6 Implementing the rural policy in Colombia

This chapter focuses on ways to improve the implementation of rural policy in Colombia. It first provides an overview of the main challenges and ongoing transformations that undermine an effective implementation of a comprehensive rural policy approach for Colombia, then it considers the current institutional setting and multi-level governance mechanisms to implement rural policies. The final section highlights five key actions that can help improve the implementation of the rural policy in Colombia.

Assessments and recommendations

Colombia has advanced in developing comprehensive strategies and diagnoses for rural development. Building upon the established Integral Rural Reform (IRR, Chapter 3), the government can further advance in designing and implementing a holistic national rural policy that covers all rural regions and unlocks synergies among different economic sectors in rural economies to boost national well-being and improve social cohesion.

The country is undergoing a number of transformations that need to be considered for the effective implementation of a holistic rural policy. They include the transition to a territorial approach that still associates agriculture with rural development, ongoing implementation of the peace process and effective implementation of vertical and horizontal co-ordination instruments with a territorial approach.

Colombia already has well-established co-ordination mechanisms and planning instruments but they can evolve further and be better mobilised to make the most out of these transformations and attain an effective implementation of the national rural policy. To this end, the government needs to address some specific challenges:

- A great number of actors in charge of policies for rural development, without clear leadership and co-ordinating mechanisms.
- A complex policy delivery system for rural beneficiaries, with a monitoring process of implementation that incentivises coverage rather than promotes long-term outcomes.
- Local government with a lack of financial and administrative capacity that hinders an effective and coherent policy implementation, nurtured by a local shortage of skills and low ability to raise own revenues to support investment for rural development.
- Civil society's lack of participation in rural development policies, which is underpinned by a lack of trust in the government and conflicts among groups, for example around the land.
- Unclear structures and incentives for rural and urban municipalities to partner and conduct joint projects.

Recommendations

- ***Create an inter-ministerial co-ordinating institution for national rural development policy*** to harmonise the implementation of the comprehensive national rural policy that leverages the IRR (Presidency, Ministry of Agriculture and Rural Development [MADR] and National Planning Department [DNP]). The inter-ministerial bodies of Chile and Finland can be a guide for Colombia. This institution should be characterised by:
    - The institutional authority granted by the presidential mandate to co-ordinate ministries and harmonise the implementation of the national rural policy that leverages the IRR and its national sectoral policies for rural development. This could take the form of a new institution or an existing one strengthened.
    - Capacity to use bottom-up planning instruments to adjust national policies for rural development to local needs. To this end, the institution can co-ordinate Development Plan with a Territorial Approach (PDET) instruments for all types of rural regions to align them with sectoral policies and budgets.
    - Ability to co-ordinate investments and co-invest in rural development policies. This could be done by overseeing the implementation of inter-ministerial budget lines focused on rural policies or funds for rural development. Resources allocated to PDET municipalities (Peace Fund) and to other rural municipalities should be used separately.

- ***Foment bottom-up planning instruments to identify local priorities across all types of rural regions and guide the implementation of policies for rural development***. To this end, the government [Presidency, DNP and inter-ministerial co-ordinating body] should improve existing co-ordination and planning instruments at the subnational level by improving the articulation of PDETs with other subnational planning mechanisms (e.g. Territorial Pacts, Regional Commissions for Competitiveness and Innovation) to cover all rural areas in municipalities with consistent and stable instruments over time.
- ***Reduce complexity in the delivery of rural policies and adopt the right incentives in the monitoring system of policy implementation***. To this end, the national government (Presidency, MADR and DNP) should:
    - Create a one-stop-shop at the regional level to deliver different polices for rural development in a co-ordinated manner. This could involve setting offices at the level of functional subregions to gather and co-ordinate the delivery of programmes from affiliated MADR agencies along with those from other ministries. Different offices per region could be set, for example, some focused on delivering productive programmes and others on social programmes. In a sense, they are the local equivalent of the inter-ministerial co-ordinating institution.
    - Consider creating a hierarchical structure of indicators in the monitoring system of policy implementation, which differentiates among output and outcome measures and includes transversal indicators to foster co-operation.
    - Evaluate the implementation of rural programmes with multiyear budgets to recognise the difficulties of conducting projects in some rural regions.
- ***Expand the staff and financial capacity of regional and municipal governments, with a differentiated approach per type of region***. To this end the national government (DNP in co-operation with sub-regional governments) should:
    - Formalise systemic training for local government officials, for example by strengthening the regional programmes from educational institutions such as the Superior School of Public Administration – ESAP or DNP's Strategy for New Territorial Leader. The government should adopt a proactive approach to reach the weakest governments with specific training strategies.
    - Support inter-ministerial associations to conduct complex policy tasks for some municipalities (e.g. gathering information, land use management plans, investment attraction strategies). The example of Business Joensuu in Finland could be a guide for Colombia.
    - Evaluate strategies to reduce the number of earmarked taxes and increase the fiscal capacity of local governments. This involves supporting local governments in updating the cadastre to improve the performance of property tax, allowing instruments such as congestion charges or tolls and promoting more flexibility in terms of user tariffs and local fees. For rural municipalities with higher capacities, borrowing could be further used as a financing mechanism.
    - Expand the certification system to measure administrative capabilities as a reward system to encourage regions to increase their own resources. This can be eventually territorialised to reproduce measures at the municipal level within each region.
- ***Enhance community capital to strengthen the involvement of civil society in rural policy and increase accountability and trust***. To this end, the national government (DNP and sub-regional governments(should:

- Encourage the development of community-led initiatives attached to local policy goals. This might involve setting support schemes for projects from community networks, supporting social enterprises and establishing (online or in-person) platforms to gather public opinion and foster community participation in local policy decision-making.
- Leverage actions from private sector associations to improve rural well-being. This includes strengthening regional platforms to co-ordinate actions from local farmers' associations along with other types of local companies (e.g. tourist companies) and aligning private sector social investments (e.g. Work for Taxes) with public investment.
- Introduce a whistle-blower protection procedure and bring all purchases by subnational governments into the central procurement entity (*Colombia Compra Eficiente*). These actions can help improve trust in government and reduce corruption (OECD, 2022[1]).
- Leverage bottom-up planning instruments (like PDETs) to empower local groups to identify local projects that could be accomplished relatively quickly with low investments and thus pave the way towards greater trust in government actions. Poland's Strategy for Responsible Development could be a guiding example for Colombia.

- ***Promote the formation of urban-rural partnerships to attain cost-effective investments and economies of scale in local projects***. To this end, the government of Colombia (DNP) should:
  - Establish clear guidelines to conduct urban-rural partnerships, in which municipalities can identify the benefit of co-operation and the legal and institutional arrangements that will allow them to co-operate. These guidelines should also contain procedures to set partnerships with structures that ensure an equal voice and vote for partners, regardless of the financial capacity and monitoring indicators on the outcomes of the collaboration.
  - Co-ordinate national rural and urban policies to set joint institutional and financial incentives to develop urban-rural partnerships. This can be done through common goals between MADR and the Ministry of Housing, City and Territory, or greater financial incentives for urban-rural joint projects.

Introduction

As mentioned in Chapter 3, Colombia can benefit from a more holistic approach to rural development. It has already moved in this direction, aiming to create strategies for rural development with the design and implementation of comprehensive plans. The Integral Rural Reform (IRR) sets the basis for a holistic approach, elaborating a comprehensive diagnosis and establishing plans that target different priorities for rural development. Building upon these efforts, the country can further develop a policy to cover all rural regions (from poorest to wealthiest) and unlock synergies among the different economic sectors to boost national well-being and improve social cohesion, with a view to decreasing regional inequalities.

However, for Colombia, the main impediment to achieving an effective policy for rural development lies in governance and co-ordinated implementation. In this regard, it is critical to put in place well-functioning mechanisms of governance to strengthen vertical and horizontal co-ordination across levels of government and at the national and local levels. In parallel, municipal and regional governments should strengthen institutional capacity and their capacity to enter into local partnerships, improve accountability and improve their delivery of services.

This chapter focuses on ways to improve the implementation of rural policy. Governance is broadly defined beyond the formal institutions and includes the full range of agents that participate in the process. The chapter first provides an overview of the main challenges and ongoing transformation that could hamper the implementation of a holistic national rural policy for Colombia. This is followed by a section that considers the current institutional setting and multi-level governance mechanisms to implement rural policies. The final section highlights five key actions that can help improve the performance of rural policy in Colombia. These are:

- Establishing a leader to co-ordinate rural policy.
- Differentiating rural policy and reducing complexity in implementation.
- Strengthening administrative and financial government capacity.
- Building community capital to better partner with civil society.
- Promoting urban-rural partnerships.

Transformations in rural Colombia shaping the implementation of rural policies

Implementing rural policies in Colombia must take into account a number of transformations underpinning rural development, rural policy design and effective implementation. These include:

- Colombia transitioning to a territorial approach to rural development, where policies and programmes still focus on agricultural modernisation and cities play an important political role (see Chapter 3). Agriculture is indeed a relevant sector for the rural economy, with a dual structure of a large number of small farmers, some still in substance production and a relatively reduced number of medium- and large-sized farms. Agricultural policy is still largely implemented through direct subsidies, still with a low focus on increasing investments in agricultural productivity, e.g. public goods (OECD, 2015[2]). While improving agricultural productivity should remain an important policy priority, efforts also need to prioritise addressing structural challenges in rural regions (e.g. connectivity, land security) that will eventually incentivise some farmers to invest in their enterprise and others to find alternative income sources.
- Colombia transitioning through the implementation of a peace agreement in the middle of a legacy of decades of violence, civil unrest and illegal activity that particularly affected rural areas. Peace implementation is progressing but the pace is slow, while the country still faces path dependency effects in terms of civil unrest in some rural areas and remaining violence in others with a lack of social cohesion among different groups, for example around land conflicts (Chapters 2 and 5).

These conditions might prevent both civil society and entrepreneurs from playing an effective role in rural development and attracting youth and private investments.

- Colombia also undergoing a transformation in the use of vertical and horizontal co-ordination mechanisms (e.g. Territorial Pacts, Agreements for Prosperity, association of departments) along with efforts on place-based policies for regional development (PDETs) and alignment of different planning instruments (e.g. territorial regional development plans and land use plan) (OECD, 2018[3]; 2014[4]). However, local governments face low fiscal autonomy and a lack of high-quality staff and information systems to plan and implement policies, which makes them a weak delivery vehicle and partner for rural development policy.

Improving the implementation of rural development policy must take into account these transformations to increase the well-being of rural households in Colombia through improved farm income and alternative sources of income for farm households (Chapter 3).

Colombia's development path yields a dual economy

Rural Colombia is characterised by a dual economy in various aspects: within its agricultural activities, between formal and informal employment and between rural and urban regions.

In the agriculture sector, some medium and larger farms have been modernising over the past years with good integration into both national and international markets, while a large number of small farmers struggle to be competitive and many still remaining in substance production. Agricultural policies need to help highly integrated firms (e.g. palm oil, cacao, sugarcane) increase their international competitiveness by improving infrastructure and access to international markets, digitalisation and innovation amongst other things. Policy should also focus on firms and farms to develop value chains and increase value-added in their activities and rural regions. Skills development, developing networks and improving structural factors will help in this respect. Traditional policies for subsistence farmers have traditionally relied on subsidies and dependency schemes, crowding out entrepreneurial initiatives and making many subsistence farmers depend on the public sector. These latter efforts will not deliver sustainable growth dynamics in the medium and long terms. Effective implementation of rural policies will need to revert the dependency mentality and promote bottom-up-led development efforts.

Colombia's labour markets include formal and informal employment, with a large share of workers in the informal labour market present in rural regions. Rural policies need to recognise and take into account this dual economy. Estimates of the degree of informal work in Colombia show a slow decline at the national level (Chapter 2). However, in rural areas, informal employment is likely far higher given a lower level of formal education, lower skills and higher presence of ethnic minorities. This suggests that there are two distinct dimensions of informal labour markets in Colombia. The first reflects differences in skills and capabilities among people that can act as a barrier to formal employment. In addition, there is a rural/urban difference, where there is a larger relative scarcity of formal employment opportunities in rural Colombia.

Reducing the significance of the informal economy and providing regular employment is a necessary first step in improving workforce skills, which will in turn lead to improvements in productivity. In recent decades, the informal economy in Colombia has declined in importance as economic development has led to greater integration of firms and workers into the formal economy, but there is scope for improvement. The OECD Economic Survey (2022[1]) has identified two recommendations in this respect: establishing a comprehensive strategy to foster formalisation, including lower non-wage costs, stronger enforcement and improvements in tax administration, and reducing the tax burden on formal labour income by gradually shifting the financing burden of social protection towards general taxation.

Another possibility for understanding duality is that rural and urban economies are fundamentally different. Economic and social integration associated with national development leads to the integration of rural and urban regions but urban economies and rural economies remain structurally different. Urban economies benefit from proximity, density, a large home market, sophisticated capital markets and the presence of major research institutions. In contrast, rural areas have small labour markets, low-density settlements, truncated economies, limited local capital markets, an ongoing reliance on primary industries and first-stage processing and other tradeable goods and services, and few sources of formal research and innovation (OECD, 2016[5]).

In Colombia, urban places are where more people live and work and greater growth was expected to speed up national development. In addition, these places have more powerful political leaders, more educated people and greater access to information and the central government's decision-makers.

These "low-density" economies can however achieve relatively high rates of growth and improve their productivity over time so they make a positive contribution to national economic growth but few will grow to become major urban centres. Importantly, for rural regions to make their full contribution, national governments have to make investments in rural development but these investments will differ significantly from the approaches used in urban regions. In both cases, a development strategy has to be defined to support policy coherence and complementarity, but the nature of the strategy and the subsequent policy regimes will differ because the underlying economies differ.

Effective implementation will also need to align and connect urban and rural development policies, recognising their differences but also understanding the strong linkages and complementarities that exist between the two. As mentioned in previous chapters, Colombia's polycentric territorial structure provides a potential to benefit from urban-rural interlinkages around various dimensions, economic (e.g. labour markets), social (e.g. shared public services) or environmental. Last section of this chapter will further develop this topic.

Instability has shaped rural development and mitigated institutions

National development policies have largely focused on urban development over the past years, against rural financial and programmatic policy focus captured by the security agenda and poverty reduction. Rural support was rather scattered and relied on political alliances to bargain with national policies.

Improving rural conditions is a long-term process that requires consistent forms of support to have a significant impact. If rural policy and programme recipients are conditioned to believe that a specific form of government support will only be in place for a few years or relies on political alliances, they will rationally choose to use government support to accomplish short-term objectives, rather than make longer-term investments that result in a greater benefit. Alternatively, they may choose not to expect to receive a policy or programme from the national government. In either case, policy churn is likely to be a factor in the limited progress of rural areas but it is likely not the major impediment.

Instead, the main barrier to providing effective support for rural progress in Colombia mainly lies in a weak system of rural governance that lacks accountability and strong will, beyond poor selection of rural policies. The capacity of local governments is a central pillar in attaining desirable policy outcomes. In many cases, this is not an issue of capacity per se but one of the incentives to see at the local level the benefits of following and complying with the overall national policy strategy. The low local government capacity in Colombia as in many other countries is a topic that has been long studied and whose solution is linked with economic development itself. It means it is a long-term rather than a short-term strategy.

Yet, some actions today can help foster this greater capacity. One is empowering the community to make local governments accountable for their actions or inactions. This requires information and clear communication channels to evaluate what actions the government takes and the compliance with the strategy that was set in advance. However, information is not enough, greater accountability also requires transparency in policy making and an educated civil society that is empowered to monitor the policy implementation.

In Colombia that has happened until certain extend at the national and urban level, but less so in rural areas. Many factors have prevented this accountability from happening in Colombian rural areas, including the low level of education and capacity to access information (Internet, roads), the dispersion of settlement patterns within municipalities that tend to cover large extensions and the internal conflict violence that reduces mobility and roots a fear to speak. Some of these bottlenecks are being resolved with recent policies (see previous chapters) but it might take time. As discussed in Chapter 3, prioritising those cross-cutting issues for rural development should be a state priority.

Despite these challenges, the 2016 peace agreement is an important milestone for rural development that has set new goals and a renovated vision to address rural issues through a holistic approach (Chapter 2). This agreement already sets the rural policy approach (IRR), the mechanism of implementation (PDETs and plans) as well as the actors to be involved. It can be improved of course but more important is the implementation of those agendas and the co-ordination of that policy approach to extend to all rural areas in the country.

In sum, for effective implementation, rural policies will need to break through dependency relations and promote bottom-up initiatives, establish good linkages between rural and urban policies, recognise the differences between the two as well as their strong interdependencies and potential for synergies. Finally, effective implementation will need to strengthen institutions and increase capacity in those rural areas, particularly exposed to conflict during the last years.

Subnational governments in Colombia and rural development

In all countries, there are multiple levels of government, each of which carries out specific functions and has specific powers or authorities. Multi-level governance plays a key role in aligning and providing coherence between national- and local-level strategies and effectively implement public investment. Multi-level governance seeks to identify ways to make this complex system perform coherently to achieve better societal outcomes.

For rural policy, there is a need to differentiate national policies to the needs and characteristics of different rural regions, develop common agendas across local governments in rural areas to make the most of economies of scale and scope and avoid fragmented policy outcomes as well as aligning common development agendas across levels of government.

The result is a classic principal-agent problem (Box 6.1), where subnational government actors that need to implement the national policy's strategy have little incentive to do so. Rural development is a particularly difficult challenge for a national strategy, because the needs, opportunities and resources in the multitude of rural places in Colombia, as happens in other countries, are hugely different. One that so little progress has been made in Colombia, despite consistent efforts by each incoming administration to establish rural development strategies that try to address the same set of problems, is that too little attention has been paid to better align incentives at subnational levels of government to encourage better participation.

Box 6.1 Principal-agent problem

The problem occurs when one party, say an employer, has a worker whose performance cannot be directly monitored but whose activity is important for the well-being of the firm. Further, we assume that the employee has control over his/her actions and has at best a weak initial incentive to behave in a way that maximises benefits to the firm. Given this situation, it is in the firm's interest to find a way to motivate the employee to alter his/her behaviour. Possible ways to do this could include: offering a share in firm profits, paying a performance bonus or switching payment from an hourly wage to one based on the amount of output. By aligning the interests of the worker with those of the firm, the firm is more likely to achieve better results. The principal-agent problem exists because of information gaps: in the example, the inability to directly monitor employee performance and not knowing what motivates the employee.

The principal-agent problem readily extends to the government. One level of government may delegate the task of delivering a programme to another level but the interests of the government delivering the programme may differ from those of the initiating government. Without some effort to align the interests, it is unlikely that the initiating government will see the expected results for the programme. More intensive monitoring of the programme delivery process may influence behaviour, as would including an evaluation of results, but both these efforts increase costs and divert resources from programme objectives. Where the costs of monitoring are high, it is particularly important to try to structure agreements between the principal and the agent in ways that better align the interests of the agent with those of the principal, but for this to happen the principal has to invest effort in better understanding the motives of the agent.

There is a diversity of government actors to implement rural development

A broad number of national public actors intervene in rural development policies. As in many countries, policy towards rural areas in Colombia is designed and implemented by an important number of ministries or public agencies. Colombia's MADR is the main responsible body for the implementation, administration and regulation of national policies related to agriculture, livestock, forestry, food and rural development. This ministry, however, implements its policies through:

- Seven affiliated agencies, that are in charge of planning, financing, and implementing policies for agriculture and rural development. They have administrative autonomy and own resources, with offices in most of Colombian regions. These agencies include:
    - The Colombian Agricultural Institute (ICA), responsible for agricultural sanitation.
    - The National Authority for Aquaculture and Fisheries (AUNAP), in charge of executing the fishing and aquaculture policy as well as supporting research on fishery and aquaculture.
    - The Unit for the Management of Dispossessed Lands (URT), serving as an administrative body of the national government for the restitution of lands of the dispossessed.
    - The Rural Development Agency (ADR), responsible for managing, promoting and financing agricultural and rural development to advance programmes with regional impact.
    - The National Land Agency (ANT), responsible for the policy of social ordering of rural property formulated by MADR.
    - The Rural Agricultural Planning Unit (UPRA), in charge of guiding the management policy of territory for agricultural uses, through the planning of the productive and social ordering of the property.
    - The Special Administrative Unit for the Management of Restitution of Dispossessed Land (UAERGTD), serving as an administrative body of the national government.
- Seven linked financial and logistic bodies responsible for guiding and implementing policies on topics such as funding productive activities related to the sector, other financial services and storage and product distribution. These entities have more autonomy with respect to MADR than affiliated entities in terms of resources allocated and objective.
    - The Agrarian Bank of Colombia (Banagrario).
    - The Financing Fund for the Agriculture Sector (FINAGRO).
    - The Colombian Agricultural Stock Exchange (BMC).

- The Veterinary Products Company (VECOL).
- The Funds and Corporations of Wholesale Distribution Market.
- The Agricultural Development Trust Company (Fiduagraria).

- And two mixed corporations:
  - The Colombian Agricultural Research Corporation (Agrosavia), in charge of the generation of scientific knowledge and agricultural technological development through scientific research.
  - The International Colombian Corporation (CCI), in charge of managing and canalising international co-operation.

Moreover, the ministry is supported by seven sectoral advisory and co-ordination bodies, which seek to align policies across ministries, subnational governments and affiliated agencies:

- The National Commission of Agricultural Credit.
- The Advisory Committee of Forestry Policy.
- The National Council for Agrarian Reform and Peasant Rural Development.
- The National Council of Secretaries of Agriculture. It has a presence at the local level and generates recommendations for the design and implementation of agricultural policy.
- The Superior Council of Administration for Land Restitution.
- The Sector Council for Agricultural Development.
- The Superior Council for Rural Land Planning.

At the subnational level and in addition to the office of affiliated agencies:

- Regional councils for agricultural supply chains that work to link primary production to the agro-food industry and provide support for the marketing of agriculture products.
- Municipal Units for Agricultural Technical Assistance that act as a channel for interaction with agricultural producers.

Additionally, almost all other sectorial ministries establish policies for rural development. Many of those have been mentioned in this report, including the Ministry of Environment and Sustainable Development, the Ministry of Education, the Ministry of Housing, City and Territory, the Ministry of Transport, the Ministry of Commerce, Industry and Tourism, the Ministry of Mines and Energy or the Ministry of Science, Technology and Innovation.

In this ecosystem of actors, the success of the rural and agricultural policies that are designed and planned by MADR relies heavily on the capacity of implementation and financing of the affiliated and linked agencies, which in turn operate through decentralised regional offices. If well-coordinated, these governance schemes could bring some advantages as it creates specialised agencies focused on specific policy areas that can innovate in their policy domains and be accountable for the results.

As in Colombia, most OECD countries (42%) use both deconcentrated national agencies[1] and autonomous regional agencies[2] to deliver rural policy at the regional level (OECD, 2020[6]). A handful of countries (29%) deliver rural policy solely through deconcentrated national agencies (e.g. Finland, Germany, Ireland), while a smaller number (15%) rely on autonomous regional agencies (e.g. Australia, France, South Korea). A small group of countries (14%) use other types of structure including a whole-of-government approach (Canada), devolution of implementation to regions and municipalities (e.g. Mexico) or implementation directly from the national level (e.g. Latvia, Luxembourg). One approach is not better than the other, as it very much relies on the administrative structure of the country.

However, without the right co-ordinating and evaluation mechanism, the policy action of these agencies can become dispersed, missing opportunities to attain economies of scale with other programmes, duplicating actions and focusing on coverage and budget execution to attain pre-defined goals. In fact, this is partially the case in Colombia (see Chapter 3). These issues are not new for the government and have also been identified by the Mission for the Transformation of the Countryside in 2014. The diagnosis at the time made particular emphasis on the atomisation in the execution of the sector's investment budget and the high outsourcing costs, partially explained by the concentration of resource execution in MADR.

Moreover, the existence of agency offices across the regions is not a guarantee of sound identification of needs, policy implementation or co-ordination. Many of these regional offices do not have administrative autonomy and had little financial operability, which makes them rather operators and processors of requests that send information to the central level and await approval. In some cases, as with the National Land Agency (ANT), the lack of decision capacity at the regional level slows down land-related requests and hampers credibility and trust with the local community (Chapter 5).

While the newly created ADR and ANT worked in 2015 at making the delivery of rural programmes and programmes related to land formalisation more effective, the challenges of atomisation, duplication and lack of responsiveness capacity of some offices remain (Chapters 3 and 5).

The result is a hierarchical structure where national governments set broad objectives but action is ultimately delegated to local actors. In principle, the extent of this subsidiarity is determined by where the greatest competency exists to carry out a particular role or function. A number of factors can limit the delegation of responsibility.

There are inter-ministerial mechanisms to articulate policies at the national level, but none specifically for rural policy

Horizontal co-ordination across levels of government involves an approach in which policy makers review policies to ensure people across the country, including those in rural regions, receive equitable treatment (Shortall and Alston, 2016[7]).

In Colombia, at the national level, co-ordination among ministries and policies is initially done through the preparation of the National Development Plan (PND), which sets common objectives and strategies. Furthermore, the country has a number of supra-ministerial bodies to co-ordinate national policies across ministries, including (OECD, 2018[3]):

- The National Council for Economic and Social Policy (CONPES). The CONPES is the highest national planning authority in the country and serves as the advisory body to the government regarding public policies in all matters.
- The Council of Ministers.
- The Council on Fiscal Policy.

None of these councils is specific to one single sector or topic. MADR's sectoral advisory and co-ordination bodies are responsible for inter-ministerial co-ordination. But, as explained before, these bodies do not have the compelling capacity to gather other ministries, with meetings that tend to occur on a case-by-case basis without attaining sustainable co-ordination of farms and off-farm policies.

Instead, currently, the most effective instrument to co-ordinate different farm and off-farm activities in rural regions is in the form of a planning instrument at the subnational level: the Development Programs with a Territorial Approach (PDETs) (Box 6.2). These development programmes have the advantage of being built locally through 170 municipal pacts but then implemented through a functional approach- 16 sub-regions. Sub-regional implementation is done through Action Plans for Regional Transformation (PATRs) that are based on municipal pacts (Agency for Reincorporation and Normalisation, 2021[8]). These instruments are set to last 10 years after the peace agreement was signed but, given the delay in IRR implementation (e.g. development of national sectoral plans) and their capacity to serve as a bottom-up policy mechanism, the continuity of PATRs and PEDTs to co-ordinate rural policy between national and local government seems a cornerstone to attain a sustainable implementation of rural policy.

This mechanism is financed through a special fund called the Peace Fund, created in 2017, with the capacity to manage resources from various sources such as the General Budget of the Nation (PGN), royalties, international co-operation, private participation and others determined by law. The general royalty system is currently the main source of resources for this fund. Over the next decade, the completion of the peace process will require substantial fiscal efforts. Total implementation costs between 2017 and 2031 are expected to reach 12.9% of gross domestic product (GDP) (OECD, 2022[1]).

Box 6.2. The Development Program with a Territorial Approach (PDET), a co-ordinating planning instrument at the local level

The PDET was introduced in the peace agreement of 2016 as a planning and management instrument to implement the IRR in the municipalities selected by the agreement. These are 170 municipalities most affected by the internal conflict, with the lowest presence of state and management capacity and the highest rates of poverty and unmet basic needs. These municipalities cover 36% of Colombia's territory and host about 25% of the population.

The PDET use a placed-based approach focused on territorial functionality to plan and implement national programmes by grouping the 170 municipalities into 16 sub-regions. These sub-regions often cross regional boundaries. While sub-regions have irregular shapes, most municipalities in a sub-region are connected economically or in terms of population, with some exceptions. The PDET is implemented through the Territorial Renewal Agency (ART), which is attached to the presidency (created as a special purpose agency in 2015) and is the national counterpart in each region.

To define the PDET, an extensive consultation process was initiated in each municipality, then extended to the 16 regions. The process is divided into three major phases:

1. The first phase of the consultation aims to create local pacts that involve discussion in the various municipality settlements about local opportunities, problems and potential initiatives, with the participation by a wide range of local organisations, local interest groups and individuals. These settlement-level discussions are called pacts and are divided into three levels of agreements: ethnic, community and municipal.
2. The results are then aggregated by consensus into a municipal-level document called Municipal Pact for Regional Transformation (PMRT). This becomes a core document for the municipality and the ART. In total, there are 170 PMRT, 1 per municipality. Similar pacts are signed with various ethnic groups that have recognised status and have gone through a similar visioning exercise. In addition, there are also community agreements that commit municipalities and the ART to following the development strategy for each region.
3. Each sub-region is then required to construct a PATR based on municipal pacts (PMRTs), the ethnic pacts and the municipal agreements serving as a guide for the transformation of the region over the next ten years. The PATR is essentially a bottom-up sense of how the members of that region would like to see their area evolve. Essentially, this involves a process of identifying a place-based rural development vision. Eight pillars are used to frame the discussion of the PATR. They are:
    - rural property and land use
    - infrastructure and land suitability
    - economic reactivation and agricultural production
    - right to food
    - education services and early childhood support

- healthcare services
- housing, drinking water and sanitation
- reconciliation, coexistence and peacebuilding.

Collectively these topics describe the general parameters of development, but the relative importance of each pillar and the specific types of investments required are determined by each region. The PATR process also introduced three new approaches to constructing the development plans. The first is a territorial approach that combines multiple municipalities into a functional region that does not respect department boundaries. The second is an explicit recognition of the importance of ethnic and gender differences in constructing an equitable plan. The third is a shift from a focus on simply fixing problems to identifying existing assets that can be used to generate development.

Source: Agency for Reincorporation and Normalisation (2021[8]), *PDET*, https://www.reincorporacion.gov.co/es/reincorporacion/PDET/PDET-General-Noviembre.pdf.

Rural proofing, an emerging effort in Colombia

To undertake horizontal co-ordination of policies shaping rural development, some OECD countries apply rural mainstreaming to all sectoral policies (also known as rural proofing). This means deliberately reviewing new policy initiatives through a rural lens, to analyse impacts and implementation needs for specific rural characteristics. The overall goal of rural proofing is to ensure and monitor that all domestic policies and the different institutions and sectors take into account rural circumstances and particularities. For example, the United Kingdom (UK) has adopted a policy of rural mainstreaming and rural proofing to keep the needs of rural regions at the forefront (Box 6.3). In 2016, the European Union (EU) also committed to rural proofing its policies.

Box 6.3. Rural proofing in the UK

In the UK, rural proofing is integral to the policy-making cycle. In England, 9.8 million people (19% of the population) live in rural areas. Virtually all policies impact rural communities. Rural proofing helps achieve good economic, environmental and social solutions that contribute to growth. Rural proofing is a commitment by the government to ensure that domestic policies take account of rural circumstances and needs. It is a mandatory part of the policy process, which means that as policies are developed, policy makers should:

- Consider whether their policy is likely to have a different impact in rural areas, because of particular circumstances or needs.
- Make a proper assessment of those impacts, if they are likely to be significant.
- Adjust the policy where appropriate, with solutions to meet rural needs and circumstances.

The point of encouraging early assessments of expected, or likely, impacts in rural areas is a critical factor for rural mainstreaming. This type of prior assessment of policy goes well beyond a mere audit. It is about making the right evidence on rural dynamics available to the key decision-makers in a timely fashion so as to enable the introduction of corrective measures. Rural proofing applies to all policies, programmes and initiatives and applies to both the design and delivery stages. The UK Department for Environment, Food & Rural Affairs (DEFRA) Rural Communities Policy Unit (RCPU) has been established as the centre of rural expertise within government and is able to advise policy makers on the likelihood and possible scale of rural impacts and to suggest actions that might be taken to mitigate these. The RCPU can provide up-to-date information on rural areas and key rural stakeholders. At the same time, DEFRA has developed a suite of local-level rural proofing materials, to guide and help local decision-makers to "rural proof" local policies and practices.

Source: OECD (2011[9]), *OECD Rural Policy Reviews: England, United Kingdom 2011*, http://dx.doi.org/10.1787/9789264094444-en.

In the case of Colombia, the IRR of the peace agreement promotes a type of rural proofing focusing on a number of sectoral policies. In this reform, the government acquired the commitment to implement a number of National Sectoral Plans that address many structural challenges for rural development (see Chapter 3). Yet, Colombia does not have a systemic approach to ensure new policies in sectoral ministries are suited to rural needs or characteristics.

Moreover, rural proofing as a rural policy strategy is not enough and, alone, brings some challenges. This approach is not fully effective if there is no co-ordination and integration among the sectoral policies that were rural-proofed. For instance, conducting rural proofing separately on transport and housing policies, without integration among them, will create inefficiencies in policy implementation and even undesirable outcomes (e.g. housing developments without transport connections) (OECD, 2020[6]). Taking a rural lens to sectoral or national policies may be challenging due to the difficulties in the ability of any single department to influence the behaviour and implementation mechanism of another department. As explained later, some countries overcome this issue by creating special inter-ministerial committees of rural policy development that instead focus on policy complementarities by co-ordinating different sectoral and political interests towards a single goal for rural development.

Co-ordination across agencies delivering programmes in rural areas needs to be improved

Different agencies attached to MADR have subnational branches that implement and adapt national projects. They include the Agency for Rural Development, the Colombian Agricultural Research Corporation (Agrosavia), the Unit of Land Restitution and the National Land Agency (ANT) along with financial institutions (see Chapter 5 for a detailed description of roles). They add up to other agencies with subnational branches that conduct programmes in rural regions, like the Agency for Reintegration and Normalization (ARN) which operates mainly in those municipalities most in need of national interventions (PEDT municipalities).

MADR programmes struggle to co-ordinate interventions for the same beneficiaries. For example, some projects conducted by the ARN that successfully promote greater agricultural productivity in a specific productive unit do not formally co-ordinate with MADR's programmes of commercialisation (e.g. Contract Farming) to increase the probability of ensuring the sale of production on the markets. Similar fragmentation occurs with projects implemented by non-governmental organisations (NGOs), which are important operational actors in Colombian rural regions (Chapter5). This issue is partly due to the lack of platforms to formally agree *ex ante* on project allocation at the regional level and deliver projects to communities through unified channels.

The lack of programmatic co-ordination also runs the risk of generating programme dependency on the part of the recipient communities. Productive subsidies without adequate complementary training or commercialisation programmes rarely achieve lasting effects on beneficiaries and instead reduce incentives to innovate and find solutions with endogenous knowledge. For example, programmes that provide subsidies in the form of seeds or agricultural inputs annually, without adequately building the capacity to transform farming practices (e.g. by improving input use efficiency), create a dependency on the subsidy by the beneficiary. Once the programme ends, some farmers find themselves unable to afford the seeds or inputs needed for their production.

Greater complementarity among projects from different agencies could lead to stronger economies of scale in interventions and lasting effects in communities. To this end, the government needs to evaluate mechanisms to reduce duplication at the regional level to reach communities and producers with the unified supply of programmes (the last section of this chapter will develop further this recommendation) and improve information mechanisms to allow agencies to share information about programmes.

There are many instruments for co-ordination with and among subnational governments

Many regional governments in Colombia have become strong actors in strategic planning. As an interface between the municipal and national levels, regional governments could be the ideal level of government to identify the needs of their rural municipalities, create rural-urban synergies and canalise the implementation of the policies shaping rural development policies. The strategic planning at the departmental and municipal levels is complemented by a robust normative structure. It includes the 2011 Organic Law on Territorial Organisation, Agreement 10 issued in 2016, outlining departments' cornerstone role in strategic territorial planning and Law 388 from 1997 establishing land use plans.

The Colombian government has created several tools to strengthen co-ordination with and between subnational governments. They include:

- Territorial Pacts (*Pactos Territoriales*) are an instrument of territorial development planning using a voluntary agreement between different levels of government to articulate policies and programmes responding to the particular needs of the territories, which are linked to the objectives of the National Development Plan (PND). Pacts can be regional, departmental and functional and their timeframe, defined during the negotiation process, can exceed the government period. To avoid overlap for prioritisation and investment management, these pacts focus on social and economic investments and institution building for subnational governments.
- Contracts for peace (so-called *Contratos Paz*) were created to streamline the implementation of the peace agreement and to support the post-conflict process in conflict-affected departments.
- Agreements for Prosperity (*Acuerdos para la Prosperidad*, APP) are co-ordination mechanisms that derive from the Communal Councils. The focus of APPs is citizen participation to promote transparency and efficiency in policy making and implementation.
- OCADs (*Órganos Colegiados de Administración y Decisión*) are administrative instances that were created as part of the General System of Royalty Payments (SGR). They allow for the co-ordination of investment decisions of departments and municipalities through public sector management bodies.
- The Integral Performance Index (IPI) is a composite index that measures subnational governments' capacity against indicators for efficiency, efficacy and compliance in the execution of their policy and programming responsibilities.
- Regional Commissions for Competitiveness and Innovation are platforms to co-ordinate and articulate the different actors at the regional level that develop activities aimed at strengthening competitiveness and innovation.

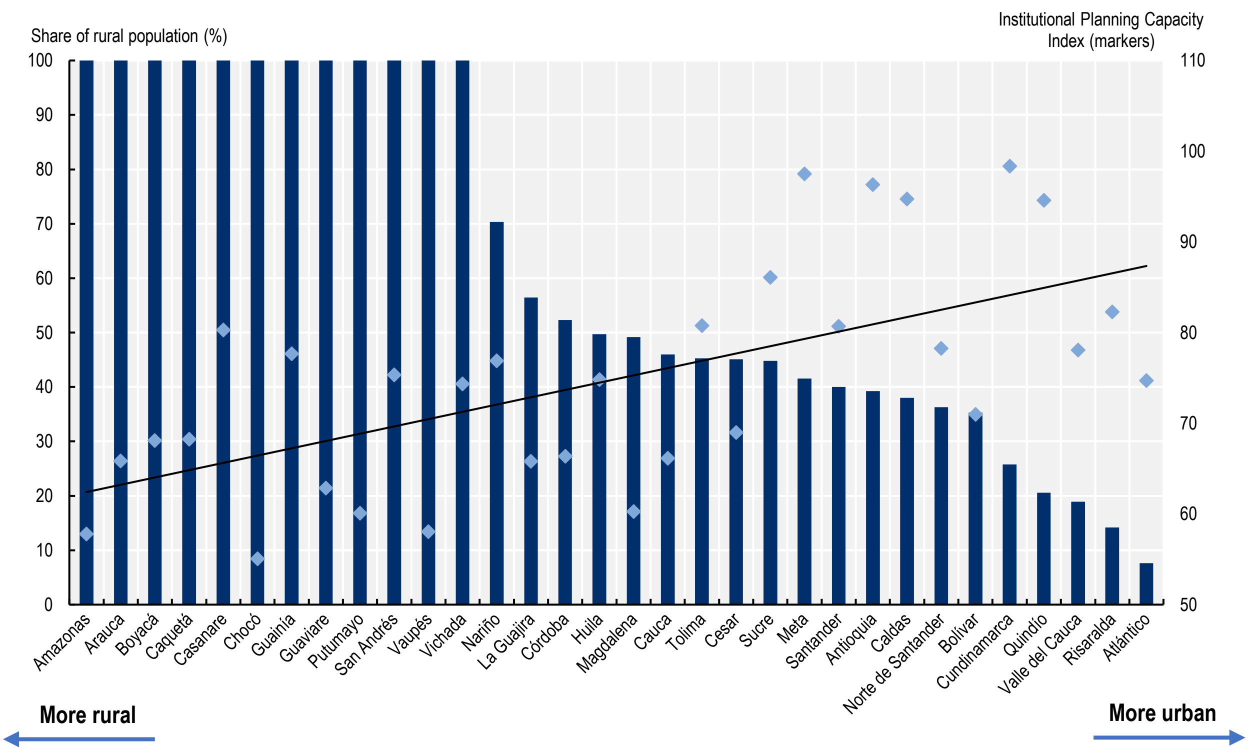
Moreover, horizontal co-ordination among subnational entities is encouraged through:

- Associations of municipalities and departments, metropolitan areas.
- Administrative and Planning Provinces (two or more municipalities within a single department).
- Administrative and Planning Regions (between two or more departments), regional pacts or alliances, among others.

Moreover, the planning instruments with a territorial approach that emerged with the peace agreement are set to be strong mechanisms to co-ordinate national policies and investments in targeted territories. The two main instruments are the PDETs (Chapter 3) and the Areas of Interest for Rural, Economic and Social Development (Zidres), which are development instruments for areas isolated from urban centres. Yet, as of 2022, the country had only one Zidres declared in the municipality of Puerto López for which the first call for productive agricultural projects has not been carried out. These instruments are still in the early stages of implementation and could be further adapted to deliver locally adapted policies for rural municipalities.

Despite the different instruments for subnational co-ordination, local government capacity in rural regions remains weak (Figure 6.1). In addition, rural areas can suffer from high levels of corruption, large informal economies, low law enforcement and limited accountability all of which increase the likelihood of implementation problems.

Figure 6.1. Institutional Planning Capacity Index by degree of rurality in Colombian regions, 2020



Note: The Institutional Planning Capacity Index, developed by the DNP and based on the needs of its value groups, projects, objectives, goals and results, measures the ability to define the best courses of action and resources to achieve them, identify risks and design mechanisms for monitoring, control and evaluation.
Source: DNP (2021[10]), *Resultados Medición Desempeño Municipal 2020*, Dirección de Descentralización y Desarrollo Regional.

Subnational governments have wide-ranging competencies but limited fiscal autonomy

Colombia is described as a unitary state with partial autonomy of regional authorities. It has three levels of government – national, regional and municipal – where the majority of competencies are shared between all levels of government (education, healthcare, water and sanitation, housing).

For each level of government, there are elected leaders (President, Governors and Mayors), each of which has a particular constituency that provided political support and an electoral mandate to address the specific concerns of their electorate. And, at each level, there are other elected officials who have an influence on how and what the government does but with considerable differences in the specifics of that government's role. In each level of government, there are agencies or ministries that have specific responsibilities and programmes they manage and they are evaluated on the basis of how well these specific responsibilities are carried out.

Colombia is one of the most decentralised unitary countries in Latin America but the level of decentralisation is low compared with OECD countries. Subnational governments (SNGs) have significant resources and spending responsibilities, yet fiscal decentralisation is vertically imbalanced, as SNGs have wide-ranging competencies compared to limited fiscal autonomy, tending more towards a system of devolution rather than a decentralised one (OECD, 2014[4]).

Substantial resources and key responsibilities are allocated to Colombian subnational governments. Municipalities represent around two-thirds of the total SNG expenditure, while regions the remaining third. SNGs accounted for 68.7% of general government direct investment in 2019. As a proportion of SNG total expenditure, the share allocated to capital expenditure (18%) remains high with respect to the OECD average (11.5%). SNGs invest, in particular, in local infrastructure projects such as schools, hospitals and local roads.

Colombia's subnational governments are the main providers of public services, especially in education, which represents 31% of the total subnational government budget. Other important subnational government tasks include healthcare services (20%), economic affairs and transport (OECD, 2019[11]).

At the regional level, Colombian regions are responsible for planning and promoting the economic and social development of their territory. They exercise administrative functions of co-ordination and intermediation with the municipalities. The most important planning tool at the subnational level in Colombia is the Departmental Development Plan (DDP), which is the blueprint for the governor's term in office.

Municipalities provide services such as electricity, urban transport, cadastre, local planning and municipal police (Table 6.1). They set their vision and actions in Municipal Development Plans. They are classified as being "certified" or "non-certified" for the provision of certain competencies (such as healthcare, education, water and sanitation) also according to their population size, for which the central government determines universal coverage targets and quality standards. Only when a territorial administration reaches these targets and standards is it entitled to use the surplus resources in other areas of its own competency.

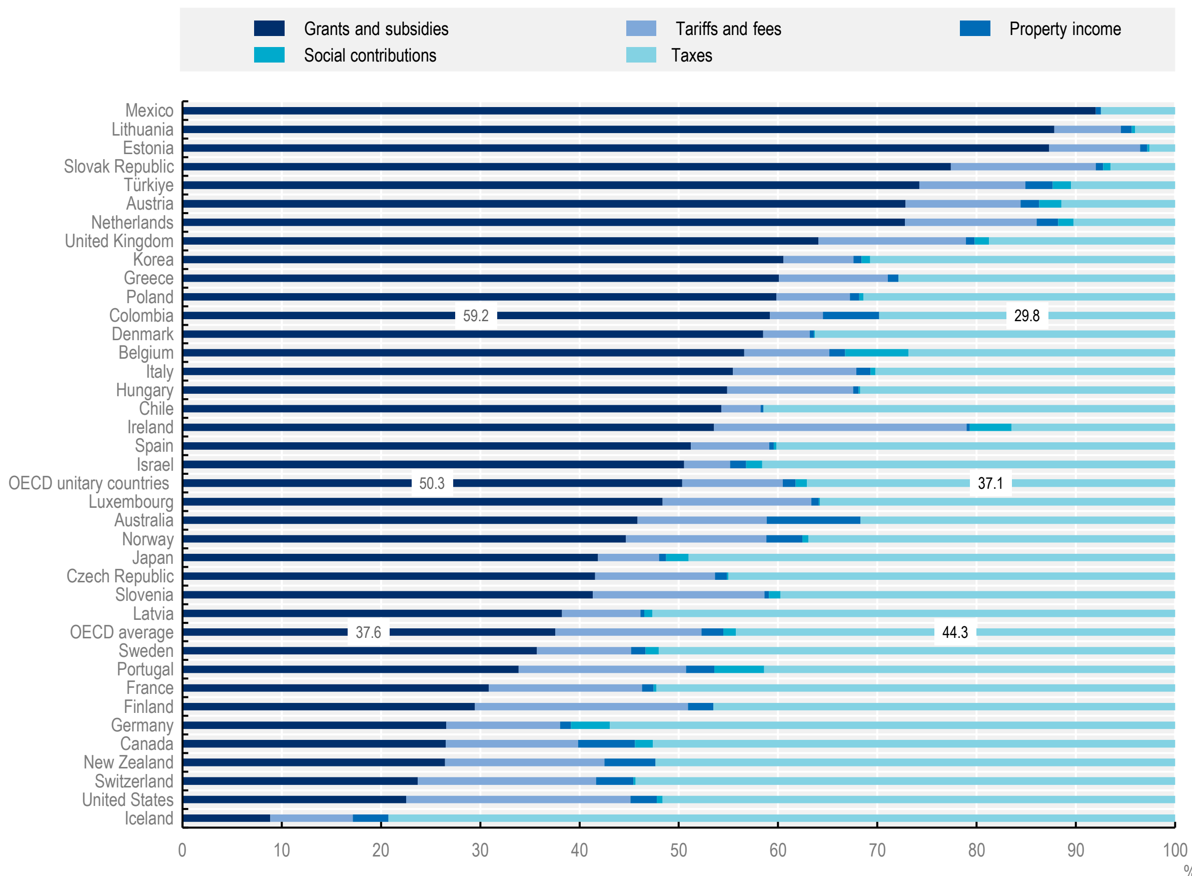
Table 6.1. Main responsibility of subnational governments in Colombia

	Regional level (departments)	Municipal level
1. General public services (administration)	Passport issuance	Civil registers; building permits; Management of municipal property and enterprises
2. Public order and safety	Risk and disaster management	n/a
3. Economic affairs/transport	Rural development; regional policies Regional territorial planning; traffic management	Promotion of social, economic and environmental development
4. Environmental protection	Environmental protection	Solid waste management; sanitation
5. Housing and community amenities	Co-ordination and co-financing of water schemes	Territorial planning; local infrastructure; water supply; housing
6. Healthcare	Public healthcare; services for the uninsured poor population Operation of the hospital network	Public healthcare; administration of the subsidised scheme; services for the uninsured poor population
7. Culture and recreation		Sport; culture; leisure
8. Education	Management of teachers and administrative personnel in basic and primary education	Early primary, and secondary education; construction and upkeep of buildings; canteens and extracurricular activities; payment of salaries

Despite the relevance of responsibilities at the local level, SNGs in practice have limited authority over how expenses are allocated, since most subnational taxes and transfers from the General Participation System (*Sistema General de Participaciones*, SGP) are earmarked (OECD, 2019[11]). Inter-governmental transfers for SNGs, which represented more than half of their total revenue (59.2%), are above the OECD average

(37.5% in 2019) (Figure 6.2). Tax revenue accounted for almost 30% of SNG total revenue, below the OECD average (44.5%). Income from assets (including oil and mining royalties) is a significant source of revenue for SNGs, in addition to tariffs and fees (around 5% of SNG revenue).

Figure 6.2. Categories of subnational government revenues in OECD countries, 2019



Source: Elaboration based on OECD (OECD, 2021[12]), *OECD Regional Database*, OECD Publishing, Paris.

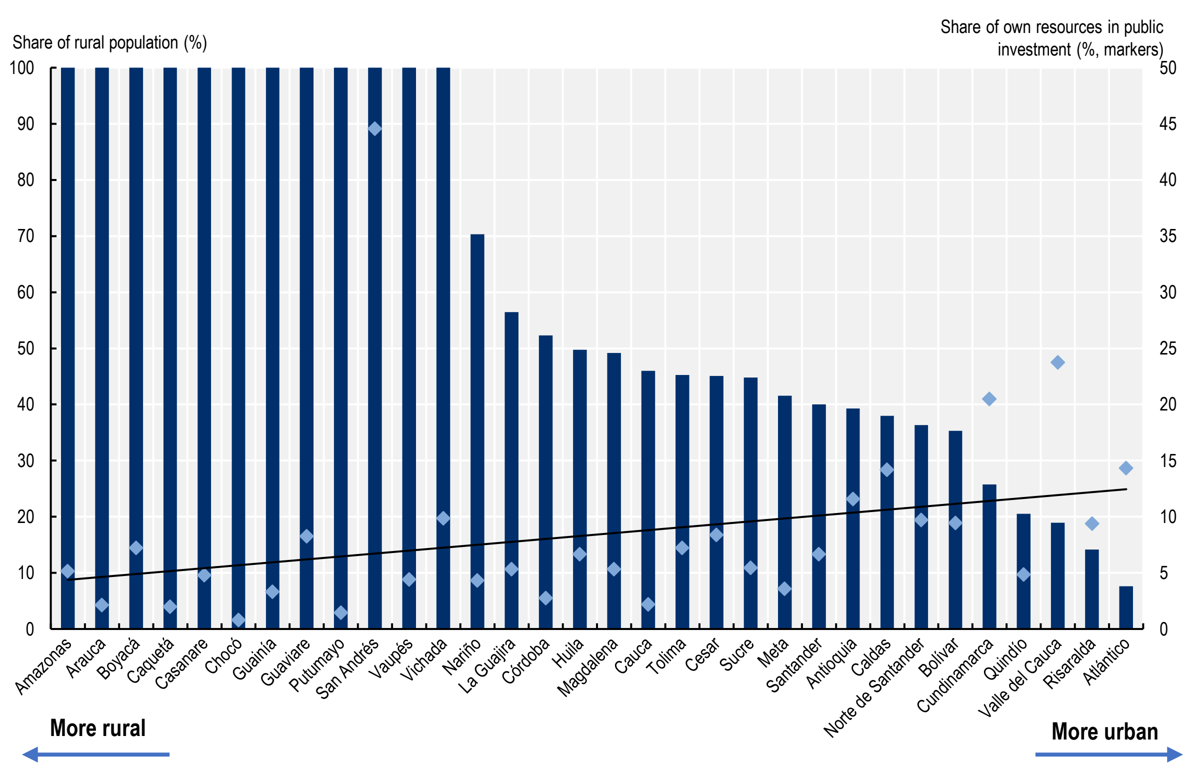
The main central government transfer is the SGP. SGP funds are earmarked for the most part to current expenditures (labelled as "social investments" in Colombia), according to a formula based on a combination of population coverage, social equity and efficiency criteria. It benefits both departments (35% of the SGP) and municipalities (65% of the SGP). The SGP links transfers with sectoral policies and aims to improve the decentralised provision of basic services throughout the country: education, healthcare and water supply and basic sanitation, which accounts for around 96% of the SGP, the remaining 4% is made up of "special assignments" that include resources for indigenous communities, pensions, school meals and others.

SNGs have limited taxation autonomy and little room for manoeuvre over tax rates and bases as several taxes are earmarked for specific use. Regional tax revenues include receipts from the excise taxes (beer, tobacco, liquor, i.e. 49% of their tax revenues), vehicle tax (14%), register tax, gasoline tax and other taxes. There are around 20 different municipal taxes but about 80% of tax receipts of municipalities come from only 3 of them: industry and commerce tax (ICA, 37% of municipal tax revenues), property tax (Predial, 37%) and a gasoline surtax (around 5%). SNGs cannot create new taxes and some taxes are earmarked for specific uses and current expenditures defined by law (e.g. a share of property tax to receipts to the autonomous regional corporations).

This lack of capacity to grasp own resources for investment is more present in rural regions (Figure 6.3). This heterogeneity to invest own resources translates to the quality of public services: the financing and outcomes of education and healthcare services currently vary tremendously across Colombian territories (OECD, 2019[11]). Without measures that strengthen subnational government fiscal and human resource capacities, including a mechanism that equalises the differences in tax bases and service needs between subnational governments, the subnational disparities in service outcomes are likely to stay at a high level.

Higher levels of land and business informality in rural municipalities negatively affect the capacity of local governments to increase tax income, which is in fact linked to some of the main bottlenecks identified for rural development: lack of law enforcement and information. As explained in Chapter 5, since 2016, Colombia has engaged in reforms to update and modernise its cadastral and land registries. Efforts have been important but its implementation needs to accelerate in coming years: by 2022, the new cadastral information system (*Catastro Multipropósito*) has been updated for less than 50% of the national territory. This policy is essential not only to reduce social cohesion around land restitution but also to accelerate land formalisation and improve the performance of the municipal property tax.

Figure 6.3. Share of regional government income in public investment, 2020



Source: DNP (2021[10]), *Resultados Medición Desempeño Municipal 2020*, Dirección de Descentralización y Desarrollo Regiona.

In order to improve the co-ordination of investments among different levels of government, Colombia has launched a model of *Pactos Territoriales* (formerly known as *Contratos Plan*) (Law 1955 de 2019), which serves as a co-financing instrument. These pacts are defined jointly by the national government, departments and municipalities to co-ordinate investment programmes in specific areas. *Pactos Territoriales* focus on social and economic investments and institution-building for SNGs. Plans are aimed at sectors in which royalties investments are currently concentrated and where quality needs to be improved. The *Pactos* were already built on good instruments that had allowed for the articulation of a shared vision for a region's development between national and subnational actors (OECD, 2018[3]).

In addition, equalisation systems were introduced in 2011 through the reform of the General System of Royalties (Law 1530/2012 amended by Law 2056/2020) by introducing a sharing system to all departments based on poverty (measured by the Basic Needs Index) and population. This equalisation system has led to important investments in the country with the aim to benefit more the poorest municipalities, which have allocated 15% of the royalties fund. Royalties have financed around 21 533 projects amounting to around COP 64.4 trillion, almost 42% of the total resources financed for transport and housing projects. Yet, as this fund relies heavily on oil prices, SNG reliance on this fund leads to vulnerabilities in local investment.

Greater use of these co-ordinating and simplified mechanisms for investment together with better information systems (cadastre) would progressively help Colombia to foster more investment from rural municipalities. Moreover, the certification mechanism to allocate greater autonomy to municipalities that are most capable is a good scheme but its applicability can still be improved.[3] As described in the next section, these efforts need to be supported with targeted strategies to boost administrative and financial capacity.

The different mechanisms for vertical and horizontal co-ordination in Colombia provide a good basis to help govern a national rural policy. There are, however, some specific actions that the national government could take to enable an institutional structure that facilitates the policy-making process of that rural policy, from its design to its capacity to be implemented by local governments and civil society.

Implementing a holistic rural policy in Colombia

The government of Colombia can put in place a number of actions to make the most out of the ongoing transformations shaping the implementation of rural policies and leveraging the array of co-ordination mechanisms to ensure an effective policy-making process for national rural policy. These actions would contribute to a design and implementation process of this policy that is legitimate and supported by different actors through a sustainable and collaborative approach. The actions to be undertaken include:

- Establishing a leader to co-ordinate rural policy.
- Differentiating rural policy.
- Reducing complexity and increasing finance.
- Building local capital to expand local capacity.
- Improving local partnership: urban and rural.

Beyond the institutional changes that these actions and governance of rural policy might imply, experiences from other OECD countries that have undertaken a similar process show that political will is the starting building block to establishing a rural national policy.

Establish a leadership role to co-ordinate rural policy

As seen in this review, accelerating rural development in Colombia is crucial to unlocking new growth opportunities for the country and attaining greater local and national well-being that leads to better social cohesion and peace. Yet, rural policy in the country is still associated with agricultural policies. To mobilise all of the potential of rural regions, the Colombian government needs a national rural policy that involves communities and different ministries in the definition of strategic goals for each region and mechanism of policy co-ordination. A clear institutional leadership would be required to design and move forward with the implementation of this policy.

Rural policy must be placed within a specific context to address issues of multi-level governance. In each country, the set of actors and their roles differs according to the specific structure of government and the distribution of responsibilities but some generalisations can be made. Ideally, the national executive and national legislature determine a rural development strategy, which is the broadest statement of how the country hopes to see its rural areas develop. In the case of Colombia, the DNP is the guiding document for rural and national development (Chapter 3).

Rural policy can be free-standing or part of a broader spatial development strategy that considers the entire country. From this strategy, a set of policies are established with various line ministries being charged with carrying out actions in rural areas that reflect their individual competencies and mandates. Policies are still somewhat generic statements of intent but they address specific responsibilities of some national departments and typically have a budget associated with them. Policies in turn lead to programmes that identify discrete activities that are meant to bring the objectives of the policy to fruition.

The appropriate place that rural policy should occupy within the "government" is an open and long-standing debate in OECD countries (Box 6.4). The pros and cons of the different options in Colombia should thus be carefully analysed, as there is no optimal solution. The institution chosen will need to search for synergies and interactions between the different institutions and advocate for a higher presence of rural development in the action of the different ministries.

Box 6.4. External factors determining the place of rural policy within EU governments

The place that rural policy should occupy within the "government" is an open debate. In many OECD countries, the Ministry of Agriculture has traditionally been the lead ministry in charge of rural development. In some cases, this leadership happened naturally as the ministry had the first contact with rural actors. However, there are also external factors that play a determining role in defining the lead ministry.

This is the case of EU member countries, which have to cope with external funding streams and rules that influence the decision of where to locate rural development policies. The two main streams of EU funds are the Common Agricultural Policy (CAP) and the (Regional) Structural Funds. Since rural development funds have emerged from the CAP (the so-called "second pillar") and not from regional funds (although many countries, including Finland, have utilised structural funds for rural development), the straightforward place for rural development policies within European countries' government structures has tended to be the Ministry of Agriculture, in charge of administering CAP funds.

Nevertheless, several countries have sought to break the inertia by creating a new body with expanded scope and explicit jurisdiction over rural development policies or by assigning this jurisdiction to another ministry. An example of the first case is the UK, where the same central authority, DEFRA, embodies wider responsibilities over a broader set of areas, including the environment, food and rural affairs. A number of EU countries have also created a broad-based inter-ministerial committee to deal with rural development. It brings together nine ministries, other public organisations and federations, as well as research centres and private stakeholders.

Source: OECD (2014[13]), *OECD Rural Policy Reviews: Chile 2014*, https://doi.org/10.1787/9789264222892-en.

In Colombia, co-ordination at the national and local levels of rural programmes and policy would benefit from a clear and formal framework. Colombia as a unitary country still very much relies on central government planning, which is not negative or positive in itself, but calls for the recognition that a clear and formal framework for rural policy will help align incentives at the national and local levels of rural programmes. The variety of sectors and agencies shaping rural development needs co-ordination to not only attain economies of scale and synergies among programmes but also define clear development goals in regions.

This institutional architecture and development of this holistic rural policy will not start from zero. It should be based on the IRR and its planning and implementing instruments. This holistic policy should then go beyond PDET municipalities to extend co-ordination across the policies that impact all types of rural areas. Moreover, this institution could ensure the sustainability of rural programmes that are working well. For example, flagship policies in MADR (Contract Farming programme) are temporary and are not seen as government policy. This implies new governments can change the scope or the character of these programmes. The sustainability of programmes that are working well should be ensured to aim for long-term outcomes.

Given the cross-cutting nature of rural development, most OECD countries (89% by 2020) have put in place a national rural policy (OECD, 2020[6]). OECD countries have this national policy defined in a law or in a strategic policy document. The timeframe to renew this policy varies from every year to four or more years.

Many OECD countries have established inter-ministerial committees or councils to design and co-ordinate the implementation of rural-related policies across the government. These co-ordination mechanisms are framed under a single national rural policy that sets the guidelines and gathers the vision of local communities. Finland offers a long tradition of policy coherence through a National Rural Programme (Box 6.5).

Box 6.5. The National Rural Policy Programme in Finland

The National Rural Policy Programme is the main instrument to provide coherence to the different sectoral policies oriented towards rural areas in Finland. It is drawn up by the Rural Policy Committee, an institution that brings together nine ministries, other public organisations and federations, as well as research centres and private stakeholders. The National Rural Policy Programme includes strategic guidelines and specific practical measures for different sectors and for different entities of the government.

The programme is divided into two parts, which have contributed to the allocation of responsibilities, information sharing and linking of the planning and implementation stages:

1. The Plan of Action of the Rural Policy Committee and the Special Programme or the Report of the Government. The first contains proposals to be undertaken by a wide number of actors.
2. The separate Special Rural Policy Programme is drawn up on the basis of the plan of action and only contains decisions and proposals within the competency of the government. For example, the Fourth Rural Policy Programme (2005-08) entitled “Viable Countryside – Our Joint Responsibility” included 133 proposals. Based on this, a Special Rural Policy Programme was prepared consisting of 52 government decisions.

The programme is revised approximately every four years and contains both a strategic perspective and concrete proposals with explicit references to those responsible for implementing them. The Rural Policy Committee carries forward the proposals of the programme through negotiations, projects, theme group work and by influencing various processes.

These documents have been central to providing rural policy a policy framework:

- *Monitoring*: Ministries need to report twice a year the actions undertaken in line with the proposals/decisions contained in the Rural Policy Programme/Special Programme.
- *Continuation*: The strategies set by these programmes are established over a time frame of more than two decades, which has contributed to providing a long-term vision of rural policy.
- *Allocation of responsibilities*: The distinction of two programmes, one within the government domain (Special Rural Policy Programme) and another broader, where a number of other organisations are involved, contributes to the allocation of responsibilities, decision-making, information sharing and linking the planning and implementation stages.

There have been more than seven National Rural Policy Programmes: 1991-96, 1996-2000, 2001-04, 2005-08, 2009-13, 2013-17 and 2018-22.

Lessons learnt from the process are: i) the involvement of civil society and academia in the preparation, as providers of local and technical knowledge, reducing a critical knowledge gap that many central governments have in targeting the priorities of rural policy; ii) the ownership of the programme by the different governmental and non-governmental actors involved, resulting from a long process of multi-arena negotiation and aligning the actions of all key stakeholders; iii) clarity in the roles and responsibilities allocated within the government; and iv) the annual or biannual monitoring and evaluation process on how proposals/decisions have been put forward.

Source: OECD (2020[6]), *Rural Well-being: Geography of Opportunities*, https://dx.doi.org/10.1787/d25cef80-en.

Chile is one of the countries having most recently experienced the forming of a national rural policy. In this case, the leadership of moving forward was initially taken by the Ministry of Agriculture, which has the support of the national government to co-ordinate other ministries and involve citizens to identify the objectives and design the governing structure of that policy. Some other countries, instead, have developed broader regional development policies that aim to govern both urban and rural development with a regional approach under a single strategy. This is the case of Poland with the *National Strategy for Regional Development 2010-2020: Regions, Cities, Rural Areas (NSRF)*.

Box 6.6. National rural policy of Chile

After a long focus on urban development, Chile launched in 2020 the National Rural Development Policy (PNDR) to provide a framework to co-ordinate actors and variables that affect the development of rural areas, while assessing the potential they have for local, regional and national development.

The PNDR promotes a paradigm shift from a traditional vision of agriculture and subsidies towards a diversity of rural economic activities. In addition to addressing the gaps and risks in these territories, it places special emphasis on the current and future rural opportunities to unlock new growth opportunities for the country. These future opportunities are based on:

- The diversity of productive activities (agriculture, fishing, tourism, crafts, energy and mining, among others).

- Natural diversity (biodiversity, wild areas and landscapes, among others).
- Cultural diversity (gastronomy, trades, interculturality, festivals, traditions and architecture, among others).

The first draft of this policy was built with the involvement of 14 ministries, citizens, local governments and academia. In April 2020, the government approved the document and its legality, the first Chilean state policy of its kind.

Implementation

At the national level, the responsibility for its implementation falls on the Inter-ministerial Commission for City, Housing and Territory (COMICIVYT), created in 2015 and made up of the Ministries of Housing and Urbanism, and of the Interior and Public Security; the General Secretariat of the Presidency; the Ministries of the Economy, Development and Tourism; of Social Development and Family; of Public Works; of Agriculture; of Mining; Transport and Telecommunications; of National Assets; of Energy and the Environment. The Ministries of Health and Education are exceptionally added to this committee for the purposes of the PNDR.

The Executive Secretariat of the PNDR was established in October 2018 within the Office o of Agricultural Studies and Policies (Odepa) of the Ministry of Agriculture, which must provide technical and administrative support for the co-ordination of its implementation.

To ensure transversality and continuity, a National Rural Development Advisory Council was formed with a consultative nature and the participation of actors from the public, private and civil society sectors.

To monitor the progress of the objective and guidelines of this policy, at the end of 2020, a System of Rural Life Quality Indicators was established to carry out an evaluation of its progress.

Source: Government of Chile (2020[14]), *National Policy of Rural Development*, https://www.masvidarural.gob.cl/wp-content/uploads/2021/10/Politica-Nacional-de-Desarrollo-Rural-PDF.pdf.

Options for appointing a leader for rural policy in Colombia

Based on experiences in other OECD countries, Colombia seems to have three institutional possibilities to take the lead on rural development:

1. *The Ministry of Agriculture and Rural Development*: MADS has the advantage of having a long-standing presence and leadership in rural areas, with well-established agencies and connections with rural firms and academia. It also has recognition and a kind of leadership over rural areas as it has been in charge of historically the most relevant sector in rural economy, agriculture, and the fact that rural development is highly identified with agriculture. However, this same predominance of agriculture within its political culture and vision is a drawback for off-farm actors and policies in rural areas. Moreover, the office of the Deputy-Minister on rural development created to deal with a broader and multi-sectoral focus of rurality seems trapped in the traditional sectoral-oriented approach, for which the budget allocation and capacities do not help.
2. *Creating a new rural development ministry*: This option has the advantage that the new institution could be specially designed to cover the area of rural development in a comprehensive and integrated way, beyond the sectoral lens. It could assume the competency of different departments or ministries, as was the case with DEFRA in the UK. However, it increases autocracy and could make more difficult inter-institutional arrangements and co-ordination in the public arena in which there are already many institutions.
3. *An inter-ministerial committee of rural development*: It would have the advantage of being able to gather a broad set of actors, including the relevant ministries, public agencies and representatives

from the territories and regions. It could also have a flexible and adaptable organisation, working in different commissions, with different actors associated with different areas of work. However, as happened with other committees and council in Colombia, the experience shows that it is very difficult to give political relevance, functionality and stability to inter-ministerial committees. The existing sectoral advisory and co-ordination bodies have proven to have a low capacity for compliance and ensuring inter-ministerial decisions fit into the allocated budget.

Within the OECD, most countries (85% or 29 out of 34 surveyed countries) have established an inter-ministerial committee in the form of advisory councils, platforms, networks or presidential committees to overcome a sectoral bias and siloed policy making in rural policy development. For example, in Poland, this task is undertaken by the Council of Ministers, which is responsible for key national development strategies and their strategic management. The prime minister directly supervises the national development strategy, including regional policy and rural development, and ensures co-ordination between different territorial measures.

Experiences of other countries, like Chile with the National Rural Development Advisory Council or Finland with the Rural Policy Committee, can be a good example of this type of approach. The committee in Finland has more than 20 years' experience and has proven successful results. Chile's experience is more recent and can indeed provide lessons on an operational comprehensive process. Both initiatives claimed to have been successful, thanks, among other things, to clear political support to the institution.

For this option, Colombia could either create a new inter-ministerial committee or strengthen/upgrade under presidential mandate an existing one, e.g. the Superior Council of the Rural Land Management or the National Council for Agrarian Reform and Peasant Rural Development.

The creation of this committee could also support MADR's capacity to focus its efforts on agricultural development, which is where it has the greatest know-how, while delegating the co-ordination of rural policy.

What makes a rural champion

The institution chosen would need to upgrade the concept of rural development in each of the ministries and agencies and down to the territories. Evidence across OECD countries provides some valuable lessons to be considered in the new institutional setting for a successful implementation.

- Win strong institutional support through authority delivered by the President to deal, manage and co-ordinate rural policy; report directly to the President and/or to a relevant parliamentary committee, as a sign of the strong relevance and support of rural development and the implementation of the IRR.
- Have its own financial capacity. A cross-sectoral budget allocated in each ministry to attain the objectives of rural policy or a special fund from the royalties system is needed to provide seed funding for inter-sectoral projects and ensure the long-term implementation of rural policy. The IRR already has a dedicated mechanism, the Peace Fund, which should be strengthened to accelerate its implementation. This fund can be complemented with other resources dedicated to the other rural municipalises that are not PDETs.
- Make a clear distinction between rural from agriculture, with communication mechanisms (for the general public and local governments) that state that rural challenges extend beyond those of the agricultural sector, and identify the way to re-engage the two in a positive, mutually supportive relationship.
- Manage or oversee existing planning instruments In Colombia with a territorial approach for rural areas, mainly PDETs.
- Ability to co-ordinate the various sectoral ministries with formal meetings that have a clear frequency and binding participation.

- Set clear guidelines to broaden the scope of support for rural concerns and rural communities to a "whole-of-government" perspective.
- Be in a position to ensure the integration of urban and rural policies and to address urban-rural linkages.
- Collaborate with DNP to evaluate and monitor the implementation of rural policy. It could begin by monitoring the development plans to be conducted under the IRR of the peace agreement.

Nominating a rural champion is necessary but not enough. Overcoming sectoral approaches in favour of an integrated policy approach to rural development is not an easy task. It is important to recognise that sectoral ministries will always be responsible for the bulk of delivering policies that affect rural firms and households. Major ministries like Transport, Housing and Territory, Mining, Health and Education, are unlikely to be greatly influenced by another department or a monitoring committee. The most realistic action is then to trigger their commitment with budget incentives for certain common projects and provide a mechanism for them to embed a rural lens in their policies on rural territories.

Differentiate rural policy and reduce complexity

Towards a differentiated rural policy

Policy design is largely seen in terms of efforts to implement policies in ways that are more likely to achieve their intended goals. Recognising that policies have to be designed in a way that connects ambitions with outcomes is the first step to better policy design. Beyond this first step, Ingrams et al. () identify the possibility of "design-reality gaps", where policy makers' assumptions about the nature of a problem and effective ways to address it are fundamentally incorrect.

When policy is based on incorrect assumptions, it is unlikely to address real needs, nor will it achieve policy-maker goals. For example, although rural regions become more integrated into the larger economy and society over time, they remain significantly different and a duality continues to exist. Governance systems and processes are complicated in rural areas because: roles are not as well defined, reciprocity is more important, resources and capacities are more limited and fluctuations in the natural environment (droughts, floods etc.) have considerable impacts. In addition, the economy in low-density rural regions is functionally different from that of urban places, because: it is more reliant on resource-based activities, more dependent on exports and imports, and more specialised (OECD, 2016[5]). These differences can contribute to implementation gaps between rural and urban regions if they are not recognised in the policy design process.

A building block for Colombian rural policy includes clarifying the territorial level to implement rural policies with a single mechanism to identify their needs and potential. The design of policies starts from the construction of the PND, which, through the regional pacts, rightly differentiates policies per type of macro-region (groups of regions). In addition, Colombia has other mechanisms to identify and link local interests from the bottom to the top, like PDETs, platforms for policy discussion at the subnational level such as Regional Commissions for Competitiveness and Innovation or even information tools like the Kit for Territorial Planning (KPT) to articulate national and local plans. Adopting a clear and systematic approach to identify needs across the types of rural regions could help define the main policy priorities in each of them. The functional approach of subnational regions used in PDETs can serve as the basis to differentiate rural policy in the country and, in turn, adjust the system of regional pacts in the National Development Plan to address the main priorities across different types of rural regions.

These priorities for rural development have been already over-diagnosed in former policy documents and in this review (infrastructure, land formality, education, etc.). Therefore, identifying which can be more urgent for each type of region should entail a discussion with regional representartives at the beginning of the process, without standing in the way of some reorganisation. Some examples of the main challenges and opportunities identified across the different types of OECD rural regions are outlined in Table 6.2.

Table 6.2. Challenges and opportunities by type of rural region across the OECD

Type of region	Challenges	Opportunities
Rural inside a functional urban area (FUA)	• Loss of control over the future • Activities concentrate in the urban core • Managing land value pressures • Matching of skills	• More stable future • Potential to capture urban benefits while avoiding the drawbacks
Rural outside, but in close proximity to an FUA	• Conflicts between new residents and locals • Avoiding sprawl • Competition for land and landscape preservation	• Potential to attract high-income households seeking • Better quality of life • Relatively easy access to advanced services and urban culture • Good access to transport
Rural remote	• Highly specialised economies subject to booms and busts • Limited connectivity and large distances between settlements • High per capita costs of services	• Absolute advantage in the production of natural resources-based outputs • Attractive for firms that do not need access to an urban area on a frequent basis • Can offer unique environments that can be attractive to firms and individuals

Source: OECD (2020[6]), *Rural Well-being: Geography of Opportunities*, https://dx.doi.org/10.1787/d25cef80-en.

In Colombia, the DNP has vast experience and plays an important role in co-ordination and policy design. With the framework of the inter-ministerial body on rural development, the DNP together with MADS could take the lead in designing and structuring the holistic national rural policy that takes into account different characteristics of rural regions.

Across the OECD, the competent bodies for designing national rural policy are distributed differently across countries. This body tends to be the same in charge of rural development and often follows a concerted effort. For example, in Chile, the National Rural Development Policy is set by the Ministry of Agriculture, while in Sweden, the body in charge is the Swedish Agency for Economic and Regional Growth.

Better attention to policy design involves ensuring that the impetus for policy that starts from political interest is connected to an actual policy problem, not an imagined one. It then follows that reality informs policy goals, which in turn should assure that the specific policies and intervention tools also are based on an actual problem and provide support that can address these problems.

Reduce complexity to improve implementation

Because the national government has only limited information on the needs of local people it is unable to directly identify potential beneficiaries (Chapter 3). And even if rural inhabitants are accessing a particular programme, it can be difficult for them to identify other forms of support that could also benefit them.

Under the current agricultural policy delivery, the decision to implement a project involves the locality first deciding to participate in the programme and then the higher level of government choosing to accept that application. In an ideal situation, the local government or local organisation determines whether to participate in a specific programme by evaluating its potential contribution to the goals of the community as set out in a locally determined vision of how that place would like to see its socio-economic evolution taking place. In this sense, the local vision conceptually corresponds to the national rural development strategy but is specific to that place and may not be clearly aligned with the national strategy. A second difference is that national strategies tend to be aspirational in nature because they are dealing with the entire country, while local visions reflect the specific conditions and opportunities of a single small place.

A holistic rural policy is made up of different sectoral policies which in turn are designed by different ministries that implement in different sequences and through different operators or agencies. It requires increasing co-ordination that comes at a cost both in terms of time and money, and potentially in the reduced effectiveness of specific policies if co-ordination constrains their function to make them less useful in their intended task. Moreover, co-ordination can be difficult if some participants have a weak administrative capacity and cannot fully participate in the co-ordination discussion, but still play an essential role in policy delivery, as is often the case in rural areas.

While policies impacting the entire rural areas like road infrastructure or broadband Internet can be agreed upon at a more aggregated level (municipality or region), other policies tackling directly specific types of population require clear channels to get to the right beneficiaries.

Rural governments and inhabitants often face a multiplicity of programmes which are not all known and require selection criteria. For example, different agencies attached to MADR have subnational branches that implement and adapt national projects to local needs. They include the Agency for Rural Development, the Colombian Agricultural Research Corporation (Agrosavia), the Unit of Land Restitution and the ANT along with financial institutions. They add up to other agencies with subnational branches that conduct programmes in rural regions, like the Agency for Reincorporation and Normalization (ARN) which operates mainly in those municipalities most in need that are the focus of national interventions (PEDT municipalities).

In essence, it takes the “whole-of-government” approach that is advocated to improve co-ordination at the national level and moves it down to the local level. This devolution could have several benefits:

- First, instead of national leaders deciding how programmes should co-ordinate in abstract, each locality, with support from a team of government agents, determines how a specific subset of programmes can provide effective support in a co-ordinated way.
- Second, since local people identify support mechanisms they value, they are more likely to utilise the assistance to accomplish long-term outcomes, which should improve both local well-being and programme effectiveness.
- Finally, the presence of government officials at the local level could help reduce corruption and cronyism and provide a mechanism for process evaluation.

Colombia could implement a limited number of offices to concentrate projects by type in each region, for example one office to gather productive projects (e.g. technical assistance) and the other focused on social projects (e.g. education insertion or guidance with healthcare programmes). This then implies merging all regional offices of affiliated MADR agencies with operators and offices of other ministries into a handful of offices able to propose both farm and off-farm programmes, as well as taking more active roles in reaching beneficiaries. The country can also follow the example of single offices for agricultural programmes in the United States (US).

Box 6.7. Unifying the delivery of government support to US farms

All OECD countries provide support to their farm sector but forms of support vary and the OECD endorses non-distorting support that does not directly affect farm output decisions, such as technical assistance and investments in infrastructure, instead of more distorting price supports or other direct transfers to producers (OECD, 2021[15]). Delivering non-distorting support typically requires a larger investment by national governments in local offices and personnel who regularly interact with farmers than is the case for price supports or import tariffs. In the US, the majority of programme support to farmers is delivered through the United States Department of Agriculture (USDA) Farm Service Agency (FSA), although Co-operative Extension also works directly with farm households to improve their technical skills and provide them with information that can support decision-making.

The FSA operates offices in more than 2 000 of the 3 481 US counties. Counties with a significant number of farms have local offices, while farms in other counties are served by an adjoining county. Staff are USDA employees and provide a "one-stop" office for farmers to enrol in a wide range of programmes, including: crop insurance, conservation programmes, subsidised credit programmes for low-income and beginning farms, and various farm commodity programmes. The current form of the agency was created in 1994 when USDA reorganised its delivery system to consolidate multiple county offices, each with its specific type of programme responsibility, into a single office. Each county office is required to have an elected advisory board, the FSA county committee, that is selected by farmers using that county office. The committee is involved in determining which programmes are offered in the county, evaluating employees and ensuring that services are delivered fairly to all eligible farms.

Source: OECD (2021[15]), *Mining Regions and Cities Case of Västerbotten and Norrbotten, Sweden*, https://dx.doi.org/10.1787/802087e2-en.

Improve monitoring of programmes to focus on delivering outcomes for beneficiaries, rather than on coverage

Monitoring the right outcome of projects is a crucial aspect of policy design and implementation. In Colombia, the monitoring process of implementation of National Development Plans (PND) is supported by an array of indicators, which are agreed upon by ministries and the DNP, based on the budget availability of each sector to guarantee its compliance. The process is conducted through the National Management and Results Assessment System (SINERGIA), which aims to generate quality information for decision-making to improve the formulation and implementation of PND policies effectiveness, specifically by monitoring the progress of national development and major government programmes, as well as the evaluation of policies contained in the PND and its complementary strategies.

This system is used by ministries to follow and monitor the progress in achieving strategic objectives. This system monitors the achievement of the objectives based on the compliance in the execution of programmes. For example, in the case of the leading institution for rural development, MADR, the programme of supporting producers through local public purchases aimed to benefit 3 273 producers in 2019-22 (by 2021, it had reached 2 342, a compliance rate of 71.6%) (Ministerio de Agricultura y Desarrollo Rural, 2021[16])The level of compliance of this programme is added to that of the other eight programmes to generate the average level of compliance of the first objective of the second strategic pillar of the Agricultural Strategy, "Strengthen the articulation of the agricultural chains to improve competitiveness".

This type of monitoring and evaluation mechanism focuses only on achieving goals in terms of coverage and budget execution, without incentivising actions or modifications that help ensure the ultimate goal of the policy. While this monitoring system is good at incentivising the execution of programmes through output indicators, it does not include measures to track the outcomes of programmes and structural changes. Thus, the system ends up providing an incentive to increase the coverage of programmes, e.g. include producers in projects or create associations, with little space to reflect on the efficiency of the action or modifications to better attain the final policy outcome, e.g. improve the income of producers or sales of producers' associations. To address this issue, the government should include monitoring indicators that measure the outcome of the programmes rather than outputs. To this end, it can create a hierarchy, differentiating between output (the intermediate goal) and outcome (the long-term goal) indicators.

Moreover, there are some institutional bottlenecks that prevent an effective long-term follow-up of the programme and the corresponding monitoring within the current leading institution of rural policy in Colombia. The 2017 MADR Manual for the Administration of Public Goods, the internal guidelines to manage the public goods and services delivered, does prevent the ministry from monitoring the output of a programme after its fiscal year.

Furthermore, the restriction of a multiyear budget in programmatic implementation reduces the capacity to implement long-term rural-related programmes. The budget allocated to implement many programmes has to be executed during the fiscal year, which oftentimes leads to an accelerated implementation without much planning capacity and hampers the follow-up of programmes that require multiple years to attain sustainable outcomes. Implementing programmes in rural areas requires more time than in cities. Different issues tend to delay the implementation of a rural programme in Colombia including finding a suitable operator that conducts the programme, accessing the right information, reaching the beneficiaries and dealing with climate or violent events. The government can recognise these issues by promoting projects with multiyear budgets that include intermediate goals.

The government has progressed in improving the system. For example, by reducing the number of indicators linked to the PND's objectives from 996 in the 2014-18 plan to 672 in the 2018-22 plan. Yet, there is still scope for addressing some challenges: i) become more efficient (fewer indicators); ii) strengthen territorial monitoring, in order to visualise the progress of results and product indicators of the territory and regions established in the PND; and iii) increase citizen use and position the system as a transparency tool (Government of Colombia, 2021[17]). Furthermore, cross-cutting policies like the rural development policy would also benefit from transversal indicators that help track co-ordinated actions among ministries

Strengthen administrative and financial government capacity

There are clear reasons to believe that effective rural development has a high component of the bottom-up process that must be led by local interests with support and guidance from the national government. Without strong and co-operative local institutions, including firms, civil society and the local religious institution (as pilar in many municipalities), there are no partners for government to work with. Only trusted local leaders can commit to a longer-term development vision that can connect to national government strategies.

Weak municipal governments also hamper implementation. In Colombia, many rural municipalities suffer from inadequate tax revenue, a shortage of qualified staff, complex requirements created by national and district governments and a rapidly changing policy and programme environment, and struggle with policy co-ordination either of national programmes or international aid.

Building local capacity

In general, the competency of subnational authorities in Colombia has increased as the country develops and information and control systems operate (OECD, 2018[3]). However, some subnational governments continue to be weak partners in policy implementation, hampering the sustainability of programmes and undermining rural well-being.

Colombia's current approach to trigger collaboration and implementation of joint projects through Territorial Pacts or OCADs can help build local capacity in the process. It might be long and require a monitoring mechanism in place but incrementally involving local governments in more complex projects is a way to transfer knowledge from the national level. Other OECD countries like Canada experienced a similar approach to resolving local capacity with small funds for quick projects. The results of the policy were positive, yet it required significant time to be effective and consistent attention by national organisations Box 6.8.

The EU LEADER programmes followed a similar evolution. In the early stages, the focus was on encouraging collaboration among local groups by providing funding for simple projects that provided collective benefits. As trust and competency increased the set of supported activities became more complex and more focused on economic improvement. This included support for small businesses and local infrastructure.

Box 6.8. *Pacte rurale* in Canada: Triggering inter-municipal co-operation

After the province of Quebec in Canada had reorganised sub-provincial government to reduce the number of counties, it placed rural communities with long traditions of competition among each other in the same county. Because local elected officials and local population were unwilling to collaborate, efforts too improve economic development stalled.

In response, the provincial government created the *pacte rurale* which provided funds for simple projects that improved local well-being and had a small economic development effect. These funds could only be accessed if multiple communities filed a joint application and agreed to jointly implement the project. For example, funds could be provided for a joint tourism marketing brochure, for a youth sports facility that served several towns or for a trail that connected several places. Initial participation was limited but as local leaders saw the benefits for participating communities, interest rose.

The *pacte rurale* was in place for about 10 years under the administration of multiple governments. Because it was simple to understand and easy to apply, it created interest in communities. It also led to tangible outcomes that were visible to local citizens and this increased the incentive for leaders to continue to co-operate. As trust expanded, it became possible to introduce more complex projects that had a stronger economic development focus, and even if the project provided greater benefits to some groups or places than others, it was still implemented because there was an understanding that subsequent projects would benefit others.

Subnational government capacity to provide delegated and devolved services also depends on the skills and quality of their administrative and service professionals. There have been a number of efforts to train more local government officials and civil servants with a place-based approach. For example, the Higher School of Public Administration (*Escuela Superior de Administración Pública de Colombia*, ESAP), was redesigned with the objective of “approaching the territories”, which involved a special assistance fund being established to train municipal councillors and capacity-building programmes to support smaller governments in a variety of management skills. The DNP also has capacity-building programmes for mayors that go from the formulation of municipal plans to their closure (e.g. Strategy for New Territorial Leader or KiTerritorial).

Moreover, as mentioned in the previous section, measures of subnational performance can incentivise local efforts to improve governance. The National Planning Department (DNP) regularly measures the performance of municipalities and departments in service provision and administrative capacities with instruments like the MDM (*Medición de Desempeño Municipal*) system, which measures management quality and results and is published on line. This system provides a good set of benchmarking that could be further disseminated with civil society (media and universities) to foster accountability in some of the regions. To this end, the public still needs access to better explanations/information and the construction of indices needs to be clarified.

In rural municipalities, a shortage of skilled workforce is a remaining bottleneck for the design and implementation of investment projects. It adds to high staff turnover and low salaries, which limits the capacity of municipalities to evolve in parallel with the devolution of competencies. Some of these challenges, especially the shortage of skilled workers, are structural to rural communities, which could be reversed by addressing enabling factors for development (education, peace) and thus increasing the attractiveness of the area; again, rural policy is crucial to reducing this issue. In the meantime, strategies such as better supporting departments in municipal capacity building and technical support to keep a constant exchange of good practices as well as simplifying capacity-building tools used to train newcomers can help maintain a skilled staff. Platforms like the Federation of Colombian Municipalities are also called to take on an active role in advisory boards and the exchange of good practices in policy making.

Local capacity can also be enhanced by inter-municipal agencies, advisory boards made up of different local interests or the creation of partnerships with educational institutions. Some OECD examples in this regard include:

- The inter-municipal support agency in Finland delegates complex municipal tasks to a third entity. This can be a solution for some tasks, easing the burden ad complementing the capacity-building actions from the DNP, but requires funding from the municipal budget or the national government (Box 6.9).
- Other regions like Värmland in Sweden have partnered with a university, Karlstad University, to utilise the capacity of academia to develop the local development plan. This partnership also led to the creation of ten new professorships in the university that are in line with the regional strategy.

Box 6.9. Inter-municipal support agency for municipal capacity, Finland

At the beginning of the 21st century, smaller municipalities in North Karelia decided to set up a joint development agency to address some pressing challenges in the local market, including scarcity of resources, lack of special knowledge to handle the business advisory services and competition between neighbouring municipalities.

All municipalities around the capital of the region (Joensuu) negotiated at the City Board level the creation of a functional, regional-level body, Josek.

The partnership has not been without issues: in 2018, two municipalities decided to reduce the services acquired from Josek and developed in-house advisory services for businesses (keeping access to project development and facilitation services). This instigated a reform within the development agency and the creation of Business Joensuu.

The new Business Joensuu integrates common strategic municipal tasks under a single institution and has the resources to hire skilled staff and find synergies among municipal strategies through a more efficient exchange of information (e.g. labour force skills). Urban and rural municipalities buy services from the agency according to a service agreement.

Business Joensuu provides services to start-ups, municipal governments, foreign investors interested in the region and internationalisation support to local companies. In addition, it produces an operating environment for different industries by creating the best conditions for companies to operate in the region.

The company is co-governed by a board of directors that is selected by the following institutions:

- The City Council of Joensuu.
- The University of Eastern Finland.
- Joensuu University Support Foundation.

- The North Karelia Educational Council Group Riveria.

Given its capacity to balance interests among partners, this agency can offer a source of inspiration for similar instruments in Colombia as it helps build trust among municipal actors (governments and private sector) and make them realise they gain more from co-operating in business development than from competing against each other (OECD, 2021[15]).

Overall, the company has managed 25 programmes focused on different sectors including export capacity in the region (Export Growth), the bioeconomy sector (Digital Forest Vitality), business digitalisation (Joensuu Smart city, digital training) and entrepreneurship (women's entrepreneurship). It is also involved in two active EU programmes to support the mining sector (MIREU and REMIX).

The services are typically one-to-three-year-long customer-oriented development projects. They are initiated by designated industry-responsible experts who are responsible for promoting the business environment of their business' specialities.

Source: OECD (2021[15]), *Mining Regions and Cities Case of Västerbotten and Norrbotten, Sweden*, https://dx.doi.org/10.1787/802087e2-en.

Chapter 4 also recommends some strategies to attract teachers and healthcare professionals to rural municipalities. In this vein, the OECD (2019[11]) has also recommended Colombia include financial incentives for medical and teaching staff to work in the most remote regions along with geographically targeting students and the location of education institutes that train medical and teaching professionals in order to contribute to the availability of high-quality workforce in regions.

Building fiscal capacities

The capacity of Colombian subnational governments to raise own-source revenues and enhance revenue autonomy can be strengthened. The OECD (2016[5]) proposes a number of alternatives that can be taken into account to accelerate such fiscal capacity (some of these policy actions have already been discussed in Chapter 5), including:

- Continuing the efforts to update and modernise the cadastral and land registries in order to improve the performance of the municipal property tax. These efforts need sound complementary building capacity actions to help the subnational level fully embrace this instrument and translate it into an efficient propriety tax collection. The DNP is already working in this direction (e.g. through workshops).
- Reducing the number of earmarked taxes and allowing instruments such as congestion charges or tolls. While the first option could imply a greater legislative effort, there is still scope to increase infrastructure funding streams by raising user charges.
- Promoting more flexibility in terms of user tariffs and local fees. This could take the form of flexibility in fees from the provision of local public services (e.g. public transport).

The certification system to measure administrative capabilities could be further used as a reward system focused on rural regions that improve tax efforts, by, for example, increasing transfers, co-financing or other central government incentives for regions that improve fiscal management. This can eventually be territorialised to reproduce measures at the municipal level inside each region.

Finally, for those rural regions and municipalities with better administrative capacities, borrowing could be further used as a financing mechanism within the limits of current fiscal rules. While ensuring fiscal discipline, new options to finance investments could also be explored, in particular for local governments with higher capacities and with assistance to improve their use and management of loans (OECD, 2019[11]).

These measures along with the recent enhanced co-fining mechanisms – *Pactos Territorial* – and the transfer system (General System of Royalties) should works alongside efforts on administrative capacity (greater inter-governmental collaboration in joint projects and civil servant professionalisation) to gradually set the path towards stronger local capacity.

Build community capital to expand local capacity and accountability

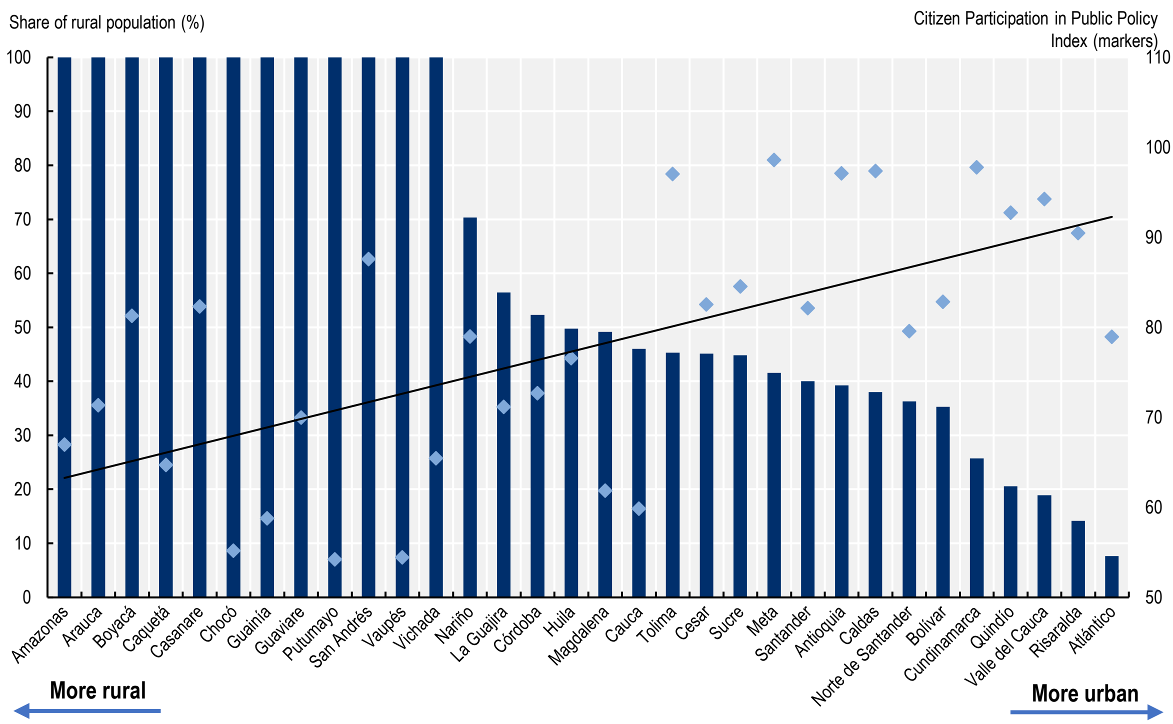
The rural policy in Colombia requires a social fabric in place that can make the most of the new opportunities in rural economies and work jointly with the government to attain common development goals. Rural development policy requires more than co-ordinated government action to make it effective. Collectively in OECD countries, private sector and civil society can play a far larger role in shaping the economy and society than that of all levels of government. And crucially, while the government can have some influence on their behaviour, it is a weak because the incentives driving these institutions are considerably different from those of the government.

The mechanisms for improving co-ordination between investor-owned firms and the government are well understood even though they are only partially effective. Firms in the formal economy are subject to government regulations and can also be influenced by taxes and subsidies. On the other hand, firms can lobby the government, either individually or through organisations, and negotiate a symbiotic relationship. This is a relatively straightforward process because market-focused firms have a common objective function that both they and the government understand.

In contrast, the elements of civil society are both numerous and highly diverse and many are specific to a single municipality. In rural areas, civil society plays an especially large role in shaping both economic and social forces. This reflects a much smaller role played by a resource-constrained public sector and a greater reliance on traditional social norms due to lower levels of connectivity that make people, firms and organisations more dependent on each other. Civil society includes internal actors, like religious organisations or farmers' associations, and external players, like NGOs or multilateral development organisations, which all are important actors for rural development in the country. All these players require co-ordination, with alignment for local interests.

A key challenge for rural development is the ability of local actors to effectively engage with national policy to bring about change. In Colombia, this can be exemplified by the low voter turnout in Colombia (53% in 2019) in comparison to the OECD average (69%). Furthermore, regions with a higher degree of rurality face a lower level of citizen participation in policy making (Figure 6.4). While this can be explained by the reduced ability of local governments to promote mechanisms to involve citizens, this also reveals a lack of social incentive and capacity to call for that involvement. Rural areas that are characterised by relatively higher levels of poverty, social exclusion and weak connection to markets and information are particularly challenging partners in rural development, since they lack the capacity to engage with the local and national government as well as to promote accountability. For these communities, a necessary first step to make them effective contributors to local economic development efforts is to build their community capital.

Figure 6.4. Citizen Participation in Public Policy Index, degree of rurality in Colombian regions, 2020



Source: DNP (2021[10]), *Resultados Medición Desempeño Municipal 2020*, Dirección de Descentralización y Desarrollo Regiona.

Different authors describe community capital as the set of resources in a community that can be invested in collective action (Emery, Gutierrez-Montes and Fernandez-Baca, 2016[18]). With a broad set of resources, a community can be an effective participant in various types of development investments. Conversely, communities with low levels of capital are not only unable to contribute much to development efforts but they also have limited capacity to make use of external investments. Three of the forms of capital – civic capital, social capital and trust – are of particular interest in improving the implementation of rural policy in Colombia. For government systems that seek to devolve much of the implementation of rural development policy to the local level, the presence of strong rural partners is essential.

Table 6.3. Dimension of community capitals

Property	Description
Financial capital	Assets, wealth, income and financial resources, including ability to fundraise and/or borrow on favourable terms
Human capital	Skills, knowledge, expertise, experience, credentials and accreditations
Political capital	Connections to key political decision makers or administrators; legitimacy in the eyes of the governed
Civic capital	Levels of citizen commitment to and engagement with local institutions and organisations
Natural and environmental capital	Soil, water, forest, animal, landscape and nature-aesthetic resources; biodiversity and ecosystem resilience
Built capital	Infrastructure, including services, technologies, amenities; housing stocks; commercial and industrial properties
Social capital	Networks of reciprocity, help, obligation, information-gathering or influence, within and beyond community or region
Trust	Interpersonal trust as a basis of collective action; institutional trust as the basis of multi-scalar co-ordination

Source: Emery, M., I. Gutierrez-Montes and E. Fernandez-Baca (eds.) (2016[18]), *Sustainable Rural Development*, https://doi.org/10.4324/9781315540504.

Civic capital builds a vital link between people and formal institutions, such as government and civil society. Civic capital together with trust allows people to work with each other and to participate in collective action without fear that they will be taken advantage of by others. Social capital covers the set of formal and informal institutions that make up civil society. In much of rural Colombia, people may have strong ties to individuals within their particular group, small community or neighbourhood, but have lower interaction with other groups.

Factors that weaken relationships with others can include: the effects of high levels of political, social or ethnic exclusion; criminal violence; limited economic or other interactions with people outside the group; and geographic isolation. The existence of a high level of informality in the economy can contribute to weak levels of trust and civic capital because people recognise they can be easily exploited and have no recourse to the formal institutions of society to protect them. In fact, Colombians find it hard to regain trust in the state and its institutions. As mentioned in Chapter 2, low trust in public institutions may also deter whistle-blowers from reporting corruption cases: 58% of Colombians consider it unlikely that complaints generate any consequences, while 78% indicate that they would suffer retaliation if they make a report (OECD, 2022[1]).

Without strong community capital, it is difficult to introduce change into a community, especially if members of that community must participate in the change to make it effective. In the context of the principal-agent problem, where the community is the agent and the national government is the principal, it may not matter if the government has a well-designed development strategy. Where meaningful participation by the community is required to implement the strategy effectively and the community is unwilling to do so, it is unlikely that significant change will happen. In these circumstances investments in actions that strengthen trust, civic capital and social capital are needed to strengthen social cohesion before formal economic development initiatives can succeed.

Prior OECD reviews of rural policy provide examples of effective ways of building community capital. Poland's Strategy for Responsible Development and Korea's Saemaul Undong address this issue (OECD, 2018[19])(Box 6.10). The common characteristic of these programmes was the recognition by governments that it was first necessary to invest in capacity building in rural communities to create the foundation for co-operation on subsequent economic development activity. In each instance, government invested in a multiyear approach that encouraged groups to identify local projects that could be accomplished relatively quickly with low investments. Initial successes created a sense that collaboration was useful and allowed all participants to benefit. While some places were less successful than others, the approach if given time and support for building trust creates a strong foundation for implementing more complex development policies. Following initial success in creating trust, with social and civic capital, it is easier to expand other forms of community capital.

Box 6.10. Poland's 2016 Strategy for Responsible Development (SRD)

The SRD is a short- to medium-term national development strategy with the objective of achieving bounced growth across the entire national territory. Its broad aim is to provide all poles with better incomes and a higher quality of life while increasing the competitiveness of the national economy. Three main policy objectives are identified as leading to this broad outcome:

- Sustainable economic growth is increasingly driven by knowledge, data and organisational excellence.
- Socially sensitive and territorially sustainable development.
- Effective state and economic institutions contribute to growth as well as social and economic inclusion.

The new strategy recognises that recent economic growth in Poland while impressive, has been mainly driven by increased prosperity in larger urban agglomerations and that many of the more rural areas and smaller cities have not adequately participated in the recent economic growth. The resulting poverty and social exclusion have created stresses in Polish society that the SRD seeks to erase.

Within the SRD, a number of territories are targeted for specific support. Several of these territorially targeted supports are a continuation of existing programmes. Other initiatives are however new, such as the new Pact for Rural Areas, a document that aims to co-ordinate actions for rural development in order to better target support through the use of national and EU funds. Its development was led by the Ministry of Agriculture and Rural Development in consultation with various stakeholders. With the input of these groups, a number of priority areas for rural development were determined, including business development technical and social infrastructure, public services, environmental protection and agricultural markets.

The Pact for Rural Areas entails two sets of activities: i) a short-term perspective focused on existing instruments and funds directed to the most urgent areas for action; and ii) a long-term perspective that has the potential to entail legislative, institutional and programmatic changes. This signals an opportunity for some fundamental changes in the future and a concentrated effort for better cross-sectoral co-ordination at the national level.

Elements of the SRD that are relevant for Colombia include: a territorial approach but with a strong focus on improving conditions for family farming, the explicit recognition that investments in improving social cohesion in rural areas is vital; the importance of having a medium-term time horizon, with some actions having a short-term focus.

The short-term scope of the the strategic actions helped create buy-in on the policy from the local community.

Source: OECD (2018[19]), *OECD Rural Policy Reviews: Poland 2018*, https://dx.doi.org/10.1787/9789264289925-en.

Other actions from OECD countries to improve civil society involvement in rural policy include:

- Supporting community-led initiatives, a vector to strengthen and complement the implementation of rural policies. The strong community networks in rural areas offer opportunities for self-organisation that enable adaptability and resiliency to structural changes. Local initiatives are increasingly advocated by all levels of government as one remedy to global economic restructuring and local decline.
- Digitalisation, an increasingly common tool to engage public and private stakeholders in policy making and implementation (OECD, 2020[6]). Information and communication technology (ICT) and the widespread use of information technologies, social media and open data in society provide opportunities for governments to develop new methods of co-operation and create public value through inclusive and more informed policy-making processes, thus fostering user-driven service design and delivery. For example, in the context of social discontent in France in 2019 ("Gilets Jaunes" strikes), the French government developed a digital platform to collect opinions and recommendations from the population.
- Introducing a whistle-blower protection procedure, whose attempts in congress have failed in the last years and has been identified as a relevant step to improve trust in the government in Colombia (OECD, 2022[1]). Additionally, bringing all purchases by subnational governments into the central procurement entity (*Colombia Compra Eficiente*), as direct purchases still represent around 70% of total public procurement transactions.

Moreover, rural regions have always relied on their natural and environmental capital as a source of growth, and as concerns with climate change and environmental degradation become more common, there is a renewed focus on improving the management of this form of community capital. Because rural economies are functionally different from urban economies and more reliant on nature, they experience the consequences of climate change more directly than cities.

On the other hand, they may be more willing to trade the environmental costs from environmentally damaging resource use against the direct benefits of income and employment because they capture the benefits when the costs are diffused across broader society. For national governments, the tension between rural development and environmental protection is a significant policy challenge, especially where governments have been unable to control illegal mining and deforestation, and the illegal discharge of toxic substances into rivers and streams. Not only do these practices create environmental damage that extends beyond national borders but they also do so in a way that provides no benefits to the general public, and minimal benefit to the people who derive informal employment from the activity.

Finally, involving the private sector could accelerate the implementation of a comprehensive strategy for rural development. The private sector in Colombia has had a historically relevant role in rural well-being. The Coffee Producers Federation has taken up a governmental role and constructed schools and roads in many municipalities of Antioquia and Risaralda. Mining and oil companies have also built roads and contributed to public works, like sanitation or electricity. Moreover, even in some municipalities with high levels of conflict, agricultural companies have conducted investments (e.g. sugarcane companies in Cauca).

This is a capital that can be further mobilised by rural policy. One recent opportunity to improve partnerships with private companies is the Work for Taxes mechanism, which allows companies to reduce taxes with investment in public works in municipalities that were affected by the conflict. This is an important and innovative mechanism to accelerate the implementation of the peace agreement and can be extended to other poor municipalities.

In rural regions, it is also common for civil society, in the form of local organisations, to act where private enterprise or government is not meeting local needs. But whether it is a social enterprise that provides goods or services that a firm might normally provide or a charitable organisation that meets local needs for services when a government does not, there remains a need for funds to support the organisation’s work. In poor rural regions, civil society often struggles to fill the gaps because there is insufficient funding to operate even though most of the labour needed may be from volunteers.

Many OECD countries have a long history of providing credit to agriculture either directly or through subsidies to co-operative lenders. More recently, some OECD governments have provided support to various social enterprises that in turn either lend to or make equity investments in rural firms. These efforts recognise: that the cost of credit can be high in rural areas due to few lenders, which reduces competition; an inability of lenders to adequately assess underlying risk, which can raise interest rates or preclude lending; and a general higher cost of doing business in rural areas which reduce profitability (OECD, 2018[19]).

Promote urban-rural partnerships

While rural and urban areas have their unique internal characteristics and dynamics, complex relationships connect them deeply and make them interdependent. Any economic, social or environmental change in a rural place has the potential to affect the internal dynamics in cities, and vice-versa. Some of the linkages emerge naturally from the functional connections in a territory and can be easily identified (e.g. commuting flows of workers from one place to another, or shared natural resources), while others are less tangible or might not exist yet. The increasing adoption of virtual modes of communication adds another layer to this relationship, by allowing the exchange of services among municipalities that are distant from each other and do not share any boundary.

Active co-ordination of the existing or future linkages can help make these relationships an effective tool for greater regional well-being. Linkages per se are already drivers of territorial development, as they reveal existing complementarities among territories and more effective use of local assets. Yet, linkages alone do not necessarily ensure the sustainability of the interactions over time nor the best use of common resources.

Partnerships are mechanisms to manage those urban-rural linkages and foster co-operation across rural and urban areas, by directly involving both types of areas in the co-operation process (Box 6.11). Urban-rural partnerships consist of cross-sectoral and holistic sets of initiatives (e.g. within a general package of economic policy initiatives) or single objectives/projects (i.e. management of water resources) that can be linked to wider strategies (e.g. regional or municipal environmental or development strategies) (OECD, 2013[20]). Irrespective of their structure and scope, partnerships can become a useful tool to manage linkages and ensure they help attain sustained interactions that improve well-being in the territory.

Box 6.11. Differences between urban-rural linkages and partnerships

Urban-rural linkages

Urban-rural linkages are interactions among urban and rural areas across a broad set of concepts, including economic, social and environmental dimensions (Chapter 2). These linkages encompass different geographies, which often cross local and regional administrative boundaries.

Linkages also vary by the degree of territorial relationship. Some reflect a simple or unidimensional interaction (e.g. a shared river), while others involve more intertwined interactions that cover a greater number of well-being dimensions.

Urban-rural partnerships

Urban-rural (or rural-urban) partnerships are mechanisms of co-operation that manage and govern urban-rural linkages in a given territory to reach common goals, improve well-being and ensure sustainable relationships.

A distinctive characteristic of partnerships is that stakeholders from both urban and rural places are directly involved in the process to define a common set of objectives. Urban-rural partnerships reveal existing and potential complementarities in the territories, as they are driven and emerge based on the linkages between urban and rural areas. Therefore, partnerships allow different types of regions and areas to join efforts and resources to reach common objectives that cannot be achieved in isolation (or at least not as effectively).

Partnerships require a certain form of organisation to ensure the sustainability of the co-operation. Organisations can take different forms including clear institutional bodies or less formal organisational structures. Depending on the purposes of the partnership, the actors involved will vary from the public sector or private sector to a mix of public, private and other actors.

Source: OECD (2013[20]), *Rural-Urban Partnerships: An Integrated Approach to Economic Development*, https://dx.doi.org/10.1787/9789264204812-en.

Urban-rural partnership can help improve many dimensions of regional well-being in Colombia, including the economy, access to services and environmental management:

- *Economy*. For example, fostering supply chains (e.g. Agro-industry), improving links between small- and medium-sized enterprises (SMEs) and universities/research centres, attracting investors or developing join investments in tourism (Box 6.12).
- *Delivery of public services*. For example, sharing the delivery of education (children attending urban schools) and healthcare, developing joint ICT infrastructure or extending transport infrastructure beyond urban boundaries.
- *Manage environmental amenities*. For example, better spatial planning and landscape preservation or co-ordinating utility providers (e.g. waste collection) and natural resources management (e.g. water).

Box 6.12. Urban-rural partnerships to boost tourism in Poland: The case of the mountain bike routes in the Karkonosze Mountains

Due to the natural and landscape values of the Jelenia Góra Agglomeration (AJ), tourism is an extremely important branch of the economy. The first formal step to support links between urban and rural areas of the Jelenia Góra Agglomeration municipalities was the signing in 2015 of an agreement entrusting the city of Jelenia Góra with the management of Integrated Territorial Investments in the agglomeration. Eighteen municipalities, including 6 urban, 6 urban-rural and 6 rural, as well as the city of Jelenia Góra signed the agreement.

To implement this partnership, the most important step was to diagnose the potential benefits that various types of entities, both in cities and rural areas, could gain thanks to the co-operation. The Jelenia Góra Agglomeration put the greatest emphasis on the utilitarian nature of the co-operation and the indication of its practical benefits to foster the partnership.

The Regional Operational Programme for Dolnośląskie Voivodship (RPO WD) selected co-financing projects based on the principle of partnership and urban-rural co-operation.

This partnership conducted three implementations of projects related to tourism:

- Closer to Nature, Protecting Nature: construction of sustainable mountain bicycle routes in the Karkonosze Mountains.
- Trail of tradition and regional production in the Polish-Czech region of the Jelenia Góra Valley, Jizera Mountains and Karkonosze Mountains.
- Tourism in the Borderlands of the Jizera Mountains, Korkonosze Mountains and Lusatia.

Closer to Nature, Protecting Nature is a joint project involving the city of Jelenia Góra, the urban municipality of Piechowice and the municipality of Podgórzyn, which joined forces through an inter-municipal association to increase tourism attractiveness based on a shared natural protected area. The project consisted in building 63 km of mountain bike routes with a focus on protecting natural assets, avoiding valuable habitats of flora and fauna, and contributing to the organisation of cycling tourism.

This project has contributed to the growth of the tourism industry of the city of Jelenia Góra, the municipality of Piechowice and the municipality of Podgórzyn. The construction of a bicycle network has been a key asset, especially for bicycle tourism as it increased the number of points providing related services, including gastronomic and hotel networks. This project also helped reduce pressure on valuable natural areas, contributing to the protection of local natural resources. The construction of bicycle paths was complemented by promotional and educational activities, including 2 000 printed maps containing the course of mountain biking routes and information about the values of naturally valuable areas, as well as an educational bicycle trip during which participants could learn about the natural values of protected areas.

The city of Jelenia Góra became the leader of the project and its co-ordinator. As a leader, the city of Jelenia Góra was responsible for writing, managing and settling the grant application. The project partners, Piechowice City Municipality and Podgórzyn Municipality, participated in its implementation by participating in its financing and carrying out promotional and educational activities.

Factors that facilitated this partnership:

- Full commitment of the project partners.
- Efficient management by the partnership's leader, the city of Jelenia Góra.

Challenge: Municipalities could not reach an agreement on a single approach to maintain the routes. Each municipality will therefore be in charge of maintaining its own part of the route, which leads to under-efficient use of resources and a potential mismatch of route quality across the entire trail. This lack of agreement was mainly due to changes in political leadership and low interest in the extent of the partnership in the initial agreement beyond the initial investment.

Source: OECD (forthcoming[21]), *Enhancing Urban-Rural Partnerships in Poland*, OECD Publishing, Paris.

The national policy framework in Colombia does not provide an explicit recognition of the existence or advantages of urban-rural partnerships, meaning that they are not specifically conceived to boost co-operation solely among urban and rural municipalities. Instead, many instruments, such as *Pactos*, promote co-operation among different types of municipalities, which is not negative in itself, but they do not recognise specificities among urban and rural municipalities and miss opportunities to mobilise synergies in both types of areas. Urban and rural economies and communities differ in many areas, from their vision of development and endogenous assets to their staff and financial capacity. A clearer recognition of the barriers to and benefits of joint projects among urban and rural assets can help solve regional challenges and spark angles of co-operation.

Moreover, while the Colombian government has a strong legal basis for inter-municipal co-operation, the 2011 Organic Law on Territorial Management (*Ley Orgánica de Ordenamiento Territorial*, LOOT), few co-operative structures at the municipal level have directly followed the LOOT. Lack of financial incentives, shortages of special organisational skills and low levels of trust between subnational governments may explain the small number of co-operative arrangements seen so far.

At the national level, policies for rural and urban development are loosely co-ordinated. As occurs with rural development, the lack of a national platform to co-ordinate sectoral policies for rural and urban development (e.g. transport projects that extend beyond the city or co-ordinated business support) hampers joint approaches and investments to solve local problems. Furthermore, MADR, in charge of rural policy, and the Ministry of Housing and territory, in charge of urban policy, do not have clear spaces for co-ordination, or joint investments or projects to promote urban-rural partnerships at the local level.

Urban-rural partnerships can also contribute to increasing trust and local co-operation. As urban municipalities or cities tend to have the greater administrative capacity, inter-municipal agreements require greater attention to ensure trust in different levels of government. Experiences in OECD countries reveal that trust can be gained by developing easy to implement joint actions on short-term projects and establishing partnership structures that offer an equal voice and vote to all partners to prove that co-operation can be effective (OECD, 2013[20]).

The national government has scope to promote urban-rural partnerships through the following actions:

- Improve the understanding of urban-rural linkages across the country with data at the appropriate spatial level.
- Establish clear guidelines to conduct urban-rural partnerships, in which municipalities can identify the benefit of co-operation and the legal and institutional arrangements that will allow them to co-operate. These guidelines should also contain partnership implementation procedures with clear goals, adopt structures that ensure an equal voice and vote for all partners, regardless of their financial capacity, and set up monitoring indicators.
- Co-ordinate national rural and urban policies to set institutional and financial incentives to develop urban-rural partnerships. This can be done in the National Development Plan.

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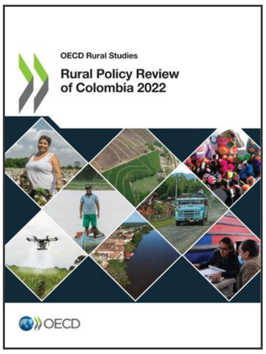
Notes

[1] Centrally-led agencies located in regions and able to plan their actions and collaborate amongst themselves, with the state continuing to lay down guidelines, mitigate resource inequalities and evaluate their performance.

[2] Agencies with a differentiated governance structure and independent authority for management, decision-making and policy implementation.

[3] At the regional level alone, only 8 out of 32 departments are classified with high and good capacities (Groups 1 and 2 in the certification system).



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