

OECD REVIEWS OF REGULATORY REFORM

REGULATORY POLICY IN COLOMBIA: GOING BEYOND ADMINISTRATIVE SIMPLIFICATION



The Government of Colombia (GOC) has advanced regulatory improvement efforts, the main goal being to simplify formalities that affect business and citizens. Principles and tools have also been introduced to improve the quality of regulations.

After the promulgation of the Political Constitution of 1991, the Colombian State left its interventionist role, opening up the possibility of private sector participation in the economy and increasing competition. The Colombian State is now in charge of issuing public policies and regulations and is mainly responsible for supervision and control. This move was accompanied by the creation of Regulatory Commissions (*Comisiones de Regulación*), for utilities sectors.

Regulatory commissions and ministries contribute to establish more predictable, coherent, and transparent regulatory frameworks where private participation is encouraged. At the same time, Colombia established an institutional setting to separate regulatory and supervisory functions related to promoting compliance through the establishment of *Superintendencias*.

In Colombia, Regulatory Commissions and ministries are in charge of regulating specific economic sectors, while *Superintendencias* oversee enforcement and compliance with rules.

KEY MESSAGES

Colombia has:

- moved forward in promoting regulatory quality requirements for the preparation of regulations, focusing mainly on the review of legal quality.
- made significant efforts to improve transparency in the preparation of regulations. The communication of regulatory proposals is generally sound and some institutions, such as regulatory commissions, prepare regulatory agendas.
- promoted information sharing and the use of ICTs as a tool to encourage dialogue between authorities and a wide range of stakeholders.
- started a number of pilot initiatives to explore the feasibility of introducing Regulatory Impact Assessment (RIA). The Ministry of Commerce, Industry, and Tourism (MCIT), for example, completed its first RIA in December 2012, incorporating cost-benefit analysis.
- developed a centralised registry, called Single System of Formalities Information (*Sistema Único de Información de Trámites*, SUIT).
- eliminated unnecessary formalities affecting business and citizens.
- been successful in advancing one-stop shops to streamline specific business procedures and setting up participatory mechanisms, such as the web application called Cristal Ballot (*Urna de Cristal*), which was used to receive suggestions and comments concerning formalities considered burdensome during the drafting process of Decree 0019.

In Colombia, the Single System of Formalities Information (SUIT) works as a single point of information on formalities for citizens. Ministries and agencies are mandated by law to provide basic information on formalities through this system. In fact, formalities can only be required to citizens if they are registered in it.

Three one-stop shops have been particularly successful:

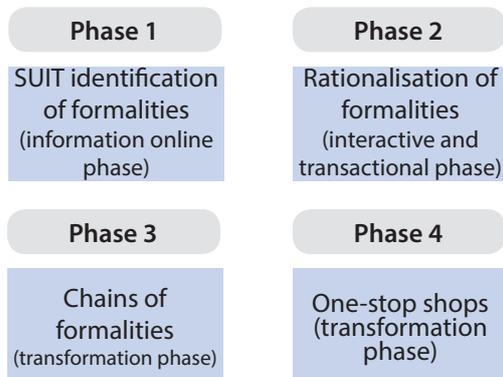
- the Business Support Centres (*Centros de Atención Empresarial*, CAE);
- the one-stop shop for property registration (*Ventanilla Única de Registro*, VUR);
- the one-stop shop for foreign trade (*Ventanilla Única de Comercio Exterior*, VUCE).

Along with the Competitive Regulation Programme (*Regulación Competitiva*) and the Group on Rationalisation and Automatisation of Formalities (*Grupo de Racionalización y Automatización de Trámites*, GRAT), these constitute some of the main initiatives concerning administrative simplification.

RECOMMENDATIONS TO MOVE FORWARD

Despite progress made over the last few years, Colombia still lacks a whole-of-government policy for regulatory quality. Measures to advance regulatory improvement are spread across in the Colombian administration, leading to duplication. The GOC has not established a single institution responsible for promoting and overseeing the implementation of regulatory policies. In addition, there is a need to develop comprehensive standards on how to prepare regulations, including practices such as consultation and RIA.

Phases of the simplification policy implemented in Colombia



- **Regulatory policy:** The GOC should develop and issue a formal, explicit, binding, and consistent whole-of-government policy establishing the policies, institutions, and tools that will be used to pursue high-quality regulation.
- **Regulatory oversight body:** The GOC should reflect on possibilities that could lead to the selection of the best option for such an institution.

- **RIA:** Some elements of a RIA system are still to be developed, such as establishing clear criteria, procedures, and thresholds, and selecting a methodological approach for impact assessment.
- **Regulatory consultation:** There is room to improve consultation practices that include clear deadlines, harmonisation across institutions and feedback to comments received. Consultation should take place early enough as to feed into the decision-making process.
- **Centralised registry of regulations:** There is no single database containing the full regulatory stock. A centralised registry of the regulatory stock would complement the information on formalities provided in the SUIT.
- **Regulatory reviews:** No systematic use of regulatory reviews exists. The GOC should address the need to systematise and streamline the stock of regulations.
- **Minimising administrative burdens.** The GOC may want to make use of qualitative techniques and measure administrative burdens against which achievements and savings can be assessed. This would be useful for the set-up of a generalised review and the application of focalised simplification tools. (See figure on Colombia's simplification policy).
- **A more systematic approach to *ex post* regulatory evaluation** would help identify any necessary amendments to make regulations more efficient, up-to-date, and effective.
- **Multi-level regulatory governance.** When developing a national regulatory policy, the GOC should make explicit the roles that territorial entities should play to deliver better regulation, as well as the support that the central government will provide.

Regulatory reform at the local level: The case of the special, industrial and port district of Barranquilla

The review briefly illustrates regulatory reform efforts in Barranquilla. This case study provided an opportunity to assess the functioning of multi-level regulatory governance in Colombia from a first-hand perspective on what local actors perceive as opportunities and challenges. At the same time, it represented an opportunity to assess the achievements of the District regarding regulatory policy.

Barranquilla has not developed an explicit and comprehensive regulatory policy, limiting its efforts to administrative simplification. Tools such as RIA and regulatory reviews have not been piloted. Despite the existence of some controls to ensure the legal quality of draft regulations, the process to issue them is more customary than formal.

In Barranquilla, a clear and simple regulatory policy should be developed to:

- formalise the rule making process,
- create a co-ordinating unit in charge of regulatory policies,
- ensure compliance with regulatory quality criteria, and
- make explicit the role of stakeholders in strengthening regulatory management practices.

For more information, contact the Regulatory Policy Division (Jacobo.GarciaVillarreal@oecd.org) and visit the website www.oecd.org/gov/regulatory-policy/