



Anna Lindfors

23-694

12.4.2023

BOG; Summary of the draft for Colombia National Development Plan 2022-2026

In February 2023, president Petro and his government submitted their first draft of the National Development Plan for the term 2022-2026 to the Congress.

It is expected to go through heavy reformulation before being approved by the Congress, but it does offer an interesting preview to the new government's ambitions and main areas of focus.

The NDP is framed around 5 "major transformations" with goals that could pose interesting business and collaboration opportunities for Finnish actors.

In February 2023, the left-wing president Gustavo Petro and his government submitted their first draft of the National Development Plan for the term 2022-2026, titled "Colombia, World Power of Life" (*Colombia, Potencia Mundial de la vida*) to the Congress. The plan is still a draft version and expected to go through heavy reformulation before being approved by the Congress. The NDP is currently debated in Congress, which has until 7 May 2023 to approve the plan.

The draft plan has faced both approving and critical reactions, many welcome the very ambitious goals i.e. in improving connectivity and social justice, while others see it as too ambitious to be completed in the 4-year-term and possibly damaging the economy with too precipitous turns. The draft however offers an interesting preview to the new government's ambitions and main areas of focus.

What is the National Development plan?

The National Development Plan (NDP) is aimed at setting the guidelines for growth and development in the country during the 4-year government term and determine the processes to be carried out to meet these goals. The NDP is executed by the Government and the National Planning Department. The NDP is composed of a general part and an invest-

ment plan of the public entities. In terms of financial instruments, the document contemplates a variety of mechanisms, including public funds, national budget allocation, royalties and public works tax deduction schemes.

The articles of the Plan estimate an investment of \$1,154 billion COP (equivalent to 206,7 billion EUR), with the following allocations: 12% for regional convergence; 10% for productive transformation and climate action; 64% for issues related to Human Security and social justice; 4% for the Human Right to food; 2% for Territorial Planning around water and environmental justice; and 7% for Macroeconomic Stability.

The official draft document resulted after the development of 51 **Binding Regional Dialogues** (*Diálogos Regionales Vinculantes*), where nearly 250,000 people delivered more than 89,000 proposals that inspired the actual content of the plan. With this, the new government wants to emphasize how it encourages having an open dialogue with all actors and in all levels of the policy-making process. This is important for companies operating in Colombia to take into account, as these proposals are possible inputs of the strategic projects implemented in the government's planning both at the local and national level.

These strategic projects offer interesting business and collaboration opportunities for Finnish companies and organizations for example in the fields of digitalization, connectivity, water management, mining, energy transition, renewable fuels and scientific research.

5 major transformations and their main goals

The NDP is framed around 5 “major transformations”, these are presented subsequently with the emphasis on goals that could pose interesting business and collaboration opportunities for Finnish actors.

1. **Territorial organization around water and environmental justice** raises water as the central axis on which planning policies for the country's development will be based. The transformation includes for example a goal for Colombia reaching approximately 4 million hectares of formalized land by the end of the government term. Currently the land tenure informality in the country remains above 50%.
 - Consolidation of the Multipurpose Cadastre (MC) from current 9.4% in 2022 to 70% in 2026, and the establishment of a Territory Administration System. The MC is a tool that contains information on the physical, legal, and economic aspects of the properties. It strengthens the responsible entities and improves legal security, fiscal management, territorial planning and multi-sectoral public management. This creates opportunities for example for aerial and satellite technology.
 - Progress in the restitution and land titling as essential instruments to boost national agricultural production and the implementation of the Land Formalisation programme of the Peace Agreements. AgriTech solutions and new techniques for land cultivation could be collaboration fields for this goal.
 - Centrality of water as a fundamental human right. This could have effects on several industries mainly since the new Territorial Water Councils (CTAs) will supervise extractive activities. NDP orders the Ministry of Mines and the Colombian Geological Service to structure the National Geoscientific Knowledge Plan to have adequate information on the soil and subsoil and plan accordingly.
 - Finland has strong expertise in water management and conservation, and SYKE for example has a project with IDEAM (Instituto de Hidrología, Meteorología y Estudios Ambientales) regarding water quality monitoring, financed by the Finnish

Foreign Ministry. Also Finland's expertise in water diplomacy might be a possible entry point for Finland's possible engagement with the Paz Total policy.

- Deforestation as a concern, companies will need to devote additional resources to the implementation of processes, new baselines, access to commodities and compensation plans for deforestation. This enables a wider scope for public and private partnerships.

2. **Human Security and Social Justice, including poverty reduction** goals proposed include to increase Internet access, coverage in higher education, and labor formality by 1.6 percentage points, a rather modest goal considering that in 2021 63.2% of the Colombian workforce were informally employed.

- The access to internet should be doubled, and go from 38.3 million internet accesses in the country in 2021 to more than 71.4 million by 2026. This should happen by building infrastructure, like the 5G network.
- Higher education for a peaceful and knowledge based society, education coverage rising from 53.9 in 2021 to 62 by the end of the government term. There is potential for growth of Finnish companies' exports to the Colombian education sector, as well as promoting Finnish offering in education in Colombia.
- Reduce road fatalities, which requires building infrastructure for better surveillance and security, including digital solutions and new technology.
- Reduce maternal mortality (from 83/100 000 to 32/100 000). Possibilities for HealthTech solutions and updating infrastructure and equipment, including digital solutions. Also education for midwives, doctors and other medical personnel.

In March 2023 the Congress, where the NDP is being discussed, gave a negative vote to the article that created the Fund for Equality and Equity, even though the creation of the Ministry of Equality is already underway led by Vicepresident Francia Márquez. Questions arise about its regulations and the resources to carry out programs and projects.

3. **Human Right to Food**, its main goals are to reduce Extreme Monetary Poverty to one digit (12.2% in 2021); Leave the mortality rate due to malnutrition in children under five years of age at 3.37 per 100,000 (7.8 in 2021) and increase production in prioritized agricultural chains. Currently inadequate road, air and/or river accessibility and connectivity cause high levels of food and nutritional insecurity in some parts of the country.

- Transformation of the agricultural sector to produce more and better food, increase production in agricultural chains prioritized.
- Improved infrastructure network. For example: 96 port facilities will be strengthened, compared to 12 in 2022.
- Efficient, digital and technical supply chains to boost the Colombian countryside, promoting the adaptation of emerging marketing and logistics technologies.

4. **Productive transformation, internationalization and climate action** seeks to promote the reindustrialization of the country through the development of science, technology and knowledge, reduce dependency on hydrocarbons and use the resources they generate to make a safe energy transition. In addition, Colombia seeks to be the regional leader in the care of the Amazon and the transition towards clean energy.

Under the plan, gas is considered a key substitute for coal, firewood and household fuels. Green and white hydrogen are considered valid sources for the energy transition.

- The country will add 2 000MW of commercial power generation capacity from non-conventional renewable energy sources. Colombia's installed electric power generation capacity currently stands at 17,720MW, with hydro accounting for 69 percent, gas-and coal-fired power plants accounting for 30 percent, and the remaining one percent from wind and solar units (2022).
- Environmentally sustainable transportation: reach 2.14 million tons of CO2 mitigated by the transportation sector, which is an additional two million compared to 2021. The government has signaled that they are including SAF (Sustainable Aviation Fuel) to the plan. Fuel price determination will be adjusted to promote energy transition. Aiming at reducing the annual rate of national deforestation by 20%, which is equivalent to about 35 000 hectares less compared to 2021. This is a modest objective taking into account that in 2020, the country lost nearly 171,000 hectares of forest. Opportunities to Finnish companies for example in the field of monitoring deforestation.
- Colombia will double its investment in Research and Development, reaching 0.5% of the share of R&D investment in GDP. There will be opportunities of collaboration between foreign academic and scientific institutions.

5. Regional convergence, its goals including reducing households with a housing deficit by 5 percentage points; improvements to tertiary roads; increase the institutional confidence index and increase development in the PDET municipalities.

- Tertiary roads to connect the territories to reach more than 88 000 kilometers of tertiary roads intervened. Today the figure reaches 55 240 km.
- Strengthen logistics capacity. Reduce the percentage of logistics costs over sales from 12.6 in 2020 to 11.5.

Reactions to the NDP

Private sector has expressed concern on several issues included in the plan. One of these is that large-scale infrastructure, energy and mining projects that are already underway are increasingly vulnerable to the legal uncertainty these changes are bringing.

The implementation of the energy transition to renewable energy sources is causing concerns for the actors in the energy sector. President Gustavo Petro continues to advance with the plan to accelerate the energy transition by curbing the exploration and production of hydrocarbons. Uncertainty about the future of the sector has already begun reflect in the investment rate since oil is a key factor of Colombian exports.

Energy companies are emphasizing that Colombia still needs multiple energy sources to keep balance and ensure firm energy production, and not leave the country vulnerable and dependent on few options more sensitive to climate change, for example. There is also a fear of political intervention in the sector since in February the government issued a draft decree proposing to temporarily assume regulatory powers in the electricity sector. The plan would give Petro the power to cut energy prices to ease the economic burden on end consumers. The measure was provisionally paralyzed by the Council of State.

Experts consider that companies need a proactive approach with an empathetic grasp of the government's main goals, in order to have an effective engagement strategy with the national government.

The United Nations in Colombia have commented that the draft plan is an expression of positive political will for advancing peace holistically in Colombia and a window of opportunity also for the UN. As the biggest challenge they named the plans' high ambition (for example the 70% MC goal).

Finally, the structural changes proposed by Gustavo Petro's government have been causing uncertainty in Colombia's private sector since the elections last year, once the National Development Plan passes through congress after a long and hard negotiation process that probably will mitigate some of their identified risks a more stable situation would be expected.