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THE ORGANIZATIONAL PROBLEMS RAISED BY THIS
TASK IN THE COUNTRIES OF LATIN AMERICA

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NOTES ON THE PROCESS OF PLANNING AND EVALUATING
DEVELOPMENT IN COLOMBIA¹

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INTRODUCTION

The purpose of these notes is to analyze the process of planning in Colombia, with emphasis on the evaluation aspects. The materials used in the analysis are mainly official publications and discussions held with Government officers and technicians in November 1972. It does not claim to be an exhaustive picture of the situation. The aim is rather to describe those aspects which at the end of 1972 had some influence, actual or potential, on the various evaluation activities.

The first and second parts contain a description of the planning system and a summary of the 1972-1975 Development Plan, "The Four Strategies".^{1/} The third part contains an analysis of activities in the field of evaluation and in the fourth, a number of comments are made on the development of these activities.

I. The Planning System

In Colombia, the National Council of Economic and Social Policy^{2/} is the highest authority of the Executive Branch in the area of the formulation and control of socio-economic policies. The agency operates under the personal direction of the President of the Republic and has as its permanent members the Ministers of Foreign Affairs, the Exchequer, Economic Development, Agriculture, Public Works and Labour, the Head of the National Planning Department, the Director of the Colombian Institute for Foreign Trade, the Governor of the Bank of the Republic and the Director of the National Federation of Coffee Growers.

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^{1/} National Planning Department, "The Four Strategies", Bogota, 1972.

^{2/} Set up by an Act of 1968.

The functions of the Council, which meets once a week, are as follows:

- (1) To guide the formulation of development plans and programmes.
- (2) To study and recommend plans and programmes to the Government for submission to the National Congress.
- (3) To analyse, on the basis of reports by its Executive Secretariat, the progress of plans and programmes.
- (4) To lay the groundwork for the formulation of the Capital Budget in the draft Budget to be presented to the National Congress.
- (5) To co-ordinate the main socio-economic policies.
- (6) To approve or disapprove the provision by the Nation of guarantees for external loans.

In carrying out these tasks, the Council is assisted by an Executive Secretariat: the National Planning Department. ^{3/} Consequently, the documents which come before the Council do so through the channel of this Secretariat and it is the Planning Department which is responsible for laying down the rules which are to be followed by the planning offices of the Ministries and other public bodies in the preparation and presentation of development plans, programmes and projects at the sectoral, regional and urban level.

The following responsibilities have been assigned to the National Planning Department:

- (1) The preparation of the general development plan.
- (2) The study, advancement and evaluation of sectoral, regional and urban plans and programmes.
- (3) The co-ordination of long-term and short-term policies.
- (4) The identification and pin-pointing of obstacles hampering the progress of plans and programmes.

^{3/} Reorganized by an Act of 1968. The first planning bureau was set up at the Presidential level in 1951.

- (5) To make regular reports to the President and to the Congress when requested.
- (6) To lay the groundwork for the programmes to be included in the public investment budget.
- (7) To give its views on the annual budget to the General Directorate of the Budget, before the latter presents it to Congress.
- (8) To co-ordinate plans and programmes with those of other Latin American countries.
- (9) To control and co-ordinate technical assistance.
- (10) To watch over the external debt and give its views prior to the initiation of negotiations for obtaining external credit by public agencies or enterprises in which State participation is more than 50 per cent.
- (11) To advise the Council on the provision of guarantees by the Nation for external loans.

To carry out these duties, the National Planning Department has a permanent staff of about one hundred (including administrative and services personnel) of satisfactory technical competence. The organizational chart on the next page shows how the Department has been organized to carry out its work.

At the top level, the Head of the National Planning Department (who is a permanent member of the National Council on Political and Economic Policy and of the Monetary Board), in addition to being responsible for directing the Department is also head of the National Tariff Board, the National Development Projects Fund (FONADE) and the National Planning Council, the latter being a technical advisory body.

The National Tariffs Board is empowered to regulate and control charges for the public services of water supply, sewerage, electricity and others as determined by the Government. FONADE is responsible for financing for public

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or private bodies, wholly or in part, feasibility and pre-feasibility studies of projects and programmes, especially those of a kind relating to programmes for Andean integration.

The technical units, Economic Integration, Global Programming, Human Resources, Regional and Urban Development, Industrial and Agrarian Studies, Specific Projects and External Credit, Infrastructure, Budget Co-ordination, are responsible in their respective fields for carrying out and disseminating basic and methodological research, projecting trends and - together with the planning offices at the ministerial level - formulating plans, programmes and projects and co-ordinating and evaluating global, sectoral and regional policies. The Industrial and Agrarian Studies unit must also prepare, in conjunction with the Ministries of Economic Development and Agriculture and with the private sector, the groundwork for the indicative plans (at the branch or product level) in industry and agriculture. The Specific Projects and External Credit unit is also responsible for the programming and control of foreign technical assistance.

In the field of short-term planning, the National Council of Economic and Social Policy is assisted in its work by the Monetary Board.^{4/} The latter has some discretion in determining policy in such fields as money, credit and international exchange. The Board is presided over by the Minister of the Exchequer and has as its members the Ministers of Economic Development and Agriculture, the Head of the National Planning Department, the Economic Secretary of the President of the Republic, the Director of the Colombian Institute for Foreign Trade and the Governor of the Bank of the Republic. The Board meets once a week and has - in practice - as its technical secretariat the Economic Research Department of the Bank of the Republic. In any case, the fact that the members of the Board, in particular the Director of the National Planning Department, are also members of the

^{4/} Set up by an Act of 1963

National Council of Economic and Social Policy, permits long and short-term policies to be adequately co-ordinated.

In short, the preceding paragraphs show that the National Planning Department is in a position to suggest and evaluate policies at the highest level of the Executive Branch; its effectiveness obviously depends on governmental decision to make greater or less use of it. At all events, for the moment, it is important to note that the work of the Planning Department tends to be more effective in the macroeconomic field. There tend still to be gaps in co-ordination and control at the sectoral and regional level, owing in particular to the considerable degree of freedom enjoyed by the decentralized enterprises and the regional corporations (the decentralized public sector in Colombia includes 320 entities whose total outgoings in 1971 were approximately two and a half times as great as the total outgoings of the national Government).

As matters stand, the Planning Department is empowered to open regional planning offices, on the authorization of the National Council on Economic and Social Policy, but little has been done in this respect. In any event, as a means of achieving greater budgetary control of the decentralized agencies by the Ministry of the Exchequer and the National Planning Department, the Executive Branch has asked Congress for powers to modernize and reform the rules for framing the budget. If the reform was approved, the Ministry of the Exchequer and the National Planning Department would have the legal weapons to bring the activities of the decentralized agencies much closer into line with the requirements of the Plan, through the preparation and control of the annual budget.

II. The Development Plan

The first development plan drawn up in Colombia was the General Plan of Economic and Social Development, 1961-1970. This plan, drawn up with the collaboration of ECLA, was - as in the case of the other Latin American countries - more than anything else a response to the undertaking entered

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into in the Charter of Punta del Este (Alliance for Progress). The second plan, Development Plans and Programmes, 1969-1972, was short-lived and was replaced by the 1970-1973 Plan which, owing to changes in the political situation, the sudden fall in coffee prices and unfavourable weather conditions for agriculture at the end of 1970, was replaced by the 1971 Plan: The Four Strategies. This last plan, although it has not yet been debated in Congress for approval, is in force at the Executive level and formally guides economic policy decisions.

The Four Strategies include initially an analysis of the nature of the development process, propose as a goal a substantial increase in the well-being of the community and determine the general strategy to be followed, identifying the key areas of activity. The idea that an improved distribution of income is not only necessary but also compatible with a satisfactory rate of growth is fundamental to the whole analysis. In fact, it concludes that the limitations to economic development in Colombia lie not so much in limitations of global supply as in an inadequacy of effective demand for the goods and services required for the well-being of the great mass of the population, because of the very unequal distribution of income. Given the present stage of development of the country in which no serious bottlenecks are seen, additional efforts in respect of savings and investment ought to make it possible to achieve considerable increases in global supply, especially the supply of goods sought by the groups benefiting from the measures for the redistribution of income.

The Four Strategies identify the following areas as those in which priority should be given:

- (1) Urban development, with resources being concentrated on housing and related services.

/ (2) Promotion

- (2) Promotion of exports, as a means of finding a market for the growing supply of agricultural and industrial products and in order to provide adequately for import requirements and the financing of external debt.
- (3) Increased agricultural productivity and better distribution of rural land, designed to eliminate both very small and very large holdings.
- (4) Redistribution of income through a progressive system of taxation and the channelling of additional fiscal resources to the public services of education, health and recreation.

Without underestimating the importance of action in other areas, the decision to emphasise the areas just mentioned is due to the fact that it is precisely these sectors and these policies which, according to the Plan, utilize the existing inter-relations to the best extent, make it possible to increase employment substantially in a relatively short space of time, and should result in an important initial boost to the growth of the Gross National Product.

Unlike the first plans, the Four Strategies do not present, in relative terms, an important mass of quantitative elements, with the exception of the financing for 1972 (and in some cases for the years immediately following) of the sectoral programmes to be carried out by public entities. It was preferred not to use an econometric model in its preparation, because the strategy implies substantial changes and massive reassignments, with which the usefulness of such models becomes greatly reduced. Nevertheless, the Planning Department, since the publication of the Four Strategies, has continued in its work of trying to estimate what quantitative results should be expected given the application of the various policies and the new budgetary allocations.

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III. The Evaluation process

A. Statistical information

The public body responsible for the compilation, processing and dissemination of statistical information, both general and - in certain cases - specialized, is an autonomous agency: the National Administrative Department of Statistics (DANE).^{5/} DANE has a permanent staff of about 650 persons (technical and administrative staff included), with an average remuneration practically equal to that of the National Planning Department.^{6/} The organization of the Department of Statistics, which has its own computation services, is depicted in the organizational chart on the next page.

At the present time, the Department is putting out - in monthly form and in some cases regionalized - relatively up-to-date information (arrears vary between one and six months) on the production of the principal mining and agricultural products, on manufacturing production (142 enterprises accounting for 50 percent of total manufacturing production), production of steel and automobiles, industrial and total energy consumption, building licenses, air, sea and land transport, communications, wholesale and retail trade, banking statistics, prices of principal products, agricultural and industrial wage and price indices, imports, exports, exchange movements, fiscal situation and stock prices. Information on education, health and justice are put out annually. The Department has also published estimates of income distribution based on the National Survey of Households (sample of about 10,000 households) of 1970. These surveys are also making it possible for the Department to put out up-to-date information at the regional level on employment and unemployment. At the end of 1972, the Department was in the publishing stage of the third agricultural census (1970), was processing the trade, industry and services census (1970) and was working on the XIV National Population Census and the III Housing Census.

All in all, it can be said that from the point of view of statistical requirements for conjunctural evaluation (for which the Bank of the Republic

^{5/} Reorganized by an Act of 1968.

^{6/} See Colombia, Draft Budget, 1973

also provides fairly up-to-date figures on the financial and international exchange situation) there is no serious bottleneck as far as the availability of information is concerned. As regards the evaluation of the Plan as such, in which long-term considerations play a principal part, attention should be drawn to the delay in preparing the National Accounts. (According to the Act reorganizing the Department in 1968, it is responsible for drawing up the National Accounts. However, since by the end of 1972 it had not yet taken over this responsibility, the Central Bank has continued to draw up these accounts).

B. Macro-economic evaluation

According to an important government executive, member of the National Council of Economic and Social Policy, "development plans and programmes in Colombia succeed one another without any prior analysis of the successes, failures and impact of the previous ones". In point of fact, there is not in Colombia any systematic evaluation of long-term development policies.

Notwithstanding, there are many instances of evaluation at the level of specific global or sectoral development policies carried out by various agencies: the National Planning Department, the planning offices of the Ministries, the Department of Statistics, universities, research institutes, international agencies and associations of entrepreneurs. Since these are not systematic evaluations (but rather investigations into specific topics) and are not necessarily related to the purposes of the governmental authorities their influence on policy decisions is frequently small. In practice, the fact that very often these studies (except possibly those carried out by the national and sectoral planning offices) restrict themselves to analysing a situation or at best to proposing a reorientation of some policy without describing the socio-political impact of such a reorientation or without indicating in detail the instruments to be used, make them not very useful for consideration by the National Council of Economic and Social Policy.

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In the case of the conjunctural type of evaluation, the situation is rather different. On the one hand, the Monetary Board keeps a close eye at its weekly meetings on the development of the banking, fiscal and financial situation, and on the movement of prices and international exchange rates. In any case, on the occasion of the review of the bank credit quotas whose limits are set every quarter, a complete evaluation of the conjunctural situation is made every three months. This evaluating report (confidential) is prepared by the Bank of the Republic and if there is any indication implying a need for an important reorientation of economic policy, the matter goes before the National Council of Economic and Social Policy for discussion. On the other hand, the National Planning Department publishes systematically (every four months) a document for restricted circulation entitled "Evaluation of the Colombian Economy". This report analyses the situation in respect of international trade, credit and means of payment, production and inflationary pressures, and seeks to determine what the behaviour of the economy will be at the aggregate level. As can be seen, although there is constant scrutiny at the government level of the conjunctural situation, there is not in Colombia any formalized annual evaluation, unlike other Latin American countries where there is annual planning or where the presentation of the budget to Congress requires a detailed exposition of motives not only in regard to fiscal policy but also of the principal global and sectoral policies.

Apart from the official evaluations there are significant instances of systematic evaluation, more of the conjunctural type, by international agencies such as the Inter-American Committee of the Alliance for Progress, the World Bank and the Economic Commission for Latin America. In the event, these evaluations present the same features as the reports which these institutions prepare for other Latin American countries.

At university research centres and in business associations (i.e. the National Association of Industrialists), instances of the conjunctural type of
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evaluation are also met with. However, these evaluations are not necessarily systematic and do not generally refer to economic activity as a whole but rather to specific areas. In any case, of the work done by private institutes in this field, mention should be made of the quarterly publication "Economic Conjuncture" prepared by the Foundation for Higher Education and Development. On the basis of official figures and its own estimates, "Economic Conjuncture" analyses the state of the economy and the short-term perspectives. Although it is a good report at the global and sectoral level, fairly up-to-date and containing a considerable amount of statistics, its political impact is small.

The previous paragraphs show that in any case at the global level the conjunctural evaluation is satisfactory. The government reviews the situation systematically and the information reaches the decision-making centres at the proper time. It has available to its technical staff capable both of preparing the reports and of implementing the decisions taken on the basis of those reports. Generally speaking, therefore, the basic information may be termed adequate.

C. Post-evaluation and control of programmes and projects

In Colombia, no arrangements have yet been made for the systematic review of the physical and financial progress of programmes and projects in the public sector, as part of the budgetary process. At the moment, the Office of the Budget through the payment offices of the various Government departments keeps an accounting control over outgoings, including investment; its usefulness from the point of view of the evaluation process is somewhat relative, since as a quantitative record properly so-called it sheds no light on the problems - even the financial problems - encountered by programmes and projects.

The National Planning Department has partly made up for this through a permanent financial review of programmes and projects of a certain size or with external financing. This work is still in the process of being formalized and the Planning Department intends to amplify it so that it will also reveal the physical progress of the programmes and projects.

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At the sectoral level, the inspection of projects and programmes - including the indicative plans (see page 3) - by centralized units is virtually non-existent. This is due in part to the fact that the executing agencies - especially the decentralized bodies - in practice elude attempts at central or ministerial regulation and in part also to the fact that the executing agencies themselves (whether at the ministerial level or that of decentralized bodies or regional corporations) have developed internal machinery for the review of progress and in many cases possess staff specialized in such modern control techniques as PERT and critical path. As a result, there is no independent review of the physical and financial state of projects and programmes, with the exception of the financial control carried out for certain projects by the National Planning Department.

Nor is there in Colombia a body which systematically carried out evaluations "in depth", for the purpose of analysing the administrative efficiency of the execution or the impact after completion of those projects or programmes which by their nature are strategic or involve a considerable expenditure of resources. Only when anxiety arises because a project or programme is leading to great expenditures or when its implementation is causing social problems is it decided to carry out this type of evaluation.^{2/} The usefulness and quality of these ad hoc evaluations varies considerably: on the one hand there are no specialized groups to carry them out and since they are made only when a crisis seems to be emerging, the agency to be evaluated

^{2/} The Agrarian Reform is one of the programmes which has been evaluated most often, both internally (by the Colombian Institute for Agrarian Reform - INCORA) and by outside groups (see for example, DANE: "Agrarian Debate"). These evaluations, not systematic, according to one of the executives of INCORA itself, were designed more as a response to the political debate occasioned by the Agrarian Reform than to answer the requirements of adequate administration of development programmes.

adopts a suspicious attitude; on the other, the stage of progress of the project or programme may be such as to make any amendment very difficult.

In short, it can be said that in the area of control and post-evaluation of projects and programmes, there is still a wide field to be covered. In any event, in order to carry out these functions, unlike other Latin American countries, the information required presents no serious obstacles. On the one hand, in most of the ministerial bodies, decentralized agencies and regional institutions, their own internal control makes it possible at the moment to find most of the information required to judge the physical and particularly the financial state of progress. On the other, the amount of general statistical information that exists, particularly that which can be derived from the continuing National Survey of Households, makes it possible in many cases - including in some cases in regionalized form - to detect the impact of programmes and projects on two of the priority goals of development: employment and distribution of income.

IV. Preliminary observations

As noted in the preceding paragraphs, despite the advances that have been made in the field of statistics, there are still serious deficiencies. The establishment of National Accounts, from the point of view of evaluation and even policy formulation, is a clear priority. Similarly, in DANE, the bottleneck in processing information has not yet been completely dealt with.^{8/} In the case of the production censuses and the National Survey of Households,

^{8/} In practice, there are also considerable delays in the publication of information, but this does not affect main policy decisions as the National Council of Economic and Social Policy has access to the information almost as soon as it has been processed.

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which is supposed to be continuous, ^{9/} the information collected sometimes waits a long time before being processed. ^{10/} Given the resources which DANE possesses, which relatively speaking are appreciable, perhaps this bottleneck could be overcome by an internal redistribution of resources (possibly a smaller staff should be assigned to tasks of socioeconomic analysis, tasks which in any event are being carried out by various official and private bodies). Be that as it may, it seems essential that the users, in particular the National Planning Department (which has unfortunately to some extent ignored the problem) should have more weight and should be more directly involved in decisions regarding the orientation of the Statistical Department's activities. Otherwise, the Department will go on interpreting in its own way what the country's effective priorities are as regards statistics and will find it difficult to resist the temptation to allocate an increasing share of its resources to research of the methodological or socio-economic type, properly so-called.

^{9/} Ensuring the continuity of the National Survey of Households and its immediate processing is essential from the point of view of the Plan's chief objectives: increased employment and redistribution of income.

^{10/} It would seem that on some occasions the next National Survey of Households has been conducted before the last has been processed, obviously creating conflict between those responsible for formulating statistics and the planners. The first, in order to keep their house in order, process information in the order in which it arrives; the second obviously prefer to keep the information as up-to-date as possible and would prefer the most recently collected data to be processed first.

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For the purpose of evaluating the development plan, at least two previous requirements should be fulfilled: the speeding up of the process of approving the plan in parliament (since otherwise the country's undertaking to proceed with the plan is lacking, formally at least, as matters now stand) and a greater degree of clarity in the establishment of goals and policies (the National Planning Department is working in this area subsequently to the presentation of the plan).

With these two requirements fulfilled, the process of evaluating the plan could be systematized. In practice, the proper institutions are there (the National Council of Economic and Social Policy and the National Planning Department), there are staff possessing the necessary technical training, and the necessary information is for the most part available (what is not available can be provided in a relatively short space of time without much additional cost if the policy decision is made to obtain it). If the criterion of plans lasting four to five years is retained, the time-table for the evaluation could be one halfway through the implementation of the plan and the other at the end.

In respect of the conjunctural type of evaluation, which as has been noted has made visible progress in Colombia ^{11/} it might perhaps be advisable to consider in addition to the quarterly reports the preparation of an annual conjunctural report, linked with the budgetary process. This report (to be prepared by the National Planning Department) would not only make it possible to co-ordinate fiscal policy (or budget formulation) better with other short-term policies, but would also make it possible to adjust these policies to a greater extent to the requirements of long-term development.

In the case of the evaluation of programmes and projects, the National Planning Department is establishing a system for controlling the physical and

^{11/} This preoccupation with the state of the conjunctural situation at the end of 1972 in Colombia is probably explainable in part by a recrudescence of inflationary pressures in that year: the consumer price index whose rate of growth had been under 9 per cent since 1967 rose more than 14 per cent in 1971 and 1972.

financial state of progress. Since the undertaking is relatively recent, it is premature to express any judgement in this respect. In any case, hardly anything has been done as yet to organize a system designed to carry out evaluations "in depth". (see page 12). The importance of the tasks and the resources allocated to them and the accelerated growth observed by the public sector in Colombia, ^{12/} suggest the advisability of giving careful consideration to this possibility. This does not in any way imply the creation of an agency with a large staff dedicated to carrying out evaluations "in depth" into the various governmental agencies, decentralized bodies or regional corporations. What would be required is a small group (probably belonging to the National Planning Department itself) with some experience and flexibility to make visits to the field, which in conformity with a pre-established programme ^{13/} would work together with the executing agency to evaluate the implementation and the impact - also proposing amendments - of programmes and projects in the Public Sector.

^{12/} Between the years 1960 and 1972 the number of decentralized public bodies rose from a total of 140 to 450. Between the years 1966 and 1971 total public investment (agencies of the central government and decentralized) rose from 3,461 million Colombian pesos to 12,721 million (a growth of 267 per cent compared with a growth of 46 per cent in the price index).

^{13/} Obviously there would be no sense in evaluating "in depth" every one of the programmes and projects in the Public Sector. It would be enough if the programme of "in depth" evaluation considered pilot projects (bases for the realization of similar projects), strategic projects and programmes (i.e. those designed to solve a sizeable bottleneck in some sector of the economy) or those involving a permanent and considerable expenditure of public monies.



