Towards a more sustainable recovery

10 February 2022, Paris
The economy has recovered well

Source: OECD Economic Outlook database.

Real GDP

GDP index, 2019Q4=100

COL  CHL  MEX  CRI  OECD

Source: OECD Economic Outlook database.
Fiscal support has been significant

Additional public spending and foregone revenue during COVID-19

% of GDP

Note: Estimates as of September 27, 2021, covering 2020 and 2021. Em Econ = simple average of emerging economies shown in chart. Adv Econ = simple average of AUS, BEL, CAN, CHE, CZE, DEU, DNK, ESP, FIN, FRA, GBR, ITA, JPN, KOR, NLD, NOR, NZL, SGP, SWE, USA.
Inflation has picked up

Headline inflation, year-on-year

Source: DANE.
Expanding social protection and addressing informality
Income disparities are high

Gini coefficient, 2019 or latest

Note: GINI coefficients are estimated on the basis of disposable incomes, after taxes and transfers. Source: World Bank, WDI; DANE; OECD poverty database.
Social mobility across generations is low

Number of generations required to rise from the bottom 10% to the mean income

Note: These estimates are simulation-based and intended to be illustrative. They should not be interpreted as giving the precise time that a person from a low-income household will need to reach the average income. They are based on earnings persistence (elasticities) between fathers and sons and the current level of household incomes of the bottom decile and the mean, assuming constant elasticities, following Bowles and Gintis (2002). Low-income family is defined as the first income decile, i.e. the bottom 10% of the population.
Source: OECD Income Distribution Database.
Many workers have informal jobs

Informal employment as a share of total employment

Note: Data refer to 2019 or latest available year. For informal employment, the latest year of available data is 2019 except for Argentina, Brazil and Peru (2018), Mexico (2017) and Turkey (2015). The International Labour Organisation (ILO) defines informality for salaried workers as those whose employers do not contribute to social protection systems.

Source: ILOSTAT database on informality.
Non-wage labour costs are high

Note: The chart shows relative non-wage labour costs relative to net formal wages. LAC refers to the average of 20 countries in the region. Estimations include mandatory contributions (such as social security contributions for health and pensions, professional risk, transport subsidy), 13th salary in the form of bonuses, annual leave, severance payment and firing notice.
Vulnerable households are often left behind

Vulnerable population covered by cash transfers

% of vulnerable population

Note: Data are for 2015 or latest available year.
Source: ILO, World Social Protection Database.
Improving fiscal sustainability
Fiscal buffers will need to be rebuilt

Scenarios for the trajectory of gross public debt

Note: The chart depicts gross public debt of the central government. The current policies scenario assumes GDP growth as in table 1.1 of the 2022 OECD Economic Survey of Colombia until 2023, with a gradual transition to OECD long-term model estimates of potential output thereafter. Inflation is projected at an average of 3.1%, and baseline fiscal assumptions are the latest official targets, adjusted for OECD GDP projections. The growth-enhancing reforms scenario assumes all the implementation of all reforms described in Figure 1.4 of the Economic Survey. The higher deficit scenario implies higher primary expenditures of 2% of GDP per year. The higher interest rate scenario considers a 1 percentage point increase in the implicit interest rate paid on public debt.

Source: OECD projections based on OECD analysis, Minhacienda (2021) and the new fiscal plan published on February 4, 2022.
Tax revenues are low

Note: LAC is a simple average of ARG, BRA, CHL, COL, CRI, MEX, PER.
Source: OECD, Global tax revenue database.
Few people pay personal income taxes

Income threshold where people start paying income tax

Note: For a single tax payer, 2018 or latest available year.
Source: OECD Taxing Wages 2021, available at https://doi.org/10.1787/83a87978-en
Boosting productivity
Productivity needs to rise

Labour productivity

Note: ASIA, LAC and OECD are GDP-weighted averages for countries with available data.
Source: Conference Board; Feenstra, Robert C., Robert Inklaar and Marcel P. Timmer (2015), "The Next Generation of the Penn World Table" American Economic Review, 105(10), 3150-3182, available for download at www.ggdc.net/pwt
Tight regulations need to be relaxed

Product market regulation indicator

Note: The value shown for the USA reflects legislation in the state of New York. Data refer to 2018.
Participation in global trade should be fostered

Trade as a share of GDP

Note: Data present averages for the years 2016-2019.
Source: World Development Indicators, World Bank; OECD Economic Outlook database.
Trade policies are restrictive

Trade restrictiveness index (ad-valorem equivalent)

Note: The Trade restrictiveness index represents the uniform tariff that would maintain welfare at its current level given the existing tariff structure (Anderson & Neary, 1996).
Source: Rivera et al. based on TRAINS, COMTRADE, using the elasticities and methodology by (Kee, Nicita, & Olarreaga, 2008).
Renewables are a key source of electricity

For more information

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FEBRUARY 2022

www.oecd.org/economy/colombia-economic-snapshot/

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