

## COLOMBIA

### 1. Recent trends

Poverty in Colombia increased from 30.9% in 2016 to 34.5% in 2022, remaining above the Latin America and the Caribbean (LAC) average of 24.1%. Extreme poverty also increased, from 12.0% in 2016 to 16.9% in 2022, standing above the LAC average (8.3%). The Gini index increased from 50.6 in 2016 to 51.5 in 2021, remaining above the LAC average (44.8). Regarding investment and production transformation indicators, total investment in Colombia is at 19.0% in 2022 compared to 21.3% for the LAC average over the same period. Colombia's labour productivity, measured against output per employed person in the United States, increased from 25.9% in 2016 to 28.1% in 2023, above the LAC average of 27.1%. The share of exports of high-tech products in total exported manufactured goods decreased from 10.2% in 2016 to 8.2% in 2021 but remained above the LAC average (7.2%). Positive perception of foreign direct investment (FDI), which declined across the region, dropped markedly in Colombia, from 55.9% in 2016 to 37.2% in 2020. The country's tax revenue slightly increased from 19.1% of GDP in 2016 to 19.5% in 2021, avoiding the regional downward trend. Environment-related tax revenues decreased slightly from 0.8% of GDP in 2016 to 0.6% in 2020.

### 2. Long-term policies to promote investment and production transformation

Colombia has made significant efforts **to attract and mobilise high-quality investment**, focusing mainly on promoting higher levels of business formality in the economy. In 2019, Colombia introduced the Business Formalisation Policy (CONPES document No. 3956), which streamlines the formalisation processes of businesses, enhances regulatory enforcement, gathers better business data, and shares evidence on policy impacts. To make this possible, the formalisation policy lowered commercial registration fees, resulting in entrepreneurs collectively saving around COP 85 393 million by 2022. The policy also expanded the “one-stop business window” to 57 locations nationwide, facilitating the creation of 177 599 companies from June 2018 to December 2022. In 2020, Colombia formalised the Articulation for Competitiveness Methodology (ArCo), based on five main objectives: promote articulation from and towards users; improve the efficiency of public spending; orient the budget towards results; define a regionalised offer; and strengthen transparency of and access to information. In the same year, the national government launched the *Innovamos* platform to consolidate all public calls and programmes related to competitiveness and innovation in science, technology, and innovation (STI). This platform has simplified the application process for citizens and firms seeking to avail themselves of national policy instruments, efficiently providing relevant information.

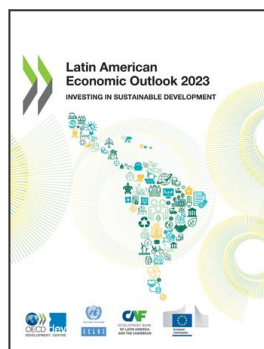
To advance **an inclusive and sustainable production model**, Colombia developed the 2022-2026 National Development Plan (NDP), titled Colombia, a Global Power of Life. This plan is structured around five essential transformations: i) territorial planning around water and environmental justice; ii) preserving natural wealth, human security, and social justice; iii) human right to food; iv) production transformation, internationalisation, and climate action; and v) regional convergence. In terms of inclusive growth, Colombia's NDP established the Council of Popular Economy, which aims to strongly incentivise grassroots economies by bolstering small and medium-sized productive units. In 2022, Colombia also updated, approved and started implementing the first phase of the action plan of the National Climate Finance Strategy: Closing the Gap. Its objective is to efficiently mobilise resources to finance mitigation and adaptation initiatives throughout the entire policy cycle, aiming to achieve national climate change goals with equity and justice.

In terms of **regional and international partnerships** to support the attraction of quality investments, Colombia has established collaborative initiatives with partners both within and beyond LAC. **Within** the region, Colombia offers and receives South-South and triangular co-operation related to productive transformation, employment and competitiveness, with Chile, the Dominican Republic, Ecuador, Guatemala, Honduras, Uruguay, and the Inter-American Development Bank (IDB), among others. **Beyond** LAC, the European Union supports initiatives to mitigate, adapt and reduce vulnerability to climate change and funds projects that seek to build sustainable development models and promote peace-building initiatives. In addition, together with the United Kingdom and Germany, Colombia participates in the Climate Finance Corridor. Finally, the EU-LAC Digital Alliance should promote the use of digital technologies for the peace agenda, the green transition, the conservation of natural resources, and for closing both social and geographic gaps in Colombia.

	Key indicators – Colombia					
	Colombia		LAC		OECD	
	2016	2022	2016	2022	2016	2022
<b>Social</b>						
Extreme poverty	12.0	16.9	8.1	8.3	N/A	N/A
Poverty	30.9	34.5	25.9	24.1	N/A	N/A
	2016	2021	2016	2021	2016	2021
Share of internet users (% of population)	58.1	73.0	54.5	74.2	81.8	89.6
	2016	2021	2016	2021	2016	2020
Gini index	50.6	51.5	46.3	44.8	34.1	33.6
	2010	2021	2009	2021	2009	2021
Share of total population in informal households (%)	62.6	54.1	44.2	46.8	N/A	N/A
Share of total population in informal households, upper-income quintile (%)	44.3	17.9	23.9	21.8	N/A	N/A
Share of total population in informal households, lower-income quintile (%)	69.6	90.2	44.3	17.9	N/A	N/A
	2019	2023	2019	2023	2019	2023
SIGI index	15.0	23.5	25.4	21.6	17.5	15.3
	2015	2018	2015	2018	2015	2018
PISA score in science	416	413	411	407	489	487
<b>Productivity and innovation</b>						
	2016	2023	2016	2023	2016	2023
Labour productivity (% of the United States)	25.9	28.1	29.3	27.1	70.0	68.5
	2016	2021	2016	2021	2016	2021
High-tech exports (% of manufactured exports)	10.2	8.2	8.4	7.2	16.5	16.0
	2016	2019	2016	2019	2016	2019
R&D expenditures (% of GDP)	0.3	0.3	0.3	0.4	1.8	2.0
<b>Investment and production transformation</b>						
	2016	2022	2016	2022	2016	2022
Total investment, gross fixed capital formation (% of GDP)	22.1	19.0	20.8	21.3	21.9	22.8
Foreign direct investment (FDI), net capital inflow (% of GDP)	4.9	4.9	4.4	4.6	6.8	3.5
	2016	2019	2016	2019	2016	2019
Private investment (% of GDP)	18.2	18.2	16.1	15.8	18.2	18.8
	2016	2019	2016	2021	2016	2021
Public investment in economic infrastructure (% of GDP)	1.7	1.4	2.3	1.6	N/A	N/A
<b>Citizens' perceptions and institutions</b>						
	2016	2020	2016	2020	2016	2020
Share of population who perceive FDI as beneficial (%)	55.9	37.2	70.9	53.9	N/A	N/A
	2018	2020	2018	2020	2018	2020
Share of population who consider that, in general, domestic products are of lower quality than imported ones (%) (agreeing or strongly agreeing)	38.2	29.6	44.6	42.7	N/A	N/A
	2016	2022	2016	2022	2016	2022
Corruption Perception Index (score on a scale of 0 [highly corrupt] to 100 [totally clean])	37.0	39.0	41.2	40.6	67.3	66.3
Security risks indicator (score from 0 [low security risks] to 10 [high security risks])	7.0	6.6	5.9	5.6	2.8	2.6
	2010-14	2017-22	2010-14	2017-22	2010-14	2017-22
Belief that science and technology will create more opportunities for the next generation (score on a scale from 1 [strongly disagree] to 10 [strongly agree])	7.0	7.2	7.3	7.2	7.6	7.2
Share of population who worry (very much or a great deal) about not being able to provide a good education for their children (%)	91.0	69.0	75.4	74.0	49.8	41.4
<b>Fiscal position</b>						
	2016	2021	2016	2021	2016	2021
Total tax revenues (% of GDP)	19.1	19.5	22.0	21.5	33.6	34.1
	2016	2020	2016	2021	2016	2021
Environmentally related tax revenue (% of GDP)	0.8	0.6	1.1	0.9	2.4	2.0
	2016	2021	2016	2021	2016	2021
Share of VAT (% GDP)	4.8	5.9	5.9	6.1	6.6	7.0
Share of PIT (% GDP)	1.1	1.3	2.0	2.0	7.8	8.3
Share of CIT (% of GDP)	4.9	4.6	3.2	3.4	2.9	3.1
Debt service (% of total tax revenue)	10.1	14.7	11.3	12.3	5.4	5.3
Social expenditure (% of GDP)	12.5	15.0	11.3	13.3	20.1	22.0
	2016	2020	2016	2020	2016	2019
Perception of tax evasion (%)	N/A	25.5	N/A	27.3	N/A	N/A

Note: See the Reader's Guide for definitions and sources.

StatLink  <https://stat.link/wjhexr>



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