on age groups and education**



Source: DANE (2011), *Anexos TIC 2011*, www.dane.gov.co/ (accessed 13 February 2013).

Note: Data were collected in 2011 and cover the use of the internet within the last 12 months in the 24 major cities only.

According to existing analysis, the citizens of Colombia point at two main reasons for not using ICTs: The first one is the direct costs of using new technologies. The second is the lack of purpose and the perception that only limited value added is added through the digital services (Ministry of Information Technologies and Communications, 2011).

Although costs are addressed through improvements in the telecommunication regulations and improved market efficiency in combination with targeted solutions in particularly difficult areas, other direct measures are also applied. Value-added tax abatements are given to the smallest businesses and for social groups 1, 2 and 3. Large subsidies and trade tariff reductions are granted on import of internet related goods. Subsidies are moved from telephone land lines to internet technology, sustaining the overall movement towards mobility. Currently, aside from access from home, educational institutions and paying public centers are the most common internet access points (DANE, 2011).

Increasing the uptake through simplification

The legal tradition in the Colombian public administration (as in many other countries) might pose an initial challenge for a further user-orientation of public-service delivery. As a part of its efforts to simplify the Colombian administration, emphasis could be placed on communicating well to the users for service delivery, be it citizens or businesses.

While the legal framework is important to ensure fundamental political accountability, online communication by public institutions is currently driven by a user-perspective to online communications and service-provision. Facilitating the cultural change needed to transform the approach of public administrations, focusing on added value for the users is challenging in all OECD countries. The Colombian government is aware of this.

Addressing this challenge, Colombia recently concluded a broad and participative process leading to the de-bureaucratisation [*Antitrámites*] decree of January 2012 (see Box C.15). This clearly demonstrates that Colombia is on the right path. Engaging more than 70 000 citizens, a broad number of ministries and public entities, the government proposed a comprehensive revision of existing rules and procedures. This includes, for example, the elimination of obsolete or redundant procedures, better sharing of registries, introduction of risk-based oversight, as well as some instances of easier accessible communication. This is also reflected, for example, in the relatively good rankings in terms of the World Bank's Doing Business ranking – here Colombia performs better than its regional peers, although it remains behind the OECD average (World Bank, 2012).

Box C.15. **The Colombian "crusade" against administrative procedures**

"The National Development Plan 2010 – 2014" aims to improve the trust of Colombians in public agencies through good governance. The goal is build "Public agencies guided under good governance principles and committed to act with transparency, equality, pluralism, efficiency, efficacy, austerity and zero tolerance to corruption". Colombia recognises ending corruption as one of the biggest challenges the Government is facing in order to succeed achieving "Prosperity to all". The excess of unnecessary procedures, "administrative over-regulation", represents one of the most common areas of corruption, which is why the Government decided to rationalise or eliminate those inefficient and useless procedures through citizen consultation.

Hence, the High Advisory Office for Good Governance and Administrative Efficiency decided to launch an anti-procedure crusade in order to assure the good faith, transparency, objectivity and best practices in the public administration. The results of this consultation constituted the baseline for the creation of Decree 19 of 2012: "which dictates rules to eliminate or reform existing inefficient regulations and procedures in the public administration".

The "simplification crusade" was made based on citizen's engagement to identify the unnecessary procedures, which normally facilitate corruption and at the same time create inefficiency in the delivery of services to the citizen. The collaborative participation platform, the Crystal Urn, was applied through an engagement process over three main phases:

1. The consultation phase, here more than 70 000 citizens were engaged through the multichannel platform, the Crystal Urn – first in order to define administrative procedures to eliminate or streamline, and secondly in order to prioritise these suggestions;
2. The decision phase, where the High Advisory Office for Good Governance and Administrative Efficiency decided on what procedures to revise and how, drafting the decree;
3. The diffusion phase, where the first results were published, and where the Colombians were engaged in ensuring that all procedures were fully implemented by all public authorities and institutions.

Box C.15. **The Colombian "crusade" against administrative procedures** *(continued)*

More than 400 procedures were eliminated through the Decree. Furthermore, it is estimated to lead to significant improvements in the service quality and ease of use, for example through directly citizens relevant measures such as:

- Citizens are no longer required to show documents that are already located in the agencies' archives;
- If a service is denied, this negative reply must be written;
- Citizens do not have to visit a Notaries Office once a month obtaining a Life Certificate for pensions payments, because it can be determined whether a person is alive or not by means of exchanging information from government information systems;
- Citizens are no longer wasting time and money by going to public offices to gather forms, because they are available online to be downloaded from the Colombian e-government website, integrating information on the national public administration processes and services.

Particularly regarding the online access, thousands of citizens requested more easy-to-use access to public services through the Internet. Based on the process, 40 public agencies took additional action to simplify their procedures, making their services available to citizens also via Internet or by cell phone.

Aside from increased efficiency in the public sector and higher effectiveness and service quality for the business and citizens, the simplification and digitisation of procedures as presented is also expected to help reduce corruption in the covered areas.

Source: Departamento Administrativo de la Fonción Publica (2012), *Decreto Antitrámites, 0019 del 10 enero de 2012*, Imprenta Nacional de Colombia, Bogotá; Colombian Government (2013), *Paper Antitrámites, English, v3* (unpublished working paper).

Reducing administrative burden is a high priority focus area for the Colombian government. This is furthermore reflected in the continued Zero Paper Administrative Efficiency Plan, aiming to measure and reduce the consumption of paper in public entities, as per Presidential Directive 4 of 2012. Also in some OECD countries, a "public-service delivery divide" or a "public administration divide" seems to appear between young and old, apparently not directly related to the digital divide. Rather, some analyses suggest the difficulties of understanding complex public sector communication as one key barrier.[14] The use of audiovisual media – as is the case with *Urna de Cristal* – might also be one important way to rethink communication with the citizens, although the uptake numbers still seems to remain limited.

Increasing uptake by extending digital delivery channels

Colombia has developed a number of good online, but also mobile services that provide great value for citizens. As mentioned previously, the government is critically aware of the necessity of rolling out the use of ICTs in all sector areas. This has resulted in enhanced mobile-service presence, for example through "apps" for the numerous small farmers, connecting them with market prices to improve their negotiation powers (see www.agronet.gov.co). The development of mobile services is part of the increasing exploitation of the government data through its open data programme, as developed in the following section.

The Colombian government has proven skilled at engaging stakeholders from both the private sector and academia. Such public-private partnerships cover for example specific online services, infrastructures or collaborations on education. Taking advantage of existing relations with citizens using different offline channels can significantly help improve the relevance and the uptake of online public services, if applied well. By passing Law 1508 of 2012 mandating public private partnerships, the legal requirements for more systematic exploration of this have been established. Clear guidelines specific to the provision of online government services have not yet been developed; the OECD has general recommendations for the establishment of public private partnerships (see Box C.16).

Box C.16. **OECD principles for public private partnerships**

The OECD recommends that its member countries take due account of the principles below:

28. Establish a clear, predictable and legitimate institutional framework supported by competent and well-resourced authorities.
    1. The political leadership should ensure public awareness of the relative costs, benefits and risks of Public-Private Partnerships and conventional procurement. Popular understanding of Public-Private Partnerships requires active consultation and engagement with stakeholders as well as involving end-users in defining the project and subsequently in monitoring service quality.
    2. Key institutional roles and responsibilities should be maintained. This requires that procuring authorities, Public-Private Partnerships Units, the Central Budget Authority, the Supreme Audit Institution and sector regulators are entrusted with clear mandates and sufficient resources to ensure a prudent procurement process and clear lines of accountability.
    3. Ensure that all significant regulation affecting the operation of Public-Private Partnerships is clear, transparent and enforced. Red tape should be minimised and new and existing regulations should be carefully evaluated.
29. Ground the selection of Public-Private Partnerships in Value for Money.
    1. All investment projects should be prioritised at senior political level. As there are many competing investment priorities, it is the responsibility of government to define and pursue strategic goals. The decision to invest should be based on a whole of government perspective and be separate from how to procure and finance the project. There should be no institutional, procedural or accounting bias either in favour of or against Public Private Partnerships.
    2. Carefully investigate which investment method is likely to yield most value for money. Key risk factors and characteristics of specific projects should be evaluated by conducting a procurement option pre-test. A procurement option pre-test should enable the government to decide on whether it is prudent to investigate a Public-Private Partnerships option further.
    3. Transfer the risks to those that manage them best. Risk should be defined, identified and measured and carried by the party for whom it costs the least to prevent the risk from realising or for whom realised risk costs the least.
    4. The procuring authorities should be prepared for the operational phase of the PublicPrivate Partnerships. Securing value for money requires vigilance and effort of the same intensity as that necessary during the pre-operational phase. Particular care should be taken when switching to the operational phase of the Public-Private Partnerships, as the actors on the public side are liable to change.
    5. Value for money should be maintained when renegotiating. Only if conditions change due to discretionary public policy actions should the government consider compensating the private sector. Any re-negotiation should be made transparently and subject to the ordinary procedures of Public-Private Partnership approval. Clear, predictable and transparent rules for dispute resolution should be in place.

Box C.16. **OECD principles for public private partnerships** *(continued)*

6. Government should ensure there is sufficient competition in the market by a competitive tender process and by possibly structuring the Public-Private Partnerships programme so that there is an ongoing functional market. Where market operators are few, governments should ensure a level playing field in the tendering process so that non-incumbent operators can enter the market.

30. Use the budgetary process transparently to minimise fiscal risks and ensure the integrity of the procurement process.

    1. In line with the government's fiscal policy, the Central Budget Authority should ensure that the project is affordable and the overall investment envelope is sustainable.
    2. The project should be treated transparently in the budget process. The budget documentation should disclose all costs and contingent liabilities. Special care should be taken to ensure that budget transparency of Public-Private Partnerships covers the whole public sector.
    3. Government should guard against waste and corruption by ensuring the integrity of the procurement process. The necessary procurement skills and powers should be made available to the relevant authorities.

Source : www.oecd.org/gov/budgeting/PPPnoSG.pdf.

One example of an already well implemented innovative public-private partnership is the Danish development of an authentication solution for online services, EasyID (NemID). The solution was co-developed and financed jointly in collaboration between the public sector (covering contributions from state, regions and municipalities) and the finance sector (covering for example banks, pensions and insurance companies). Using one common identification solution, applied across the public and the private sector, all parties benefit from higher levels of trust in the solution. This is a simpler and easy-to-use solution covering all services that can increase the uptake of secure and authenticated public-sector online services.

Main assessments and proposals for action

The use of e-government services in Colombia is well developed and at level with a number of OECD countries. This is a great achievement. Analyses demonstrate that public online services add value for the users. The main users are younger than the OECD average. The government is making efforts to provide coherent online service delivery platforms, particularly through the National Portal. Although progress has been achieved mainly through a standardised and centrally-driven model, the Colombian government should continue to remain critically aware that the users' perception of the value added of e-government services is essential for successful take-up. Colombia seems aware of this, and a number of successful initiatives have already been launched to simplify the public administration and public service delivery, engaging a broad number of stakeholders in the process, including public servants and civil society among others. To build on the impact of these successes and ensure increasing the uptake of online public services, the government could consider:

- **Enhancing services and service-delivery through partnerships to increase their uptake and impact.** Colombia has demonstrated creativity in extending government service provision and impact by establishing *partnerships with businesses and academia as well as citizens and civil society.* Such positive practices should be

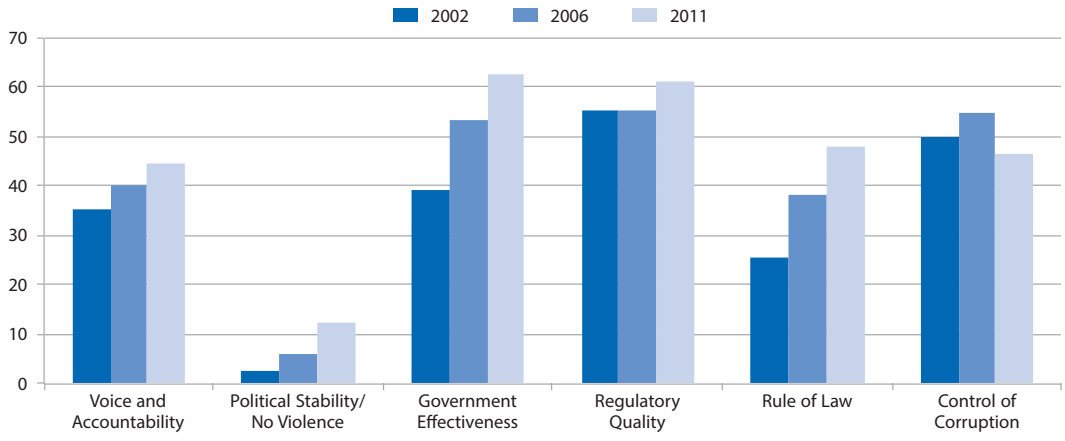
continued and strengthened. The more than 2 000 public digital access points [*Puntos Vive Digital*] currently existing in Colombia play an important role for the access to and divulgation of online services, naturally centered on the national portal, gobiernoenlinea.gov.co. Ensuring that *users' needs and concerns* are well understood is a key requirement for the proper organisation of service delivery.

- **Extend the online service delivery building on existing channels.** As communication and uptake of online services continue to constitute an obstacle for a broad number of citizens and small business, using *existing physical service channels* as levers for other channels might accelerate the shift to using online and mobile platforms. OECD countries hold good examples on the use of physical public and private local service delivery networks to *enhance access and connectivity*. The relatively high mobile penetration in Colombia does not change the necessity of developing an enabling internet infrastructure; the use of *mobile platforms* could be exploited further as an additional way to increase service accessibility in remote areas and engage a number of people providing them with vital information. Mobile services on important market prices to farmers or nutritional information services to new mothers could provide for good first examples to be pursued in this regard.

Open government: reforms through engagement and transparency

Colombia has demonstrated progress in several areas of good governance and openness within the last decade (see Figure C.8). However, the country still lags behind the OECD average, measured by a number of good-governance indicators, but is outpacing a number of regional peers. Areas such as rule of law, political accountability and giving voice to citizens show clear and significant progress. However in other areas, the development is less clear, particularly regarding corruption and control of corruption. The nomination of the National Advisor to the President for Good Governance, together with Colombia's commitments to the Open Government Partnership, testify to the political will of the government and highlights its ambitions for change. As elaborated in the OGP action-plan commitments, the Colombian Government is well aware of the instrumental role the use of ICTs can play in this regard.

Figure C.8. **Good Governance indicator developments**



Source: World Bank, *Good Governance indicators*, http://info.worldbank.org/governance (accessed February 2013).

Engagement can help increase the quality of service delivery, nurture political trust and increase accountability. Engaging citizens is a key priority of the Colombian government as demonstrated through its objective of creating a digital democracy, as illustrated by its goal of moving from its initial interactional and transformational stages toward nurturing a deeper democratic culture through its Government Online Strategy. Although Colombia has already made important achievements, it might find additional inspiration in the experience of OECD countries regarding engagement of its citizens. Australia is one possible example, where the South Australian state initiative "YourSAy" has proven to be a successful engagement platform.

Box C.17. **YourSAy: Active engagement of citizens in strategic policy making in South Australia**

In 2010 the South Australian government used the reviewing of the state's Strategic Plan for development to launch a broader approach to engage local communities and citizens in one of the largest community consultation programmes in Australia, called "YourSAy". The use of internet technologies and social media played a pivotal role enabling this. While "YourSAy" was conceived as an experiment, the government now considers the close interaction with its communities an indispensable part of the policy making process.

Back in 2010 the discussions – led by an appointed Community Engagement Board – targeted a representative selection of 10 000 people. Today more than 12 000 people are part of the online community, getting closer to 1% of the state's population. The online community establishes and organises new ways of interacting with the government – engaging by making it a social experience. The project has furthermore engaged local champions or "ambassadors" in different areas, such as health, culture or the environment through webcasted video conversations in order to increase attention to the Strategic Plan.

The team behind the consultation process initially engaged into deeply understanding the people they were seeking to engage in order to understand how to encourage them to participate. The key element was to demonstrate that the plan was relevant to people and important in shaping their future life. The capacity to match the different segments' ways of communicating was one essential part. However, reaching out to "new people", not previously engaged, is about more than splitting them up in segments. The leading staff must have a capacity to analyse the input, conduct project management and create a culture of good communication and service delivery.

The online engagement proved to be instrumental – for example, through hosting an online conversation with the Minister of Education, the government received a significant deal of valuable and new feedback to improve their policies as well as the Strategic Plan. And web dialogue on different social media sites, such as Facebook, continued independently after the organised consultations were concluded. Although still largely unexplored, the government of South Australia seems to have drawn some first important lessons for how to advance engagement through social media.

Source: South Australia's Strategic Plan Audit Committee (2012), *South Australia's Strategic Plan, Progress report 2012,* http://saplan.org.au/yoursay and www.futuregov.asia/articles/2012/dec/27/social-media-takes-centre-stage-south-australia/.

Opening up the government through the Crystal Urn

The Crystal Urn [*Urna de Cristal*] is one of the key initiatives to use ICTs to empower and engage citizens, enhancing political accountability. The declared objective is for government to be like "fish swimming in an aquarium", completely transparent, with no possibilities of hiding from public scrutiny. The *Urna de Cristal* covers a number of platforms; the web portal, radio and television; hence both through traditional channels as well as through the Internet, using social media, such as Facebook, Twitter and Google+ and dedicated YouTube channels. Online events, such as Google+ Hangouts with the president and a selected number of young Colombian talents from different areas are supporting the ambitions to open up the government and engage citizens.[15] Although not all channels are equally well visited, and more could be done to increase uptake, the multi-channel approach is likely to help reach broader segments of the population. The previously mentioned "anti-procedure crusade" for simplification of the public sector is a good example on an inclusive use of the *Urna de Cristal* for better policies and public services.

Figure C.9. **The Crystal Urn: Opening up the government**



Source: www.urnadecristal.gov.co (accessed 22 January 2013).

Using social media and mobile platforms for communication and engagement

Using the Internet as a democratic engagement platform has proved challenging for most governments, and OECD country practices remain exploratory. The use of electronic media in law making and planning processes are among main democracy objectives in the Government Online Strategy. The OECD principles for open and inclusive policy making also offer good advice with regard to the use of online engagement.[16]

The Colombian Government has developed a "Guide: Development of Participation Measures" [*Guía: Desarrollo de Ejercicios de Participacíon*], covering specific online consultation guidelines for public authorities. Still, no information has yet been collected on the authorities' implementation or on the citizens' use of and satisfaction with it. The existing administrative culture might furthermore prove challenging to change. The use of "hangouts" between local authorities and the president, similar to the ones conducted with selected talented individuals, might be an important way to raise internal public sector awareness of value of engagement with the citizens, while showcasing a good practice and the value of using ICTs.

Box C.18. **The use of Facebook for social mobilisation in Colombia**

The use of Facebook has also proved to be a useful tool in civil society mobilisation in Colombia. Mr. Oscar Morales, an engineer from Baranquilla, one day decided to create the Facebook group calling for "No more kidnapping, no more lies, no more deaths, no more FARC".

The next day the group had 1 500 members, increasing to 40 000 a few days later to 150 000 by the end of the month. Exploiting the virtual success, in collaboration with people who had joined him as group administrators, they decided to call for "in real life" action. Through Skype and Google documents they gathered a number of people all over Colombia to organise protest marches. TV and printed media took up the story that spread quickly around the country.

4 February 2008 more than 10 million people took the streets across Colombia and in other cities of the world. Among the participants were the then president, Mr. Uribe and a number of members of his cabinet. As such, social mobilisation also helps to move the government in terms of demonstrating the enabling potential of digital communication and activism to impact "the real world".

Source: Zuluga, J. and M.P. Martínez (2012), *Mapping Digital Media: Colombia, Open Society Foundations*, www.mappingdigitalmedia.org.

Several OECD countries are benefiting from targeted approaches to citizens engagement, mixing analogue and digital measures, for example with regard to local planning issues. Furthermore, in a number of OECD countries as well as developing countries, mobile platforms are also playing an increasing role in the communication to and engagement with citizens. Mobile services can complement Internet based services, and perhaps even in some cases replace them; particularly in countries where mobile penetration is high, but where internet access remain relatively low (OECD, ITU, UNDESA, 2012). For example, in the case of Egypt, the targeted use of mobile apps and text messages were applied – together with a range of other offline initiatives – to help increase the participation of the first free parliamentary elections in the history of the Egyptians (OECD, 2013). Also in the local democracy, the use of online platforms can be used to strengthen democratic engagement (see Box C.19).

Twitter is among one of the channels gaining strength as governments are increasing their communication with the citizens. Where the use of Facebook for social mobilisation has been some kind of political turning point, the most recent presidential elections were also characterised by a high level of Twitter use (Zuluga and Martínez, 2012). Colombia holds a broad range of government related Twitter accounts, with a relatively high number of followers. Accounts – such as @juanmansantos, @infopresidencia, @urnacristalgov, @gobiernoenlinea, etc. – are used by politicians and the administration to communicate

Box C.19. **Engaging local communities in difficult policy decisions through ICTs**

The municipalities of Denmark are operating in a context of reduced budgets and fiscal consolidations. The small municipality of Silkeborg faced large reductions in its expenditures. The municipality government decided to closely engage citizens throughout this difficult decision-making process and hence published a so-called catalogue of options.

The catalogue of options listed several different ways the municipality could implement the savings. The first draft was developed based on input by the municipal administration. This enabled citizens to access the relevant information and download spreadsheets with calculations on different options and possibilities for prioritising and re-organising the suggestions. A formal consultation process was also initiated; most answers were received digitally.

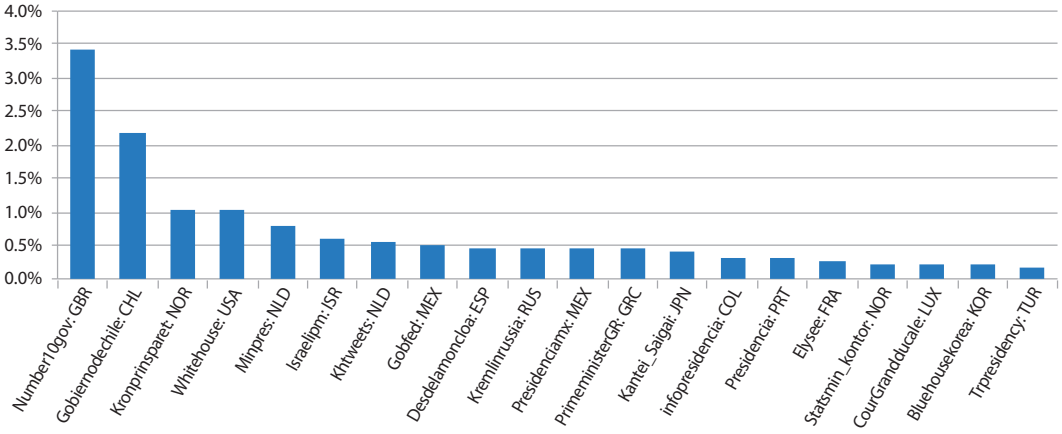
However, the municipality also aimed to offer the citizens a more open and visionary access to the decision-making process. Officials therefore also created a digital debate forum for citizens, widely used in the run up to the final decision that was taken by the city council. The municipality considered the use of more widespread social media, particularly Facebook, but decided that the citizen interaction then might become too difficult to steer. It therefore used the municipality website as the unique access point for the debate.

Evaluating the process, the municipality of Silkeborg assessed that it had received a great number of consultation replies from a broad selection of the population (including public officials and employees) of a generally very high quality, constructively oriented towards solutions.

Source: KL and ITST (2011), *Digital Citizen Dialogue, Inspiration and case on better dialogue on the web*, ITST, Copenhagen.

policy, but also for education, to increase awareness of service delivery, future decisions and promote engagement in public policy making. Data indicate that the Colombian government is more active than most governments on Twitter, although the number of followers remains limited (twitonomy.com, 2013). Despite the low uptake, Colombia is among the top 20 countries internationally regarding the popularity of government use of Twitter (see Figure C.10). Looking at the users across the OECD countries, the commercial

Figure C.10. **Popularity of government Twitter accounts**



Source: OECD (2012d), *The Use of Social Media in Risk and Crisis Communication*, GOV/PGC/HLRF(2012)4, OECD Publishing, Paris.

Note: The graph show "followers" as a share of domestic population, by November 2012. Data for Colombia are by February 2013. Only the top 20 countries by number of followers are displayed.

or private use of Twitter is generally much greater than the government use (OECD, 2012). Although this requires further analysis, the potential for increasing the use of government tweets also seems considerable in Colombia.

While the use of social media in risk and disaster management could constitute an extreme case for citizens' engagement and participation, it might at the same time prove very useful in demonstrating the added value of the Internet and social media to a broader audience. As the data shows, this has been the case in Chile, where the comprehensive use of social media following the earthquake (see Box C.20), contributed to a high general level of citizens' interaction with government through social media. The use of social media can be particularly powerful as services are also being provided and used on mobile platforms, enabling faster response times, agility and mobility. Mobile government services can also be a powerful way to reach a broader audience, for example facilitating citizens' engagement.

Box C.20. **Using social media in Chile: Accountability and disaster management**

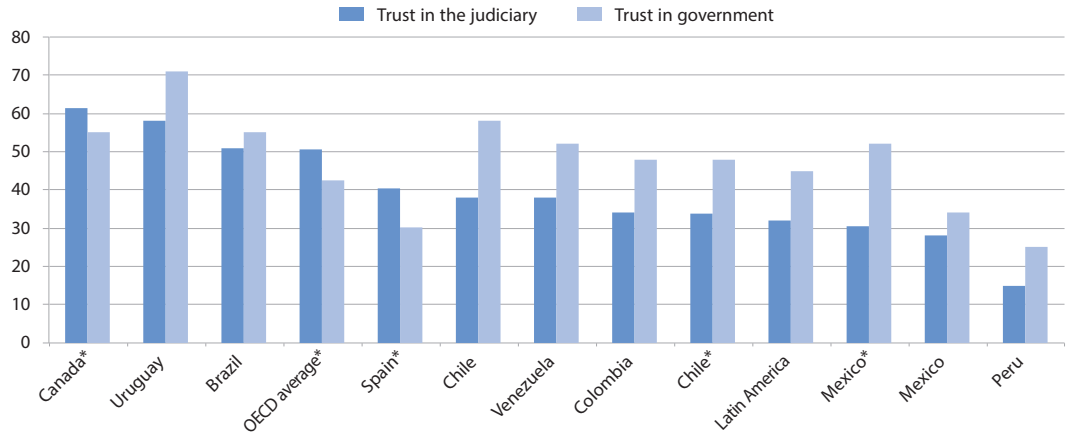
Chile has a high use of the social media Twitter relative to most other OECD country governments. Hundreds of thousands Chileans are following more than 60 weekly tweets @ gobiernodechile (https://twitter.com/gobiernodechile). This corresponds to more than 2% of the population actively following the government's tweets. This is the second highest number of government followers among the OECD countries, although several countries have a higher general commercial Twitter popularity.

The Chilean government sees this as the direct consequence of its proactive social media policies developed in response societal developments the last years. The government has identified three main drivers: First of all, the emerging social movements' pressure for better public education services was largely facilitated through use of social media. This made the government realise that in order to deal with the social needs expressed by citizens; they needed to be present on their platforms. This changed the perception of the importance and relevance of using social media to support government aims. Second of all, the large earthquake in 2011 also implied the breakdown of some communication infrastructures and hence created the need to distribute and update information easily in many to many relations. Social media services such as Twitter proved ideal in this regard. This enabled the government to receive important updates on de-central information at the same time as the government could provide assurance through communication and advice, which again could be shared among users when particularly relevant. The OECD has on a more general level collected a number of emerging good practices regarding the use of social media, focusing particularly on their use within risk and disaster management (see the reference below). Finally, the Chilean government sees future oriented push for a more open government. Social media can enable a more effective communication between the government and its constituencies, while ensuring accountability in political decision making and social service delivery.

The Chilean Presidency has published a guide encouraging the authorities to reap the potentials of new digital technologies in the government, including social media (see also www.guiadigital.gob.cl). It furthermore issued a presidential instruction including new goals for social participation.

Source: Chilean government (2012), *Presentation at the OECD Workshop on E-Government Indicators*, December 2012 (unpublished presentation); OECD (2012d), *The Use of Social Media in Risk and Crisis Communication*, GOV/PGC/HLRF(2012)4, OECD Publishing, Paris; and OECD (2012e), *Social Media Use by Governments: Focus on Twitter*, GOV/PGC/EGOV(2012)6; Government of Chile (2012), *Guia Digital*, www.guiadigital.gob.cl.

Figure C.11. **Trust in political institutions in Latin America and selected OECD countries**



Source: Latinobarómetro (2010), www.latinobarometro.org (accessed 18 February 2013); Gallup World Poll (2010), http://dx.doi.org/10.1787/888932493214 in OECD (2011a), *How is Life? Measuring well-being*, OECD Publishing, Paris.

Note: Data on Latin America are collected through the *Latinobarómetro*. Data on the OECD countries are collected through the Gallup World Poll. Data on Latin America and the OECD are thus not directly comparable. The difference is illustrated through the double data set for Chile and Mexico.

Transparency for increased trust and accountability

Transparency is both a precondition and an enabler for engagement, hence the importance of the Colombian commitment to the *Urna de Cristal*. Despite a high level of political will and a number of good initiatives, such as for example the Economic Transparency Portal [*Portal de Transparencia Económica*] (see Box C.21), some NGO's argue that Colombia still struggle with a culture of secrecy. This is said to be the case in government, but also in other political institutions such as the Congress, appearing to suffer from a low level of openness. This is particularly important as the houses of Congress are among the most exposed institutions in terms of risks of corruption, according to some studies (OECD, 2013). This is an obvious obstacle to improved trust and accountability, and increased engagement of the citizens. With the submission of the proposal for the Law on Transparency and Access to Information, a huge step forward might be underway (Government of Colombia, 2012).

Although trust in the judiciary is still lagging (see Figure C.11), there seems to be a widespread trust in the current government, comparable to OECD levels. Still, the Government of Colombia can learn from practices in OECD countries as well as from regional peers regarding increased transparency and combating corruption. The Brazilian experience of increasing budget transparency points to the necessity of not only making data available online, but of ensuring practical access and active uptake through usability as well, thus aiming for transparency at all levels of government (see Box C.22). Analyses of Government Online show that users consider online service delivery valuable and that trust in the government's provision of online information and services is increasing.

The development of the Colombian "Open data" programme [*Datos Abiertos*] also contributes to increased transparency and political accountability. In addition, it provides at the same time an important new source of economic growth. Indeed, the Colombian Government aims to "support the creation of economic progress" by making public sector data and information available for use and re-use. OECD countries are increasingly

Box C.21. **The Economic Transparency Portal (Portal de Transparencia Económica)**

The Economic Transparency Portal of Colombia provides the information for holding the government accountable for its spending. The portal holds information on the execution of the annual budget of Colombia, including the budgets of sector ministries, administrative departments, the Congress, the judicial branch, public establishments, autonomous corporations and electoral control.

The portal reflects the Integrated System of Financial Information (SIIF [*Sistema Integrado de Información Financiera*]), enabling to break down spending at contract and invoice level. The system is developed by the Ministry of Finance with the purpose of improving the financial oversight and the effectiveness of the public spending. In addition to this, the provision of spending information also helps the citizens hold the government accountable.

The information on the portal is organised around four main sections:

31. Direct monitoring of government budget execution, in terms of speed, regularity, project advancements, as well as historical behavior;
32. Listings of the persons or businesses with whom the government engages in the spending;
33. Listings of the payment times and frequencies;
34. Dynamic and analytical tools to consolidate and manipulate the data, enabling exports of data and information of particular interest across several variables.

In 2012, data and information were registered from 185 separate budget units, covering also the national subunits de-centrally, all in all 1096 subunits with financial data, providing a total of more than 13 million set of data.

Source: Colombian Government (2013b), *Resumen Portal de transparencia Económica v3* (unpublished working paper).

Box C.22. **Real-time transparency in budget execution in Brazil**

Brazil is recognised for its high level of budget transparency relative to other OECD countries. The 2000 Law on Fiscal responsibility established public access to key budget documents throughout the budget cycle. Since November 2004 this has been freely available online as real-time information on budget execution through the Transparency Portal of the Federal Public Administration (www.portaldatransparencia.gov.br). Since 2010, revenue and expenditure data are updated on a daily basis. With more than 2.3 million monthly hits and several hundred thousand users, the portal is considered successful, also internationally.

The transparency portal has been developed since 2004 by the Office of the Comptroller General engaging several key stakeholders, such as the National Treasury, the Federal Service of Data Processing as well as suggestions from citizens. In addition, a number of federal authorities have been engaged in providing the relevant data sources to the portal.

Currently, Brazil has engaged in providing a higher level of transparency in all levels of government. In 2009 a phased in approach was outlined in the law 131/2009 that furthermore set out sanctions for non-compliance with the listed transparency measures. To facilitate this, the Comptroller General centrally created a number of state sites for the Brazilian states to use, ensuring the availability of the technical infrastructure supporting the publishing of information.

Source: OECD (2012g), *OECD Integrity Review Brazil, Managing Risk for a Cleaner Public Service*, OECD Publishing, Paris.

aware of the benefits of letting also the private sector capitalise data and information assets of the public sector (OECD, 2013). In the case of Spain, since 2007, a targeted use of ICTs has contributed to a reduction in administrative burdens of an estimated value of EUR 12 billion, as evaluated by the end of 2012. The use of ICTs and re-use of public sector information has been an important element in this regard.

Box C.23. **Open Data [Datos Abiertos] for growth, efficiency and better services**

The National Development Plan 2010-14 states the objective of "stimulating the development of online services, by thirds parties based on public data". The public administration of Colombia holds and collects a great number of data. Through its Open Data programme, the government is encouraging a broad coalition of entities, academia, developers and information brokers, to engage in the development of online and mobile services that reap the value of the data available (see www.datos.gov.co).

The Open Data model is based upon a set of socio-cultural, political-legal, technological, and organisational and budgetary principles grounding the Colombian approach. Although more emphasis could be paid to the incentives of the public organisations producing, maintaining and publishing data, the principles provide a first attempt to ensure appropriate governance of the open government data.

The government has initiated the programme at the national level but is foreseeing to extend it to the local levels of government by 2014, while also focusing on increasing the impact of the services developed and the quality of the data applied. In order to clarify and stimulate demand from the engaged parties, a number of collaborative events are planned.

The Colombian government is aware of the challenges of establishing synergies between the private businesses, developers and the public sector, and recognises that the integration of Open Data in the policy making processes is a process which will also require investments. As of March 2013, 43 data sets were available according to the standards defined in the programme. More than 40 applications have been developed for the platform using these and other data sets, covering areas such as health, public contracts and tourism, among others (see www.tiendaaplicacionescolombia.cloudapp.net). Although the applications are still very simple and only to a limited extent reaping the value of the public data available, the programme illustrates a high level of ambition and continuous innovation in the development of the public service delivery.

Source: Ministerio de Tecnologías de la Informacíon y las Comunicaciones (2012d), *Iniciativa de Datos Abiertos* (unpublished meeting presentation); www.datos.gov.co (accessed 10 May 2013); www.tiendaaplicacionescolombia.cloudapp.net (accessed 10 May 2013); Colombian Government (2012a), *Background report* (unpublished working paper).

The Colombian Open data model is developed under and in line with the Government Online programme. Colombia has made an initial data catalogue available in a beta version through http://datos.gov.co/, covering data created by a range of sectors and institutions.[17] The portal aims to increase the visibility and use of the government data. The data available are accessible through open formats, based on the interoperability framework, hence also encouraging a higher exchange of data and information internally in the public sector, hence supporting the reduction of demand for redundant information and decreasing the administrative burdens to the citizens and businesses. With the Colombian capacity to nurture partnerships, this work holds promising potentials for both the public and the private sector.

Main assessments and proposals for action

Colombia's government has made great progress in improving its governance on a number of indicators. The government's commitment to transparency is clear, and has resulted in a number of innovative solutions, whether in comparison to neighbours or OECD peers. The use of Twitter is among the more developed in the OECD. Mobile service are being developed and applied, and the efforts in this regards could be strengthened much further. The multi-channel participatory accountability platform, the *Urna de Cristal* and the extensive use of social media for political engagement are also good examples of progress. A number of initiatives are paving new ground, such as the Open Data initiative, although this – in line with a number of other countries – still suffer from limited data as well as limited use. More extensive implementation, use and focus of the value added of the initiative will be key for the further success. To make further progress in opening the government to its constituents, the government could consider:

- **Continue bridging online and offline initiatives for citizens' engagement.** Colombia has applied a number of innovative initiatives in order to support citizens' participation. The main focus of the Colombian approach is not on the channels, but rightfully on the citizens. One key initiative is the *Urna de Cristal*, the multi-channel platform for government communication. The use of mobile platforms and social media can enable important benefits, for example in terms of providing *social and territorial intelligence*, and strengthening and broadening the local communities digitally.
- **Further using ICTs for direct engagement.** The direct engagement of users, citizens, businesses or other constituents could provide a real tool for *designing future ICT strategies openly*, as listening to the end users is increasingly important for making the right choices. The use of online and mobile platforms to *guide local priority-setting*, such as budgeting or planning, might help nurture existing communities through direct engagement, extending their impact through digital media. Ensuring good communication on how the public authorities will *inform, respond and react* to the input of the citizens will be important to ensure *trust* in government online. OECD countries as well as regional peers have demonstrated great progress in the public use of social media, for example in Chile regarding the management of risks and disasters. The Colombian president's use of digital communication platforms to reach out to the citizens is already remarkable, for example recognising outstanding cases of good citizenship through online conferences. This approach could be applied also in other areas. The government could for example consider how it can boost a *cultural change* inside the public administration ensuring a *higher local government commitment* to ensure impact of online presence – relying on digital platforms, promoting outstanding units, staff or specific results.
- **Sustaining the focus on transparency.** The government could consider continuing and reinforcing its efforts to foster transparent institutions. Colombia has launched a number of initiatives to improve transparency, including a proposal for a law on access to information in 2011. As the enactment of this proposed law is awaiting a ruling from the Colombian constitutional court, *a close follow up* will be expected, not only on the legislative process, but also on preparing and ensuring the subsequent implementation.
- Public *benchmarking* of the level of openness of the public authorities might create higher awareness and mobilise pressure to opening up the government if developed in an *easy-to-use* manner. Regional experience can provide useful inspiration in this

regard, for example Brazil's Federal Transparency Portal. Using ICTs to increase the transparency of the Congress also holds great potentials. *Systematic oversight* of votes, positions, as well as broad and formalised engagement in all phases of the legislative process, constitutes important elements of political accountability and the social contract. Accelerating a well-designed *openness and digitisation* of the Congress might sustain transparency and lead to better political debates, increased dialogue and spur increased trust in political institutions. With several initiatives already launched, such as Online Corporations [*Corporaciones en línea*], the government could continue to consider how it best can support processes of openness, *encouraging, supporting and partnering*, internally with key political partners, and externally with civil society and academia, for example on the development of "apps for democracy".

Conclusion

Focus on enhancing coherence, implementation and monitoring performance

Colombia has set out its strategic direction for the application of ICTs in the public sector and has already achieved considerable results. The government of Colombia is committed to pursuing and strengthening this work by further developing this specific "Colombian way" of focussing on the use of ICTs for inclusive growth and social development. It will thus be important at this stage for the government of Colombia through its Ministry of Information Technology and Communications, its National Commission and its CIO network, to focus on strategic *coherence* and *full implementation* by:

- Enhancing the *scope* and the *coherence* of its digitisation initiatives, by ensuring that the various actors and their strategies work together in a holistic and comprehensive manner, based on governance mechanisms that are aligned across the government;
- Improving the *implementation* of these strategies, by driving processes and incentives that nurture the right implementation results, for example through creating adequate frameworks for interoperable public services in the "back-office" that enable better and simpler service delivery to citizens via the "front-office";
- At the same time, focusing more systematically on *monitoring the performance* of this implementation to ensure, together with citizens and businesses, that its ICT and online strategies are achieving results;
- Sustaining the *participation of citizens*, taking advantage of the opportunities provided by online and mobile access to government to influence policy and by using the results of the government's regular online and offline contacts with citizens, to articulate open and transparent assessments of strategy-performance that influence strategy-implementation over time.

This implies effective and efficient governance – complementary and mutually-reinforcing leadership by the government of Colombia's three main actors leading the government's ICT and online service roll-out – and by monitoring the achievement of outcomes over time in this area. The OECD is engaging with the government of Colombia over the 2013-14 period to articulate and roll out an Implementation Plan for this Review, and is committed to working with the key government stakeholders responsible for the digitisation of Colombia's public sector to enhance its capacity to operationalise implementation over this period.

Strengthen public ICT governance and co-ordination to commit all levels of government to results

The Colombian government has achieved progress in the national promotion of ICTs in the public sector. However, in order to sustain and improve the progress made in implementation, the governance of the use of information systems and ICTs could be further improved, nationally and across levels of government. The government has recently taken up targeted efforts to ensure such improvements of its national governance framework. This includes establishing the National Commission for Digital and State Information in 2012. This is likely to contribute to more effective co-ordination among key players, although additional steps might be necessary to institutionalise and extend the decision making mandate as well as the co-ordination capacity of the Commission. This is also important regarding key issues such as interoperability and information architecture. Other measures include the appointment of a national CIO and an emerging national CIO network. The national CIO will function in a key role bridging the policies of the Ministry of Information Technology and Communications with the National Commission. The CIO network will be important to prepare key stakeholders in policy and sector areas for the strategic use of ICTs in the years to come. In order to support at the same time strong and balanced governance mechanisms, the government could consider:

- Further improving and strengthening the *co-ordination capacity* of the Ministry of Information Technology and Communications, extending top-down with inclusive, selected bottom-up mechanisms – this will be particularly important for the newly appointed national CIO;
- Ensuring that the *mandate, composition and instruments* 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 interoperability and 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;
- Developing an operational *government service delivery architecture* binding together the existing infrastructure, common enablers and services, clearing the playing clear for all stakeholders;
- 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 practises.

Manage e-government programmes based on their impact

Colombia has demonstrated strong capacity at the centre of government level to develop policies and related implementation strategies for the use of ICTs and information systems. A number of policy documents are showing leadership and commitment to

strategically integrate the use of ICTs as a means for transforming the government administration. As the policies are ambitious, particular attention is required to their implementation: to prioritise the needed measures and provide the proper incentives for fully implementing them. In order to support a stronger focus on implementing impact and outcomes, the government could consider:

- Aligning policies and budgetary processes further, improving the *incentives* to achieve impact in the different sources of funding so parallel funding is mutually supportive;
- Introducing the systematic use of *business cases* to guide the implementation of projects by a consistent focus on the value added of ICTs;
- Accentuating further the need of a focus on the user, *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, also for example regarding the exchange of information;
- 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.

Open up government decision-making and engage users in service delivery

The government of Colombia has also made significant progress in the area of government openness. The commitment can be observed for example regarding enabling factors, such as enhanced internet accessibility, but also regarding improvements in the perception of government effectiveness and accountability, as well as in the commitments to the Open Government Partnership and the adhesion to the OECD Anti-Bribery Convention. A High Commissioner for Good Governance and a Secretary for Transparency, responding directly to the President, have been appointed, taking responsibility for transparency, integrity and inclusion among others, as per the National Development Plan. 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, also facilitated through a systematic use of new media and technologies. The use of social media and mobile solutions is gaining importance. Despite such considerable efforts, Colombia still seems to remain behind international peers in other areas, including rule of law and combating corruption. And although a number of participatory processes are established, the scope, depth and importance of these processes could be further enhanced. In order to support openness and increased citizens' participation through the use of ICTs, the government could consider:

- 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;
- 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, or even in the framing of future ICT strategies;

- *Continuing* and *reinforcing* the efforts to nurture transparent government institutions, improving their ease of use and their accessibility, while pushing for increased openness beyond the Executive Branch, particularly in *Congress*.

Notes

1. Departamento Nacional de Planeacíon, 2000.
2. Conpes (Consejo Nacional de Política Económica y Social) is mandated in law 19 from 1958 and is the highest planning authority, advising the government on social and economic policy.
3. Ministerio de Relaciones Exteriores, 2011.
4. USD 2 900 000 000.
5. COL 5 500 000 000 000.
6. The Presidential Decree 1151 of 2008 mentions the Ministry of Communication. The previous competency under this ministry is currently under the Ministry of Information technology and Communications.
7. However, as the Council is also responsible for cyber security and defence issues, the Minister of Defence will participate in the discussion of such matters with voice and vote.
8. Author's translation.
9. The constitution also mentions indigenous territories as self-governing territorial entities.
10. This practice is a renewal of the Uribe administration's Community Councils [Consejos Comunales de Gobierno], which was already considered a good practice in local participation.
11. Efficiency refers to the degree to which a production process reflects "best practice", either in an engineering sense ("technical efficiency") or in an economic sense ("allocative efficiency"). Full technical efficiency characterises a production process where the maximum possible output has been achieved, given a fixed set of inputs and given a certain technology. Full allocative efficiency prevails when the input-output combination is cost-minimising and/or profit maximising. See also OECD, 2001.
12. Examples on previous commitments are CONPES 3292 from 2004, Law 962 from 2005, Law 1151 from 2007 in addition to more recent work. Colombia has also committed to interoperability internationally through for example through the adoption of the Bávaro Declaration from 2003, the regional Action Plan for Latin America and the Caribbean eLAC 2007 on the Information Society, among others.
13. See for example the UN's Global Survey for different perspectives in this regard, http://unpan1.un.org.
14. For example, the Danish public sector innovation unit Mindlab, which in collaboration with the Danish Tax Agency have helped establishing a better understanding of the young and digital tax payers, see www.mindlab.dk.
15. The first of a series of Google+ Hangouts with President Santos (see www.urnadecristal.gov.co/gestion-gobierno/primer-hangout-presidente-santos-re-ne-a-ocho-colombianos-que-han-conquistado-mundo) is an elaboration of a new political communication format, particularly associated with its use by President Obama, The United States (see www.whitehouse.gov/photos-and-video/video/2012/01/30/president-obama-s-google-hangout).

16. OECD, 2009.

17. Data are made available on a number of platforms, accessible through REST services. The open data protocol applied is specified at www.odata.org.

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