Post-conflict Colombia:

Inclusive Economies and urban development

An application of the Inclusive Economies framework on Colombian cities

May 2018

Gabriela Giusta
Everett Program
University of California, Santa Cruz

Manuel Pastor
Program for Environmental and Regional Equity (PERE)
University of Southern California

Chris Benner
Everett Program
University of California, Santa Cruz

Table of Contents

Acknowledgements

I.   Introduction

Colombia, like many other countries in Latin America is a diverse and multicultural country characterized by a long and complex political history. Since independence, Colombia's narrative has been dominated by extraordinary violence. Having dealt with decades of a long running civil war fueled by conflict between guerillas, paramilitary militias, drug cartels and the government, Colombia has inherited very high levels of inequality and a large internally displaced population.

In recent years, efforts headed by Juan Manuel Santos, current president of Colombia, have led to negotiations towards a peace accord between the government and The Revolutionary Armed Forces of Colombia (FARC). In 2016, these enduring deliberations culminated in a final agreement between both parties in an effort to end the armed struggle and build lasting peace for the people of Colombia. This new political climate raises important questions about the future of security, human rights, peacemaking, and *inclusion*, especially for those most marginalized by the wraths of war.

Currently, an estimated 7.3 million people are registered as internally displaced, a figure that amounts to 15 per cent of the total population of Colombia (UNHCR and Social Performance Task Force, 2017). In 2016, it was estimated that at least 50 per cent of the internally displaced persons (IDPs) reside in informal settlements in the 27 largest cities of Colombia (UNHCR, 2016). This has contributed to other dynamics or urbanization typical of the developing world, with Colombia transformed into a primarily urban country, with millions of rural refugees still seeking opportunity in its major urban centers. Cities thus face a major challenge as they try to integrate IDPs both socially and economically, while also tackling pre-existing deep rooted social divides and inequality.

In recognition of this and the importance of cities as hubs of global innovation, power, and opportunity, cities in Colombia are in a unique position to lead the charge in the country's work towards greater and more inclusive economic development. The new constitution promulgated in 1991 created some of the possibilities for city-level work. It introduced fiscal decentralization, opened up local politics to wider competition and increased the social expenditure of states, the latter which some argue contributed to some reduction in poverty and inequality (Ramírez et al., 2017). In today's Colombia, the establishment of the peace agreement once again calls to its cities to initiate what negotiators dubbed "territorial peace"—peace from the ground up. A request which aims to engage regional institutions, local governments and diverse social sectors and communities in translating the peace accord into practice, a discourse some say echoes a longstanding call for inclusion (Cairo et al., 2018; Pfeiffer, 2015).

While over the years, significant efforts have been put in place to track progress towards greater social improvement and sustainable development in Colombia, work in the arena of inclusive economies remains nascent, especially in the sub-national context. The Red de Ciudades Cómo Vamos (RCCCV)—a private-led and local initiative in Colombia— provides a platform of open and reliable information on an array of indicators related to equity and inclusion in the urban context, offering a unique opportunity to explore related issues of inclusion at a city level in Colombia.

To do so, we draw on the Inclusive Economies framework which defines an inclusive economy as one that is equitable, participatory, growing, sustainable and stable (Benner and Pastor, 2016). Contextualizing the framework with these indicators thus offers a useful entry point for initiating the inclusive economies dialogue in Colombia. More specifically, in this paper we explore the role of indicators and indicator initiatives in helping provoke and guide the emerging discourse on inclusion in Colombian cities. We highlight lessons learned from this country case-study along three key questions:

- What sub-national data initiatives exist that address issues of economic inclusion in Colombia?
- What does this data tell us about inclusion in Colombian cities?
- What can other countries learn from Colombia?

II.   Overcoming a history of violence

From violence to a more equitable and inclusive Colombia

For more than 50 years Colombia has suffered from one of the longest-running armed conflicts in the Western Hemisphere. Violence in Colombia can be traced back to the late 1940s to an era known as *La Violencia*—a ten-year civil war fueled by struggles between the Colombian Conservative Party and the Colombian Liberal Party, resulting in the death of hundreds of thousands of people, most of them rural peasants and farmers (Richani, 2014). The aftermath of this war gave rise to the formation of left-wing guerilla groups, namely the Revolutionary Armed Forces of Colombia (FARC), the National Liberation Army (ELN) and The Popular Liberation Army (EPL).

Formed in 1964, these guerilla groups were primarily composed of militant communists and peasant self-defense alliances claiming to fight for the social and human rights of the rural poor against Colombia's wealthy. Alongside guerrilla groups, paramilitary organizations also emerged. Mainly composed of landowners, these paramilitary groups were linked to the state military and fought to counter the

communist uprising that had evolved in rural areas. By the late 1990s, they had asserted significant autonomous military and political power, and operated under the right-wing umbrella organization known as the Colombian United Self-Defense Groups (AUC).

The violent clashes between both factions claimed the lives of many innocent rural civilians leading to growing landlessness and the displacement of millions. Also during this period came the emergence of a drug market primarily based on coca production. By the 1990s Colombia dominated the global cocaine trade suppling as much as 90 per cent of the world's cocaine (Otis, 2014). Internal conflicts between drug cartels emerged as their desire for greater power and territory grew, coupled with a campaign of terror and assassination that arose, as cartel leaders fought to maintain their market stronghold and avoid extradition to the United States for trial.

The long years of armed struggle and drug-led violence were characterized by extreme levels of homicides, kidnapping and human right violations, and its consequences are still felt at many levels. The Institute for Economics and Peace published a report in 2014 that calculates the cost of violence containment in over 150 countries. Colombia ranks amongst the countries with the highest cost of violence as a per centage of GDP with an estimated cost of 10.8 per cent of the country's GDP in 2013— an equivalent to almost half the external debt of the country at the time of the study (Institute for Economics and Peace, 2014).

Londoño and Guerrero (1999) also examine the direct and indirect monetary costs of violence in Colombia. Their estimates show an annual loss of 11.4 per cent of the country's GDP due to an increase in government spending towards security, justice and health. The authors' estimates also reveal an additional 8.9 per cent loss associated with indirect causes, namely diminishing productivity, employment, private investment and consumption (Londoño and Guerrero, 1999). Other studies also monetize the cost of violence beyond material well-being. Soares (2006) shows that violence in Colombia led to a reduction of 2.2 years in life expectancy at birth, a figure which represents a social loss analogous to a permanent decline of 9.7 per cent of the country's yearly income (Soares, 2006).

Finally, other impacts were felt more directly as forced displacement and inequality soared due to escalating violence. As noted above, 15 per cent of the total population of Colombia is registered as displaced (UNHCR and Social Performance Task Force, 2017). Studies that explore the effects of displacement in Colombia point to significant losses in heath, assets, access to education, as well as impacts on the net present value of aggregated rural consumption, the burden being most impactful on

the rural poor and disadvantaged population groups such as children, the elderly and specific racial groups, namely Afro-Colombians and indigenous populations (Franco et al., 2006; Ibáñez and Vélez, 2008).

Despite these challenges, over the last few decades Colombia has made significant progress in working with global and national initiatives to track progress towards greater socioeconomic and sustainable development. Since their inauguration, Colombia was among the first countries to create a national commission to guide progress on the Sustainable Development Goals (SDG). In 2017, Colombia ranked 88 out of the 157 countries evaluated, showing significant improvements in the reduction of poverty, overall health, access to basic services and ecosystem services.

However, it is also the case that Colombia lags far behind other nations in terms of inclusion at a national level. For example, of the 17 Latin American countries for which the World Bank has 2014 data on the Gini coefficient, a standard measure of income disparity, Colombia ranks first in inequality.[1] Given the rise in research noting the dragging impact of inequality on the ability to sustain economic growth, there are many reasons why Colombia should be interested in spreading opportunity: it is likely to promote prosperity as well as reduce the social tensions that have produced violence (Berg et al., 2012).

What becomes somewhat clear is that the issue of violence is endogenous to the issue of inequality. As already mentioned, Colombia is a country that throughout its history has suffered from high levels of social, income and wealth inequality. To this day in Colombia, it is difficult to get out of inequality when hierarchical racial structures remain institutionalized and inequities persist culturally. Take for example, the socio-economic stratification system established in the early 1990s. This stratification policy classifies urban populations into different strata, ranking from 1 (lowest income areas) to 6 (highest income areas), according to similar economic characteristics. While this system was developed to help subsidize domiciliary public utility services in low income areas, it has also unintendedly contributed to the stigmatization and prejudice of the poor and created barriers to physical and social mobility from lower to higher strata groups (Uribe Mallarino et al., 2006).

One key question is at what level inequality should be tackled. For instance, internationally-recognized frameworks have also been applied at a sub-national level. In 2016, Colombia pioneered the Social

---

[1] The data is from the World Bank and we use 2014 because that is the most recent consistent data point for most countries; Chile's 2014 measure is calculated as an average of the 2013 and 2015 values.

Progress Index across 10 of its cities. The Social Progress Index (SPI) attempts to measure the extent to which countries (and cities) provide for the social and environmental needs of their citizens. It does this by estimating progress towards greater protection and promotion of three crucial dimensions: basic human needs, the foundations of wellbeing and opportunities. Its premise is vested in extending the opportunities and capabilities of society irrespective of economic achievements (Progreso Social Colombia, 2016).

The results of this exercise reveal a very heterogeneous outlook for cities in Colombia, where the city of Manizales, for example, with an average income that is two thirds that of Bogotá, ranked highest in transforming economic resources into greater social wellbeing, while more populated and high income-generating cities like Cali, Cartagena and Barranquilla scored poorly on many of the social progress components of the index. What processes help drive these discrepancies are still up for much debate.

Efforts are also underway to champion the implementation of the SDGs locally at a sub-national level, as policy makers increasingly look to its cities to pioneer the transformational action work needed for a more sustainable, equitable and inclusive Colombia (Valencia, 2016). In the following section we explore a private-led initiative that leads much of this work by facilitating information at a sub-national level on related issues of inclusion and urban development.

Promising initiatives: Red de Ciudades Cómo Vamos and Ciudatos

There is a growing and strong network of local initiatives in Colombia working to create accessible data at a sub-national level to help generate information and track progress towards greater urban inclusion. As suggested above, this is partly because cities are having to lead much of the inclusion work prioritized in the post-conflict agenda. Central to this work is the availability and accessibility of indicators and indicator frameworks that generate reliable, unbiased, comparable and public data on important urban development issues, and thus help facilitate and identify patterns of equity and inclusion and areas needing further improvement.

The Red de Ciudades Cómo Vamos (RCCCV) initiative has helped champion much of this work. Implemented in 1998 by the Chamber of Commerce of Bogotá, El Tiempo, and Fundación Corona, RCCCV was first established in the city of Bogotá to assess changes in the quality of life of its residents in accordance with the city's development plan. It later expanded into a wider cities-monitoring network starting with the addition of Cali and Cartagena in 2005, Medellin in 2006, and 10 more cities joining from 2007-2017.

The objectives of RCCCV can be summed up within four important activities: (1) To generate more reliable, impartial and comparable information on issues of city development, quality of life and citizen participation; (2) To facilitate the generation and exchange of knowledge to help further development plans and specific programs of interest among local governments; (3) To use available data to enrich and strengthen the initiatives of the network and of each city; and (4) To promote the exchange of good practices and processes.

To help further these objectives, RCCCV established Ciudatos, the first open data platform developed by civil society in Colombia which focuses on building knowledge about and for cities. Technical and perception data are available on a wide array of urban development issues and are collected through objective and subjective surveys. The objective indicators compile quantitative data on quality of life issues in each city, while subjective indicators bring together information gathered through the Citizen Perception Survey, applied annually in each city, to complement the quantitative data gathered through objective indicators. It is noteworthy to clarify, that while this indicator initiative is a private-led effort, data primarily comes from city government institutions. City data is available for 15 of Colombia's major cities, while comparable indicators are also available for 11 out of the 15 cities.

III.   Inclusive 'cities' in Colombia

Inclusive Economies framework

The Rockefeller Foundation defines an inclusive economy as one that "expands opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being", and argues that there are five critical characteristics that define an inclusive economy: equity, participation, growth, sustainability, and stability. This concept builds from the vast literature on pro-poor growth and inclusive growth frameworks and borrows from the fields of ecological, feminist and political economics as well as prominent theories of social wellbeing and economic development.

The goal of the framework is to think about inclusion beyond the equity-growth dichotomy by uplifting other equally important elements of an inclusive economy not as frequently discussed in the literature, thus providing a more comprehensive point of departure from which to initiate conversations about inclusion that consider important related issues of equity and growth but also of participation, sustainability and stability. Although the categories are presented as independent dimensions, these should be thought of as interlinked themes, which through feedback loops generate virtuous (or vicious)

cycles of development. Finally, in recognition of the complexity and nature of societies, we identify two key cross-cutting issues the underlie the promotion of inclusive (or exclusive) outcomes: the historical marginalization of population groups and the distribution of power.

In this work, we sought to investigate whether reorganizing the sort of data collected by RCCCV into an inclusive economies framework might be useful – and help to systematize sub-national discussion of inclusive economies in multiple locations. The interesting finding, we highlight below is that more important than the data is the story or narrative; Colombia has an excellent set of data collection mechanisms, but the connection of that to a compelling tale and theory of change is not as developed.

Preliminary results

Overall, Colombia is a country characterized by a dynamic and volatile market economy. Following its recession in 1999, Colombia experienced a long yet impressive recovery reaching an annual economic growth rate of 6.9 per cent in 2007, higher than the average experienced for all of Latin America and the Caribbean (LAC) combined (5.7 per cent).[2] Throughout the 2000s economic expansion followed

Figure 1. The Inclusive Economies conceptual framework

INCLUSIVE ECONOMIES *Expand opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being.*	EQUITABLE	A. Upward mobility for all.	Experiences of historically marginalized populations	Distribution of power
		B. Reduction of inequality.		
		C. Equal access to public goods and ecosystem services.		
	PARTICIPATORY	D. People are able to access and participate in markets as workers, consumers, and business owners.		
		E. Decision making transparency and accountability.		
		F. Widespread technology infrastructure for the betterment of all.		
	GROWING	G. Increasing good job and work opportunity.		
		H. Improving material well-being.		
		I. Economic transformation for the betterment of all.		
	SUSTAINABLE	J. Social and economic well-being is increasingly sustained over time.		
		K. Greater investments in environmental health and reduced natural resource usage.		
		L. Decision-making processes incorporate long-term costs.		
	STABLE	M. Public and private confidence in the future and ability to predict outcome of economic decisions.		
		N. Members of society are able to invest in their future.		
		O. Economic resilience to shocks and stresses.		

---

[2] Data from the World Bank.

moderately, declining again in 2016 to a negative growth rate of -0.65 per cent but rising again in 2017 and projected to 3 per cent for 2018.[3] While economic expansion has helped secure a considerable drop in overall poverty, Colombia is still a country characterized by inequality and deep seated social divisions. According to the World Bank, Colombia ranks as one of the most unequal countries in the world, standing at the top along with countries like South Africa, Lesotho, and Botswana with the highest Gini coefficients in the world.

Two important aspects are linked to high levels of inequality in Colombia. One is the extremely high levels of land inequality found in the country—an estimated 0.4 per cent of the population owns 62 per cent of the country's best land (USAID, 2017). The second, and perhaps most pressuring issue, is the long running civil war described above. The armed struggle and unequal landholding have resulted in substantial displacement of rural people. At some 15 per cent of its population, Colombia has the second highest rate of internally displaced population in the world, surpassed only by Syria (UNHCR, 2017). About 50 per cent of the registered internally displaced people reside in slums outside of the 27 largest cities of Colombia, which has significantly contributed to the country's rapid urbanization (see Figure 2) and growth of large informal settlements, amounting to greater pressure on the resources of cities and further entrenching inequality (UNHCR, 2016).

Since the height of the conflict in the 1980s, however, national development priorities have included a significant focus on peace negotiations and political reconciliation, culminating in a final agreement in 2016 between the government and the FARC to end the armed struggle and bring peace to the people of Colombia. The new constitution promulgated in 1991 was also accompanied by fiscal decentralization and an increase in social expenditures of the state. Sub-national spending tripled in importance from 1986 to 2005, and by 2012, sub-national government spending accounted for 44 per cent of total public expenditure and more than half of central government revenue was distributed to sub-national governments (Bird, 2012; Lozano and Julio, 2016).

The increase in social expenditures and decentralization seem to be contributing to some reduction in poverty and inequality (Ramírez et al., 2017). The National Administrative Department of Statistics (DANE), for example, reports an overall poverty level decline from 49.7 per cent of the population in 2002

---

[3] Estimate from OECD.Stat

Figure 2. Population shift in Colombia: rural to urban migration
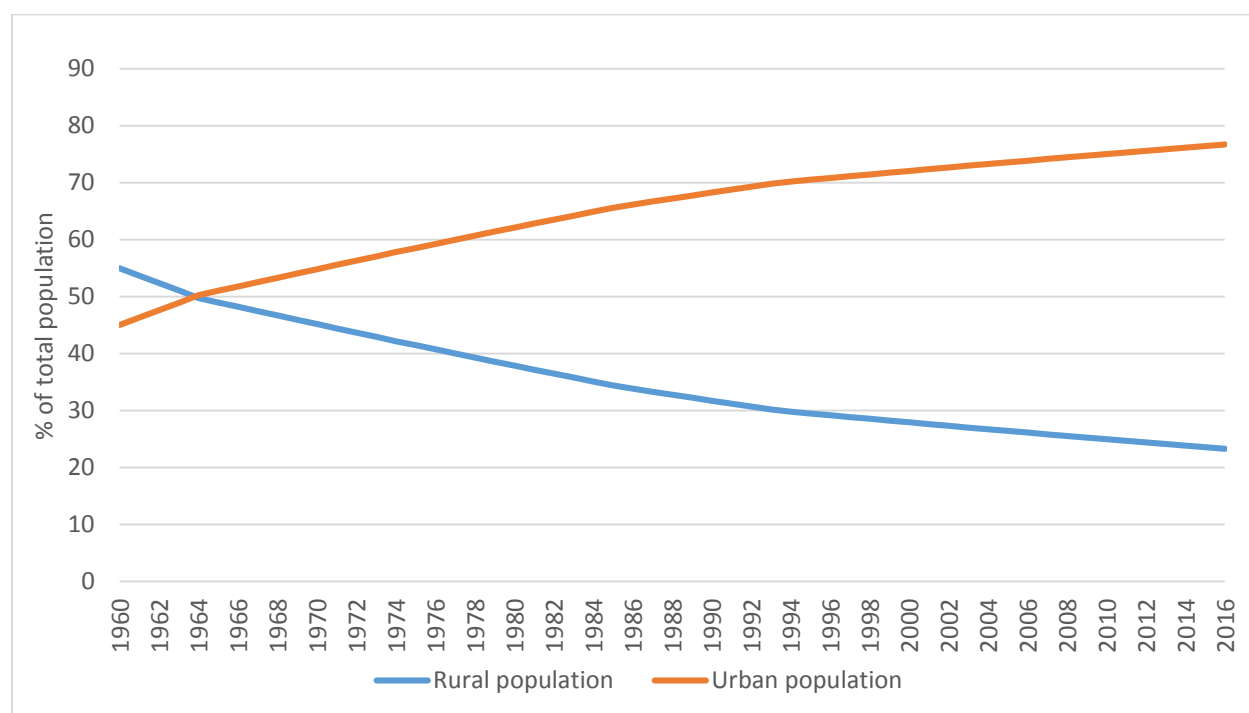
Data Source: The World Bank

to 28 per cent in 2016, and extreme poverty figures have also declined from 17.7 per cent to 8.5 per cent. Improvements in income inequality are also observed—from a GINI index of 0.587 in 2000 to 0.511 in 2015 according to World Bank data—nonetheless, by international standards these figures remain very high. Thus, in an effort to promote a more inclusive economy, greater emphasis has been given to further expand and improve social welfare programs, including increasing education enrollment rates for disadvantaged children, better access to labor market programs and formal employment, labor law enforcement, and a comprehensive pension system reform to reduce old-age poverty (de la Maisonneuve, 2017; OECD, 2015).

While at the national level, significant work has been done to promote inclusion, the outlook for sub-national territories remains unclear. The Red de Ciudades Cómo Vamos indicators offer a unique opportunity to explore progress towards greater economic resilience and inclusion at a city level. Table 1 sets out these indicators within the Inclusive Economies framework to highlight what cities have experienced higher levels of economic and social inclusion and what underlying forces and processes can be defer from these comparative outcomes. This analysis draws city data from Cuidatos, and indicators are selected based on quality and availability of data across the five largest and most populated cities of

Colombia, namely Bogotá (7,673,829), Cali (2,416,813), Medellin (2,319,709), Barranquilla (1,206,509) and Cartagena (978,669).[4] The statistics reflect the total average for selected years, 2011 – 2015. Below we lift up key insights and lessons for each of the five broad dimensions of an inclusive economy.

Equity

While significant progress has been made in the provision of basic needs and services—clean water, electricity, and sewage, for example—significant differences still remain in terms of other indicators that measure aspects related to equity. Like national estimates, inequality remains relatively high in all five cities, with most cities having a Gini coefficient of 0.50 or above with the exception of Barranquilla (0.46) and Cartagena (0.48).[5] Differences become even more pronounced when looking specifically at issues of gender. Colombia overall has a higher level of gender inequality than the average for all of Latin America and the Caribbean combined.[6] According to the United Nations Development Programme (UNDP), in 2015 Colombia had a Gender Inequality Index (GII) of 0.393, indicating a 39.3 per cent loss in potential human development due to gender inequality.

At a city level we observe that while some cities have shown improvements in bridging the gender gap others are considerably behind. Medellin, for example, performs above average on most female-related indicators, with the lowest maternal mortality rate (33.7 out of 1,000 live births), and with a little over a third of its population feeling that the values of women are respected. On the other hand, Cali and Cartagena seem to have fallen significantly behind. Cali with a higher than average maternal mortality rate of 51.8 out of 1,000 live births, and Cartagena with an adolescent fertility rate of 89.4 out of every 1,000 women 15 to 19 years of age, significantly higher than the average for all five cities.[7] When looking at indicators about another disadvantage population group, namely children, we also see dramatic differences across cities. The results for enrollment in pre-kindergarten and preschool, indicators which try to capture the opportunity for greater upward mobility due to access to early

---

[4] Values in parenthesis correspond to the total population in 2015. Ciudatos provides city-level data for many urban cities in Colombia. Comparative data can be found here.
[5] The Gini coefficient has a value between 0 and 1, with 0 representing perfect equality. According to the World Bank, a Gini coefficient equal or greater than 0.50 signifies high levels of inequality.
[6] This is according to the 2015 results for the Gender Inequality Index.
[7] According to the World Health Organization (WHO), high adolescent fertility rates in women 15-19 years of age are associated with very high risks of unnecessary pregnancy complications, with a chance twice as high of dying than women that wait until their twenties to bare children.

Table 1. Comparative results for Barranquilla, Bogotá, Cali, Cartagena and Medellin on selected indicators

|	Indicator	Barranquilla	Bogota	Cali	Cartagena	Medellin
Equitable	Net enrollment rate in pre-kindergarten	NDA	55%	21%	67%	76%
	Net enrollment rate in preschool	54%	80%	81%	67%	88%
	Gini coefficient	0.46	0.50	0.50	0.48	0.51
	Maternal mortality rate	36.4	40.6	51.8	34.9	33.7
	Fertility rate in adolescents 15 to 19 years of age	81.2	55.2	55.5	89.4	65.7
	Percentage of population that believes that their city residents behave well or very well towards the RESPECT FOR WOMEN	23%	19%	19%	15%	33%
	Infant mortality rate	13.8	10.4	9.6	11.5	9.3
	Under-five mortality rate	15.5	12.0	11.5	14.2	10.9
	Coverage rate of water services	100%	100%	NDA	100%	100%
	Coverage rate sewer services	98%	99%	NDA	91%	100%
	Net enrollment rate in primary	95%	90%	90%	93%	100%
	Coverage rate in energy services	99%	100%	97%	100%	100%
Participatory	**Informal employment rate**	56%	45%	50%	56%	45%
	Labor force participation rate	62%	72%	66%	60%	66%
	Ease of Doing Business index ranking	22	3	21	18	11
	Open Government Index	70	58	77	66	81
Growing	**Incidence of monetary poverty**	28%	11%	21%	30%	16%
	Incidence of extreme monetary poverty	4%	2%	4%	5%	3%
	Employment-to-population ratio	57%	65%	57%	54%	58%
	Chronic malnutrition in children under 5 years	NDA	18%	NDA	19%	9%
Sustainable	**Concentration of PM 10**	NDA	49	26	60	59
	Percentage of population that believes that their city residents behave well or very well towards the RESPECT OF ENVIRONMENTAL STANDARDS	18%	15%	18%	13%	29%
Stable	**Percentage change in average household income**	8%	4%	6%	6%	6%
	Percentage of citizens who feel safe or very safe in their city	33%	18%	28%	20%	47%
	Percentage of population that believes that the national government is undertaking actions to improve the quality of life of its citizens	16%	11%	9%	16%	13%
Violence	**Homicide Rate**	29.3	18.1	75.1	27.7	41.2
	Percentage of the population that was victim of a crime in the last 12 months	17%	24%	16%	17%	12%
	Homicide rate for people between the ages of 15 and 24	57.5	15.1	NDA	63.0	NDA

Notes:

1. Areas highlighted red indicate less inclusion (i.e., one standard deviation below the average for all cities in the sample).

2. Areas highlighted green indicate more inclusion (i.e., one standard deviation above the average for all cities in the sample).

3. Bold indicators denote that larger values indicate less inclusion.

education, varies with Medellin leading the board with 88 per cent of children ages 5 to 6 enrolled in preschool, while Barranquilla significantly behind with only 54 per cent of their young children enrolled in pre-primary. Access to medical services for children also vary. The city of Barranquilla ranks least inclusive with an infant mortality rate of 13.8 per 1,000 live births higher than the national average in 2015 (13.6 per 1,000 live births), and an under-five mortality rate of 15.5 per 1,000 live births also above the national average for 2015 (15.3 per 1,000 live births).

In terms of access to public goods and services all cities perform very well on all indicators. All five cities have nearly 100 per cent of children of the official primary school age enrolled in primary. We observe that Bogotá and Cali lag a little behind than the other cities with still 10 per cent of children of corresponding age not enrolled in primary school. Provision of basic services such as clean water, sewage, and energy are also provided for almost 100 per cent all city residents, keeping with international standards delineated by the Sustainable Development Goals.

Lastly, in Figure 3 we show the performance of all five cities on selected indicators of equity. The outer bound indicates greater inclusion while the inner bound depicts poor performance on inclusion indicators. To standardize the direction of the data, some of the indicators are transformed. For example, normally a higher Gini coefficient indicates greater inequality, but transforming the direction of this variable, allows us to interpret the indicator along the same axis as other indicators in this dimension.

Figure 3. Performance by indicators in the Equity dimension
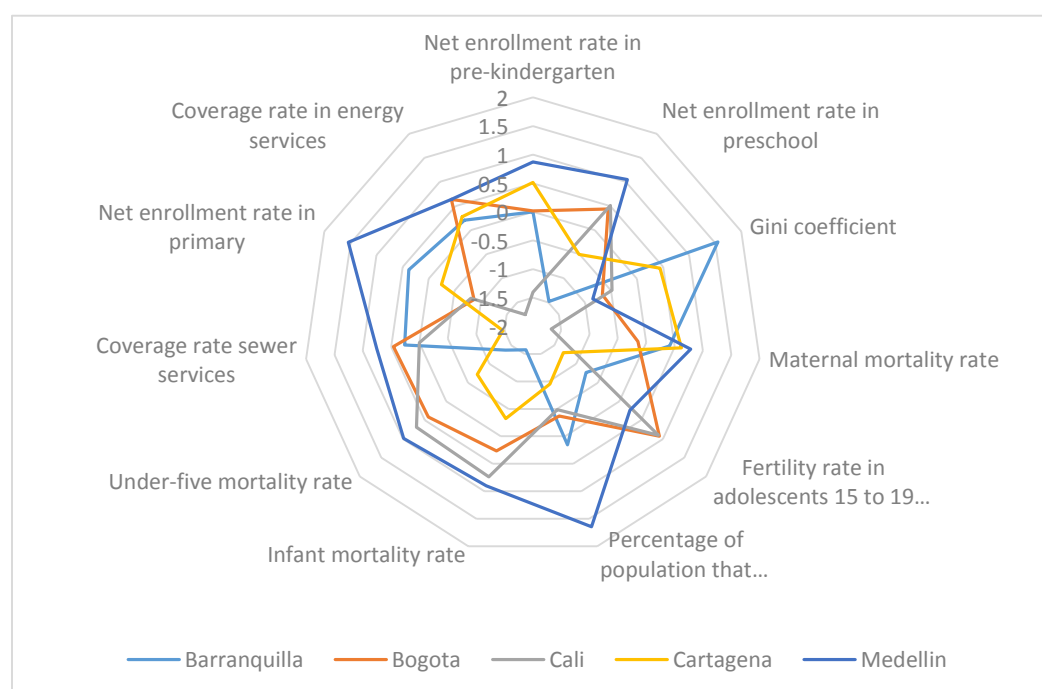
Participation

In the participation category we evaluate aspects related to access to decent employment, ease of doing business and government transparency. The experiences of each city on these indicators vary substantially. Medellin ranks at the top in terms of government transparency with an open government index score of 81, while Bogotá scores the lowest with an open government index score of 56. The Open Government Index is a composite indicator that measures compliance with strategic government anti-corruption norms in terms of transparency, accessibility and openness to information. Level of government transparency and openness is measured against four main premises: (1) inclusive control of internal processes, (2) the co-creation of data and information, (3) widespread knowledge dissemination, and (4) open discussions about decision-making processes. While the index does not measure corruption directly, it assesses the level of compliance with strategic anti-corruption norms that prevent corruption from emerging in governmental institutions.

The outcomes for access to markets and employment also offer a mixed picture. Bogotá ranks most inclusive with a labor force participation rate of 72 per cent, while Cartagena ranks lowest with a labor force participation rate of 60 per cent below the average for all five cities. In terms of generating greater economic opportunities and access to self-employment Bogotá also ranks highest. It occupies the third position in all of Colombia on the ease of doing business indicator, which measures opportunity for entrepreneurship expansion by assessing the norms and regulations that small and medium-size domestic businesses face throughout their life cycle. Medellin follows in the eleventh position on the ease of doing business indicator, and with a relatively high labor force participation rate of 66 per cent.

It is not entirely surprising that both Bogotá and Medellin rank highest in terms of access to employment and better regulation policies for business development. According to the World Bank Group's most recent report on the Ease of Doing Business in Colombia (2017), the sizeable gap between the best- and worst performing cities in the study is largely explained by the size of the city; smaller cities typically face more procedures for businesses to develop due in part to the fact that many regulatory improvements have yet to reach those cities (World Bank, 2017).

The informal sector also represents a big portion of the labor market economy for many of these cities in Colombia. Overall, all five cities depict high levels of informal employment (as a per centage of total non-agricultural employment) with Barranquilla and Cartagena both ranking relatively highest with 56 per cent of its working population in the informal sector. These results highlight an important characteristic

about the labor market in Colombia, namely that much of its economy is driven by informal employment. In fact, The World Bank reports that 62 per cent of the working population in Colombia work informally.

While sometimes informal work is associated with illicit activities and the black market, work in the informal sector is much more heterogeneous in Colombia. It covers a wider range of legal activities, from people who are family employees and workers in small unregistered startups, to self-employment in trades such as trash picking, street vending and domestic work (ILO-FORLAC, 2014). Indeed, high informal employment is associated with a lack of social protections and workers' rights, but in a country with a rapidly expanding urban population and an unemployment rate of 9.4 per cent, many individuals rely on the informal sector to overcome the lack of opportunities in the formal sector. In fact, empirical studies that evaluate the underlying drivers of the informal sector in Colombia, find that for Cali, for example, although workers in the informal sector tend to be less educated and are bound to longer work hours, many report higher absolute incomes, and an overall higher level of work satisfaction due to the independence this type of employment affords them (Martínez et al., 2017). Figure 4 summarizes the performance of all five cities in the participation category.

Figure 4. Performance by indicators in the Participation dimension
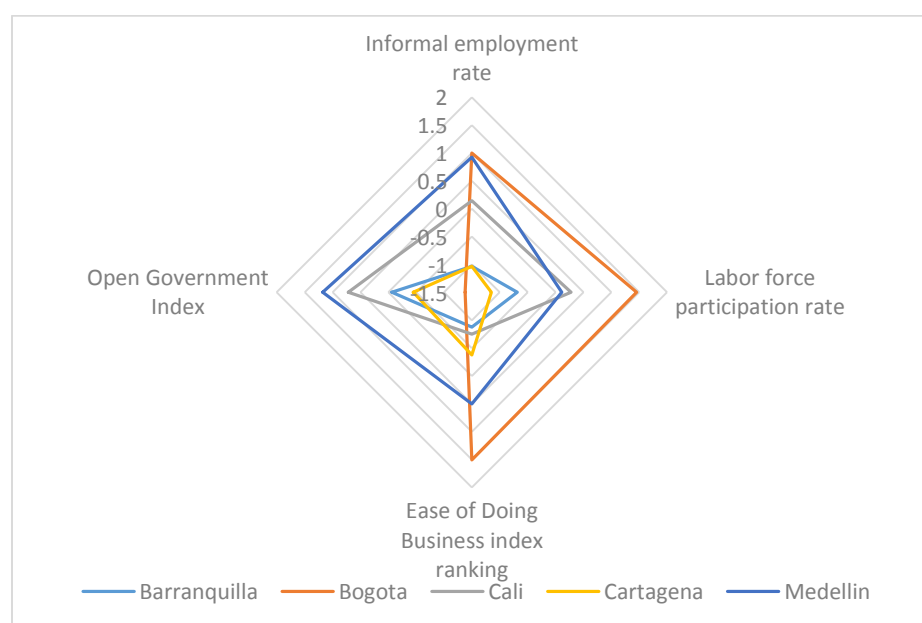

Growth

Great advances have been recorded in terms of economic growth and poverty reduction. According to the IMF's World Economic Outlook (2015), Colombia is the fourth largest economy in all of Latin America

measured by the Gross Domestic Product (GDP). From 2001 to 2012, the country expanded at an average rate of 1 per cent on a quarter by quarter basis reaching a record high of 6.9 per cent in 2007.[8] In part because of rapid economic expansion, since the early 2000s Colombia has experienced an enormous decline in poverty and extreme poverty levels, almost reducing the population living in poverty by half from 2003 to 2016 from 49.7 per cent to 28 per cent.[9] The trends in the largest five cities also show significant reductions in extreme poverty, although a more mixed picture in terms of monetary poverty. Overall the incidence of monetary poverty is lowest for Bogotá, with only 11 per cent of the population in poverty. Cartagena on the other hand, shows greater monetary poverty, with 30 per cent of the population still facing monetary hardship. The incidence of extreme monetary poverty remains relatively low across all cities, with Cartagena once again performing the poorest with 5 per cent of the population in extreme poverty.

Figure 5. Performance by indicators in the Growth dimension
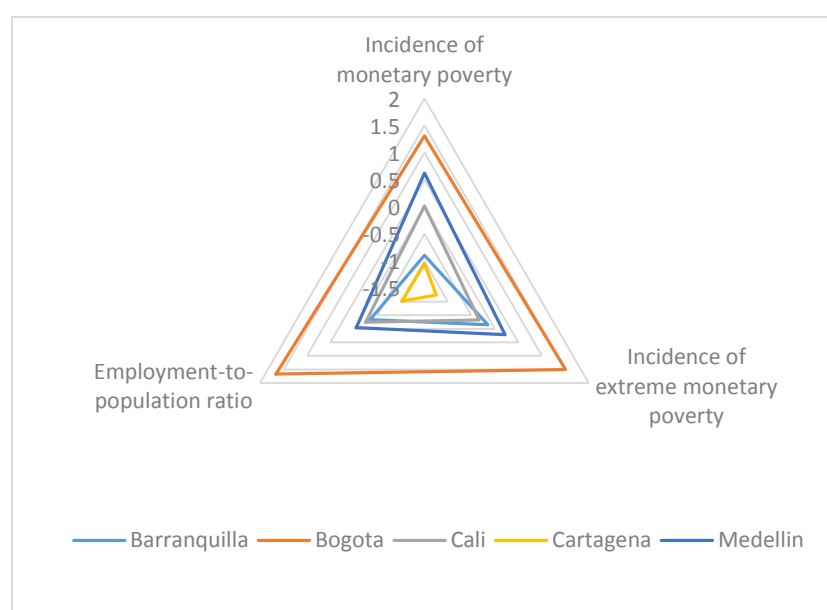
While other non-income indicators of well-being are scarce at the city level, starting in 2011 the new Multi-Dimensional Poverty Index (MPI), modeled on the work of Alkire and Foster, became part of the official monitoring dashboard of the country's National Development Plan (Alkire and Foster, 2011). This

[8] Data from OECD.Stat, Trading Economics and The World Bank
[9] According to the World Bank, economic growth was responsible for over 70 percent of extreme poverty reduction between 2002 and 2013. Data on poverty comes from DANE.

index combines measurements of household education conditions, youth conditions (including both school attendance and access to health and nutrition), employment, health, and housing conditions and access to public utilities (Angulo Salazar et al., 2013). DANE (2016) reports that the per centage of people in multidimensional poverty has also declined nationally, from 30.4 per cent in 2010 to 17.8 per cent in 2016.

Sustainable and Stable

Fewer indicators are available to measure aspects related to sustainability and stability at a city-level in Colombia. In a way, the nature and scope of the type of indicators that track progress towards more sustainable and stable economies make it challenging for it to be measurable in smaller geographies. Some indicators often quoted that measure sustainable and stable cities include measurements of pollution and air quality, conservation, as well as levels of safety and social protection programs.

The concentration of particulate matter of 10 micrometers (PM10) is an internationally recognized measure of air quality and city level pollution. Particulate matter with less than or equal to 10 micrometers in diameter are considered a health hazard due to the fact that they can permeate the lungs more deeply. The World Health Organization (WHO) air quality guidelines establish a healthy PM10 threshold of no more than 20 µg/m3 on average annually. The data reveals that all five cities are well above the international threshold established by the WHO. The lowest PM10 value is reported for Cali with only 26 µg/m3 PM10 on average annually, while results for Cartagena, Medellin and Bogotá reveal very high levels of PM10 in the air, with an average level of 60 µg/m3, 59 µg/m3, and 49 µg/m3 respectively.

A qualitative indicator which measures the per centage of population that believes that their city residents behave well or very well towards the respect of environmental standards also reveals a gloomy picture. Overall, in almost all five cities less than 20 per cent of residents feel environmental regulations are respected by city residents. The only exception are residents in Medellin, where 29 per cent of the population perceives its residents as environmentally conscious.

A second qualitative indicator measures whether city residents feel safe or very safe in their cities. Medellin once again takes the lead with 47 per cent of their residents feeling safe or very safe in their communities. This is a remarkable achievement considering that in the 1990s Medellin had the highest murder rate in the world. The 2017 Citizen Perception Survey (Encuesta de Percepción Ciudadana) helps explain some of this shift. It finds that much of this progress is due to greater police presence in

neighborhoods and communities, a more thriving economy with greater employment opportunities, and greater autonomy given to authorities to address criminal activities. Residents in Bogotá, on the other hand, show less confidence about their security. Only 18 per cent of the population in Bogotá feels safe, where 3 out of 10 people report to have been victims of a crime in 2017, and only 22 per cent of those residents believing that the police is taking necessary actions to protect their wellbeing (Bogotá Cómo Vamos, 2017).

The third indicator assesses whether the national government is undertaking actions to improve the quality of life of its citizens. Across all five cities there is relatively low confidence in the government's ability to improve residents' wellbeing. Perhaps this high level of distrust in government is in part due to the rampant problem of corruption in Colombia. Transparency International, an NGO which monitors corruption around the world, ranks Colombia 90th out of the 176 countries/territories that are part of the Corruption Perceptions Index (2016). The 2016 Citizen Perception Survey for Colombia also demonstrate much higher levels of corruption in capital cities than in other cities of Colombia. Bogotá ranking at the top, with 48 per cent of its population perceiving the government as a corrupt entity.

Figure 6. Performance by indicators in the Sustainable and Stable dimensions
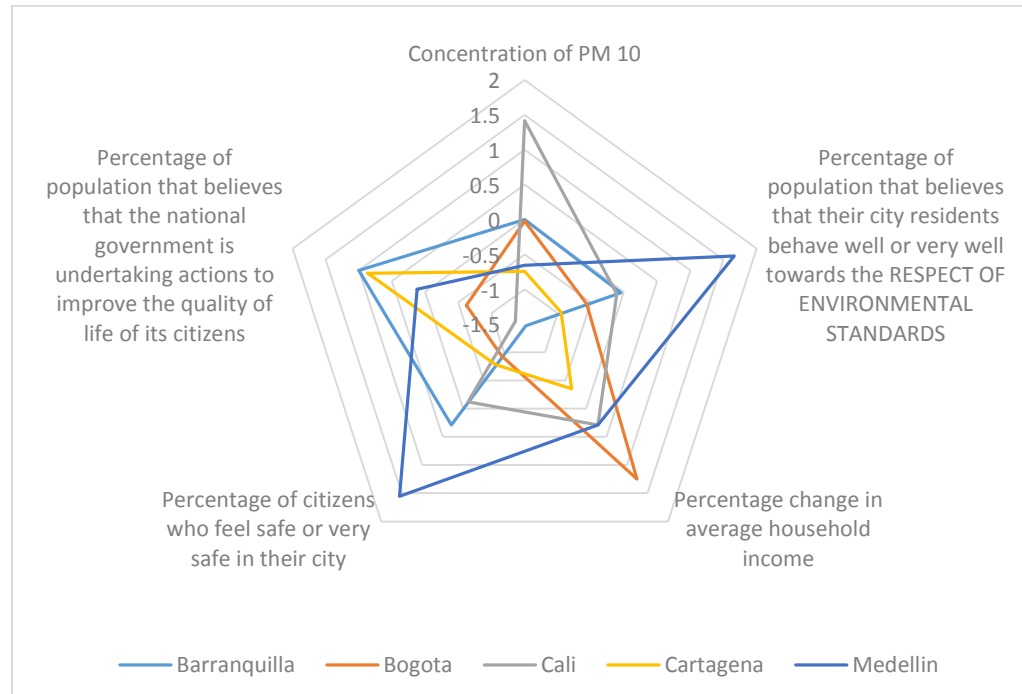
Violence

At the heart of many of these challenges is the issue of violence. We lift out this piece as a separate category to highlight its importance in this particular context. The World Bank (2016) claims that fragility, conflict, and violence are still one of the greatest barriers to development and poverty reduction in many countries around the world. Currently two billion people live in countries where development outcomes are influenced by conflict, and estimates show that by 2030 the share of the global poor living in fragile and conflict-affected areas will reach 46 per cent (World Bank, 2016).

Figure 7. Performance by indicators on violence
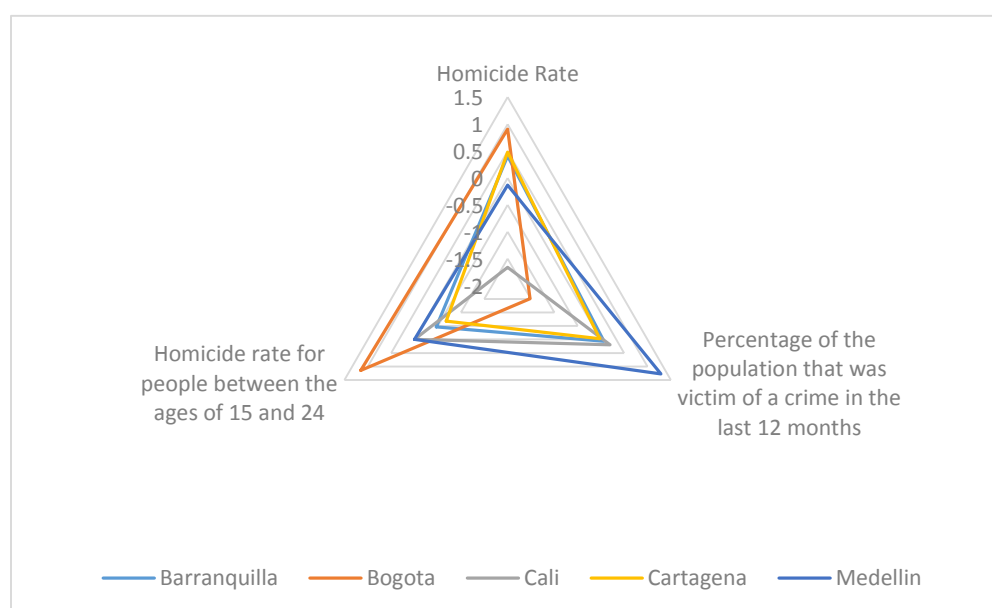
Despite a long history of insecurity and violence, in a little over a decade, Colombia has significantly reduced the rate of criminal activities in the country. According to the World Bank, the rate of intentional homicides has dropped from a staggering 68.3 per cent in 2002 to 26.5 per cent in 2015, a 61.2 per cent drop. In our sample, Bogotá leads with the lowest homicide rate of 18.1 per 100,000 inhabitants, followed by Cartagena (27.7), Barranquilla (29.3), and Medellin with a still relatively high homicide rate of 41.2 per 100,000 inhabitants. Standing alone with a staggering homicide rate of 75.1 per 100,000 inhabitants is the city of Cali. While it is hard to identify a specific determinant of violence, the dominance of organized crime in and around the city can help explain some of this outcome. Apart from nationally operating cartels, Cali is home to local gangs operating inside the city and around smaller neighborhoods, generally engaging in drug dealing, extortions and robbery. Perception surveys conducted by DANE and RCCCV (2017), reveal that approximately 71 per cent of the residents perceive Cali as a highly insecure

city, and they attribute much of this insecurity to street robbery, drug addiction and gang related violence (Cali Cómo Vamos, 2017; DANE, 2017).

IV. Key lessons from Colombia

The experience of violence in Colombia has been so traumatizing that the reduction of violence looms large in any considerations of the quality of life. While this is important, it also means that there is a relative underweighting of other crucial elements of inclusion that are equally important in cities. Most notably, a lack of sub-national data on disparities by gender and race.

Although Colombia has achieved important victories in regards to the promotion of gender equality in the last two decades, there are still significant gaps. The Public Policy Guidelines for Women's Gender Equality and the Comprehensive Plan approved in 2013 following the provision of the National Development Plan were important steps in ensuring that women live a life free of violence, but while these important steps have stirred action towards greater inclusion for women, significant gaps still persist in the economic and political spheres. For example, the World Bank's Gender Data Portal shows that while women in Colombia display an equal, and sometimes higher, enrollment and completion rate as men in primary, secondary and tertiary education, their labor force participation rate remains significantly lower, approximately 41% lower than that of men. In 2016, it was reported that only 20 per cent of women occupy seats in national parliament, while only 35 per cent in ministerial level positions.[10] Finally, a recent report by UN Women shows that Indigenous and Afro-Colombian women are disproportionately affected by exclusion often at particular risk of poverty, displacement, violations of their collective and individual rights, and sexual violence (Bouvier, 2016).

This leads us to our second point—the need for sub-national data on race. Inequality looms large in Colombia for various reasons some underpinned by a history of oppression and marginalization and some an outcome of violence and subsequent land dispossession, but while the effects are widespread across the country, its burden is disproportionally felt by minority groups. DANE's general census in 2005 was the first of its kind in over a decade to collect data and shed light on the conditions of minority ethno-racial groups, and it is in part this invisibility in official statistics that elucidates the systematic

---

[10] Data from The World Bank's Gender Data Portal.

discrimination that lingers.[11] While Colombia's population is primarily Whites/Mestizos only 11 per cent self-identify as Afro-descendants and 3 per cent as indigenous (DANE, 2005). The socioeconomic situation for Afro-Colombians is particularly gloomy where an estimated 61 per cent live below the poverty line and 14 per cent, double that of the national average, go hungry (Garavito et al., 2008). In 2012, the UNHCR reported that Afro-Colombians represented approximately 13 per cent of the total IDPs in Colombia, stressing the double-burden faced by this minority group.

What is somewhat clear is that knowledge really is the first step towards a fix. A comprehensive database of indicators at a city level generate useful information about urban development and some insights on equity and sustainability, but without disaggregation it is challenging to lift up historic race and gender-based patterns of exclusion that help inform policy and action and break cycles of systemic exclusion.

Despite these challenges, we observe that there is significant interest in Colombia by various international frameworks, both nationally and sub-nationally. Colombia has been a pilot country for many recognized global indicator initiatives, including the SDGs, the SPI and the MPI over the last two decades. There is also great interest in local indicators as evidenced by the work of RCCCV. We identify four elements that characterize Colombia's local indicator framework initiative, that perhaps can help explain this attraction, or simply can serve as a guiding lesson for other nations to follow.

1. **It is systematic**. There is a clear and common purpose and goals across participating cities. All cities collect objective and subjective data on indicators that are directly comparable across Cómo Vamos network cities. Their common goal is to create transparency, data reliability, and public information to promote civic engagement, inform policy, and contribute to the development of effective governments. The challenge that still remains is how best to embed these indicators in an explicit and consistent theory of change.
2. **It is private sector led**. The RCCCV was established as a project of the Chamber of Commerce in Bogotá in partnership with Fundación Corona and the Times. This reinforces the notion that inclusion is spurred and achieved by a system and not by a singular entity, e.g., government development initiatives. While recognizing this shift, it is also important to think about how best to also engage local community partners in the co-creation of indicators and data frameworks.

---

[11] The first census to gather data on ethno-racial groups was in 1918 followed by a second one in 1993. To our knowledge no other general census has collected data on ethno-racial groups since 2005.

3. **It has a clear model of replicability and quality control**. A guide and monitoring tool is available for new cities, territories and countries to join the Cómo Vamos network.[12] The Cómo Vamos model has been replicated in other countries and has been a reference for similar exercises in Brazil, Argentina, Chile and Peru, among others. As a result of the RCCCV process, the *Latin American Network for Fair, Democratic and Sustainable Cities and Territories* was created at a continental level.

4. **It is evolving**. It started in Bogotá but was quickly expanded to other large cities in Colombia. By 2017, their work had reached some of the suburbs in large cities, e.g., Aburrá Sur Cómo Vamos, which monitors progress in the quality of life of residents in the southern part of the Valle de Aburrá in Medellin. In addition, programs have also emerged at the sectoral level, such as *Así Vamos en Salud* focused on health and *Educación Compromiso de Todos* aimed at expanding educational opportunities.

What still remains unclear is how these indicator initiatives are being used to engage international organizations, national institutions, local authorities and community leaders to work together to generate change. In our interactions in Colombia, what interested participants most was not the data collection itself, but the notions of "epistemic communities" that underlie the promotion of inclusive economies. We return to this topic in the conclusion.

V.   Conclusion

Colombia is a nation that has been wracked by high levels of inequality and decades of violence. The country seems to have reached a turning point in which peace is being achieved, displacement is being addressed, and inclusion is a clearer goal. Indicator projects have played a role at the national level, and Colombia can also boast of one of the most sophisticated sub-national efforts we have seen to trace various elements of an inclusive economy with its network-based Red de Ciudades Cómo Vamos (RCCCV) and the associated data enterprise, Ciudatos. Of particular interest is that this is an effort initiated by the private sector which uses both public data and original surveys.

The data collected by this effort is of high quality. There are certain gaps in the current presentation – for example, not enough breakdowns by gender, a relative lack of attention to race, and the need to generate useful local data on internally displaced persons. But the real value added of reworking

---

[12] The manual can be found [here](#) (Spanish).

Colombia's current data systems to better match the inclusive economy framework is straightforward. The Sustainable Development Goals, the Social Progress Index and the Multidimensional Poverty Index already explored in Colombia are human-centered, and their departure point is from the society, a tact that can reinforce the idea of a trade-off between inclusion and economic efficiency. Reframing the data within an inclusive economies framework ties equity to growth and sustainability in ways that can facilitate transformational policy change.

Indeed, in our interactions with the RCCCV sites and staffs, what seemed to be of most interest was how to generate a "knowledge community" that could actually use the data to make change. There was great interest in how such communities get created, build bridges, and sustain dialogue between unexpected allies. While this work was focused on whether a common framework could be applied across countries to stir measurement at a sub-national level, the next phase of this research should focus more on those processes and mechanisms that forge the will for action to not just measure but actually achieve an inclusive economy.

Bibliography

Alkire, S., Foster, J., 2011. Counting and multidimensional poverty measurement. J. Public Econ. 95, 476–487. https://doi.org/10.1016/j.jpubeco.2010.11.006

Angulo Salazar, R.C., Díaz, B.Y., Pardo Pinzón, R., 2013. A Counting Multidimensional Poverty Index in Public Policy Context: the case of Colombia | OPHI. OPHI Working Papers 62, University of Oxford.

Benner, C., Pastor, M., 2016. Inclusive Economy Indicators: Framework & Indicator Recommendations. The Everett Program at UC Santa Cruz, The Program for Environmental and Regional Equity at USC, Santa Cruz, CA.

Berg, A., Ostry, J.D., Zettelmeyer, J., 2012. What makes growth sustained? J. Dev. Econ. 98, 149–166. https://doi.org/10.1016/j.jdeveco.2011.08.002

Bird, R.M., 2012. Fiscal Decentralization in Colombia: A Work (Still) in Progress (No. International Center for Public Policy Working Paper Series #79). Georgia State University, Atlanta.

Bogotá Cómo Vamos, 2017. Encuesta de Percepción Ciudadana, Bogota. DANE.

Bouvier, V., 2016. Gender and the role of women in Colombia's peace process. UN Women, New York.

Cairo, H., Oslender, U., Suárez, C.E.P., Ríos, J., Koopman, S., Arango, V.M., Muñoz, F.B.R., Quintero, L.Z., 2018. "Territorial Peace": The Emergence of a Concept in Colombia's Peace Negotiations. Geopolitics 0, 1–25. https://doi.org/10.1080/14650045.2018.1425110

Cali Cómo Vamos, 2017. Encuesta de Percepción Ciudadana, Cali. DANE.

DANE, 2017. Encuesta de Convivencia y Seguridad Ciudadana - ECSC.

DANE, 2005. La visibilización estadística de los grupos étnicos colombianos. DANE.

de la Maisonneuve, C., 2017. Towards more inclusive growth in Colombia (OECD Economics Department Working Papers No. 1423 No. 1423). OECD Publishing, Paris.

Franco, S., Suarez, C.M., Naranjo, C.B., Báez, L.C., Rozo, P., 2006. The effects of the armed conflict on the life and health in Colombia. Ciênc. Amp Saúde Coletiva 11, 349–361. https://doi.org/10.1590/S1413-81232006000200013

Garavito, C.R., Alfonso Sierra, T., Cavelier Adarve, I., 2008. Racial discrimination and human rights in Colombia: A report on the situation of the rights of Afro-Colombians. Observatory on Racial Discrimination.

Ibáñez, A.M., Vélez, C.E., 2008. Civil Conflict and Forced Migration: The Micro Determinants and Welfare Losses of Displacement in Colombia. World Dev. 36, 659–676. https://doi.org/10.1016/j.worlddev.2007.04.013

ILO-FORLAC, 2014. Evolución del empleo informal en Colombia: 2009 – 2013 (Publicación). Organización Internacional del Trabajo.

Institute for Economics and Peace, 2014. The Economic Cost of Violence Containment. Institute for Economics and Peace.

Londoño, J.L., Guerrero, R., 1999. Violencia en América Latina: Epidemiología y Costos (No. 3074), Research Department Publications. Inter-American Development Bank, Research Department.

Lozano, I., Julio, J.M., 2016. Fiscal decentralization and econoimc growth in Colombia: evidence from regional-level panel data. CEPAL Rev. 119.

Martínez, L., Short, J.R., Estrada, D., 2017. The urban informal economy: Street vendors in Cali, Colombia. Cities 66, 34–43. https://doi.org/10.1016/j.cities.2017.03.010

OECD, 2015. Colombia: Policy Priorities for Inclusive Development (Better Policies Series). OECD, Paris.

Otis, J., 2014. The FARC and Colombia's Illegal Drug Trade. The Wilson Center.

Pfeiffer, S., 2015. Territorial peacebuilding in Colombia: the opportunity to do what has not been achieved before? Norwegian Centre for Conflict Resolution.

Progreso Social Colombia, 2016. Social Progress Index for Cities of Colombia.

Ramírez, J.M., Díaz, Y., Bedoya, J.G., 2017. Property Tax Revenues and Multidimensional Poverty Reduction in Colombia: A Spatial Approach. World Dev. 94, 406–421. https://doi.org/10.1016/j.worlddev.2017.02.005

Richani, N., 2014. Systems of Violence: The Political Economy of War and Peace in Colombia. State University of New York Press.

Soares, R.R., 2006. The welfare cost of violence across countries. J. Health Econ. 25, 821–846. https://doi.org/10.1016/j.jhealeco.2005.10.007

UNHCR, 2017. Colombia Situation Update. UN Refugee Agency.

UNHCR, 2016. Colombia Situation update, December 2016. UN High Commissioner for Refugees.

UNHCR, Social Performance Task Force, 2017. Serving Refugee Populations: The Next Financial Inclusion Frontier. UNHCR, Social Performance Task Force.

Uribe Mallarino, C., Vásquez Cardozo, S., Pardo Pérez, C., 2006. SUBSIDIAR Y SEGREGAR: LA POLÍTICA DE ESTRATIFICACIÓN Y SUS EFECTOS SOBRE LA MOVILIDAD SOCIAL EN BOGOTÁ1. Pap. Polit. 11, 69–94.

USAID, 2017. Colombia: Property Rights and Resource Governance (USAID Country Profile). U.S. Agency for International Development, Washingon D.C.

Valencia, M.C., 2016. Post-conflict Colombia looks to its cities. Citiscope.

World Bank, 2017. Doing Business in Colombia 2017. Washington, DC.

World Bank, 2016. Fragility, Conflict & Violence. World Bank.