

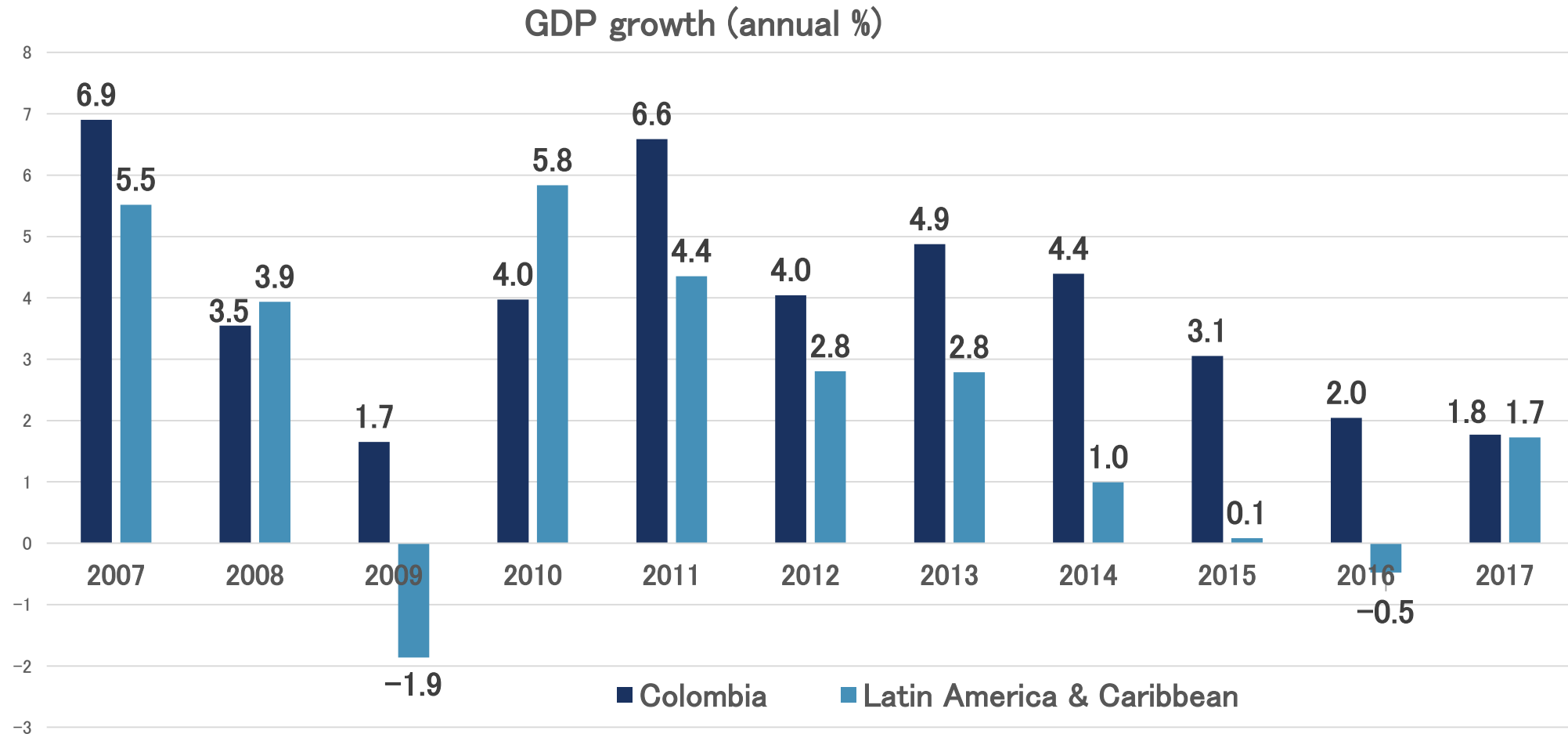
ECONOMIC AND SOCIAL PROGRESS IN COLOMBIA AND THE FUTURE ROLE OF PRODUCTIVITY

JANUARY 2019

—HERNANDO JOSÉ GÓMEZ—

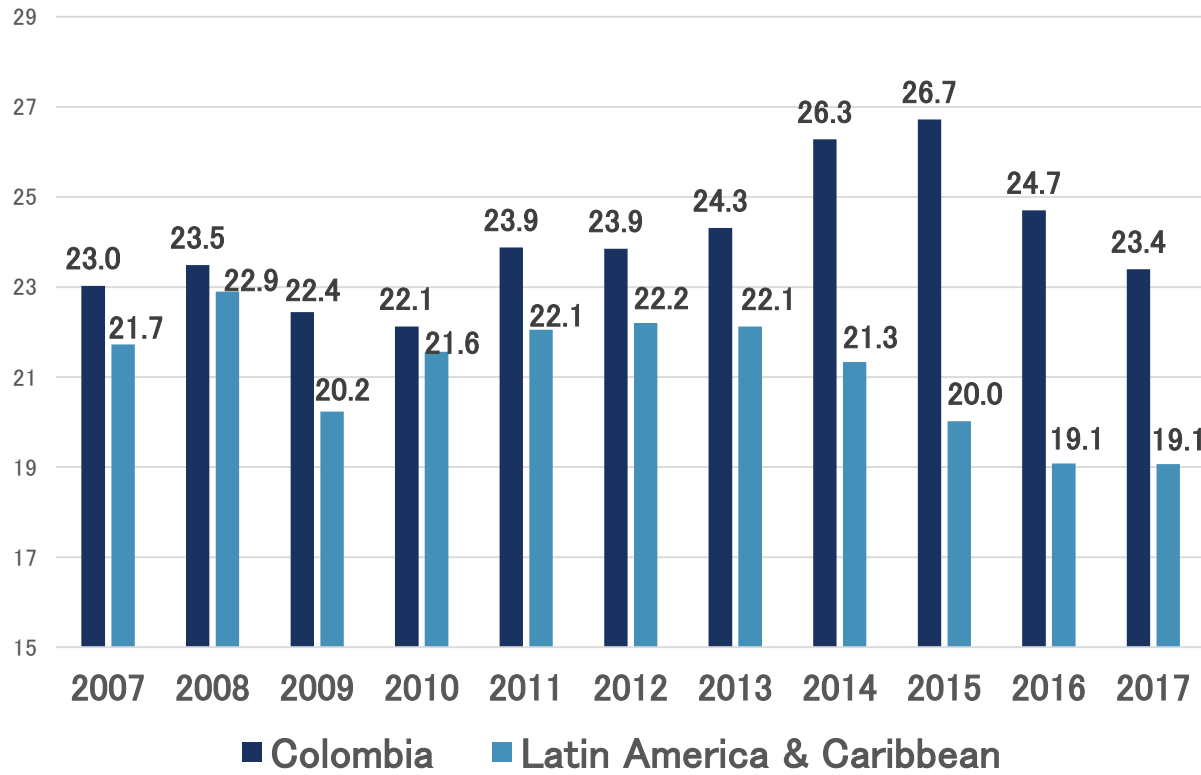


COLOMBIA HAS SHOWN A REMARKABLE MACROECONOMIC STABILITY AND A HEALTHY GROWTH RATE...

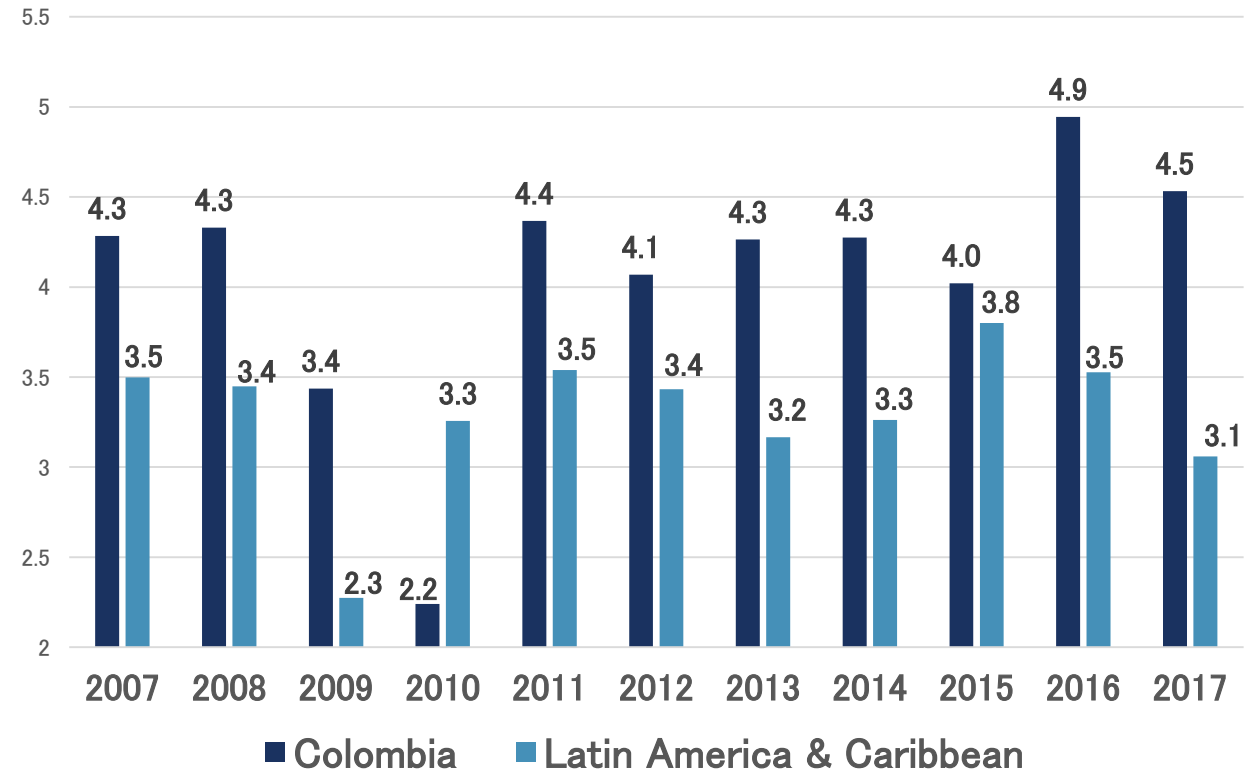


WITH A PARTICULAR STRENGTH IN TERMS OF INVESTMENT...

Gross capital formation (% of GDP)

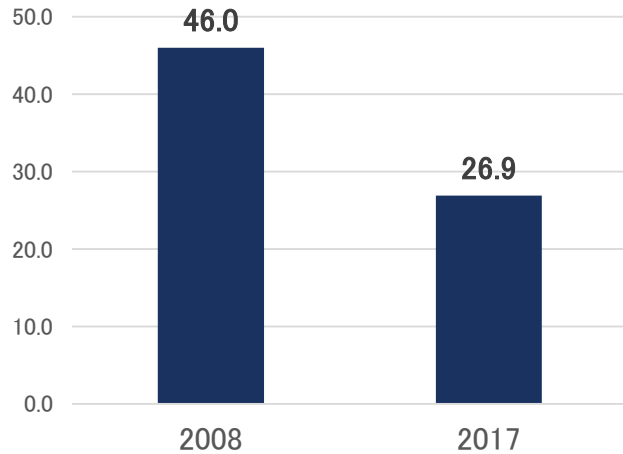


Foreign direct investment, net inflows (% of GDP)

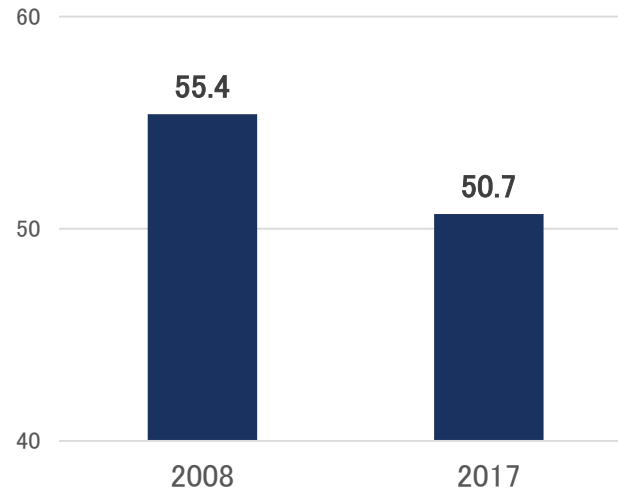


WHICH HAS BEEN REFLECTED IN SOCIAL PROGRESS...

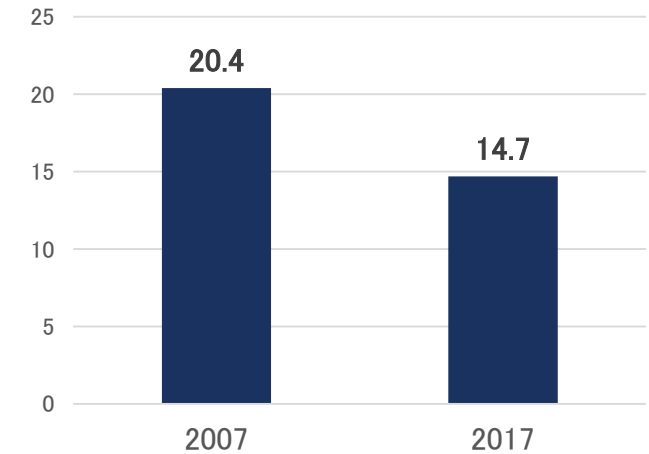
Poverty headcount ratio
(% of population)



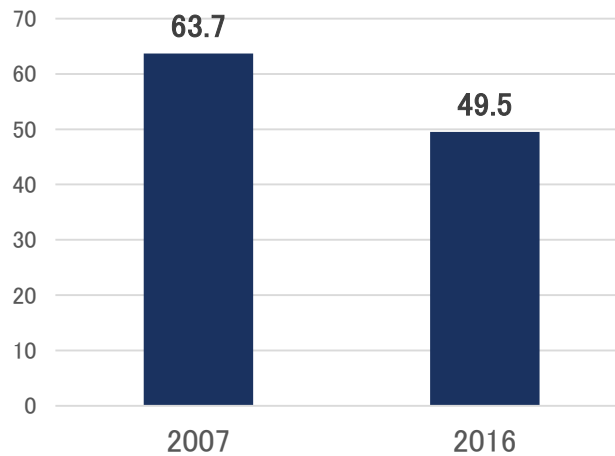
GINI index



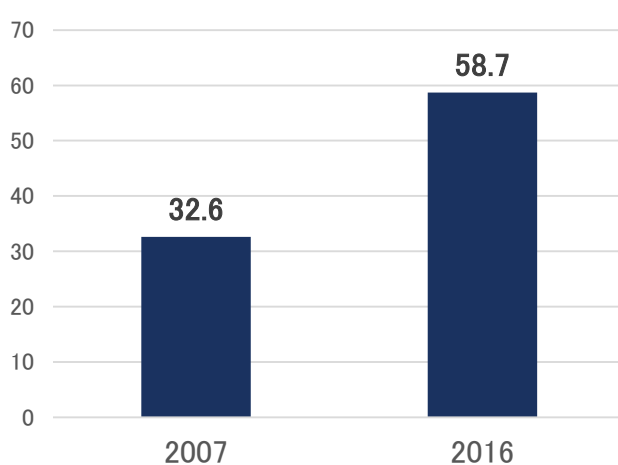
Mortality rate, under-5
(per 1,000 live births)



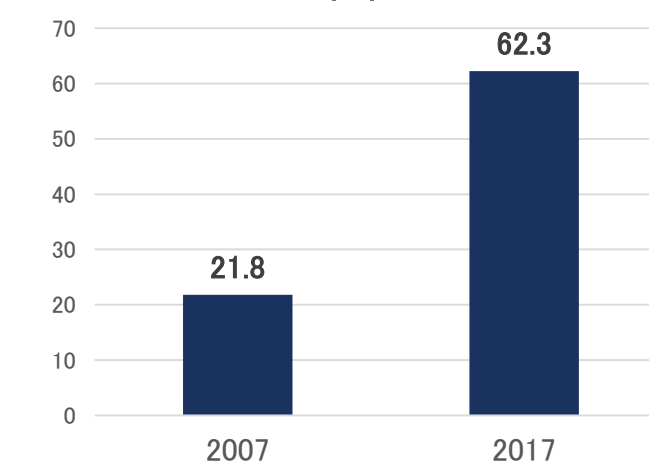
Adolescent fertility rate (births
per 1,000 women ages 15–19)



School enrollment, tertiary
(% gross)

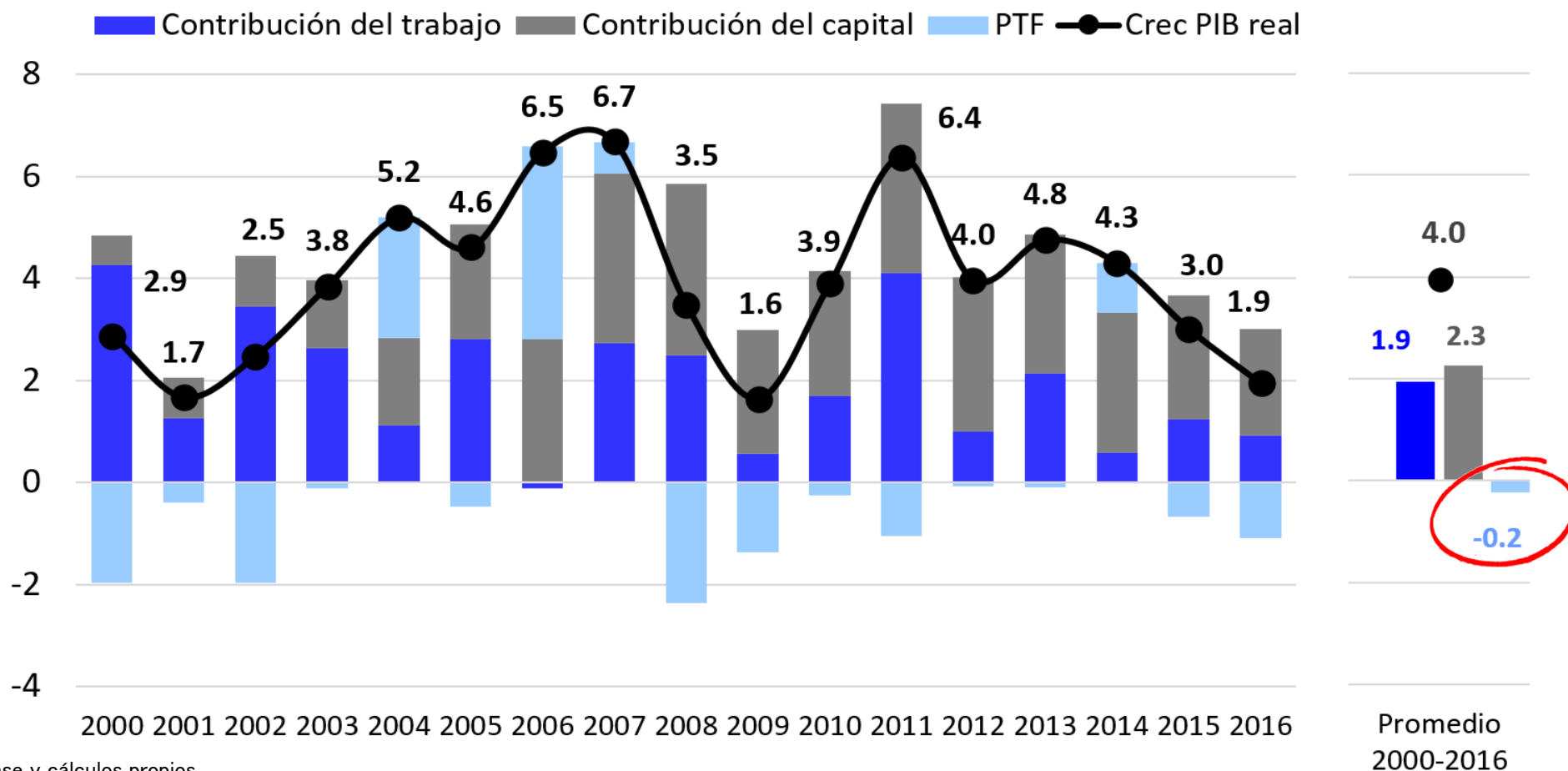


Individuals using the Internet
(% of population)



BUT NOT EVERYTHING IS GOOD...WORRIES ABOUT THE BAD PERFORMANCE OF PRODUCTIVITY (TFP) AS ENGINE OF GROWTH...

Contribution to GDP growth, 2000–2016.



Fuente: Total Economy Database y cálculos propios

A CATEGORIZATION OF SOME OF THE SOLUTIONS

L

- Gender issues
- Informality

K

- Cost of Use of K
- Strategic FDI

TF

P

Provision of Public Goods

- Infrastructure and logistics
- Education and quality of HK
- STI

Market Rigidities

- International (tariffs and procedures)
- Labor
- Land

Regulatory Aspects

- Taxes
- Government Red Tape

THE ROLE OF PUBLIC EXPENDITURE REVIEW TO IMPROVE THE QUALITY OF THE STI BUDGET

- Expenditure in STI will be determinant in the gains in productivity which is the key engine of growth of emerging countries.
- But there are market failures and a high level of risk that impedes the private sector to internalize the benefits of STI
- Hence the public expenditure in STI becomes a cornerstone in the development strategy.
- Unfortunately we are not obtaining the expected benefits of these public expenditure

THE ROLE OF A PUBLIC EXPENDITURE REVIEW (PER) TO IMPROVE THE QUALITY OF THE STI BUDGET

- To have an adequate diagnosis we undertook a PER with the WB
- The focus was on functional aspects and governance of the STI system
- 129 of a total of 145 instruments were analyzed
- Involved 8 government agencies and 27 variables were evaluated for each instrument.
- It covered 3 dimensions: design, implementation and governance.

THE ROLE OF A PUBLIC EXPENDITURE REVIEW (PER) TO IMPROVE THE QUALITY OF THE STI BUDGET

- The main conclusion is that the budget was being used in an ineffective and inefficient manner.
- Some examples:
 - Resources concentrated in a few and not the most important instruments
 - Duplication of instruments among agencies
 - Lack of coordination between agencies and with the city governments
 - Very little resources in design and evaluation of results
 - Resources benefited well established firms and little the start-ups
 - There is no formal learning process between the government agencies to share best practices.
- The results of this evaluation are being used in the structuring of the last development plan and will be crucial for the recently created STI ministry.

THANK YOU

