

# 2022 Colombian Perspectives



2021 was a complex year for Colombia. The COVID-19 pandemic, the social unrest (the national strike) and the economic reactivation challenged the national government to try to formulate public policies to recover the economic and social rhythm it had before the pandemic.

2022 is a year of changes with the election of the President and a new Congress.

This report will examine some of the most pressing issues:

**Political and electoral scenario**

**Economic Outlook**

**Social scenario: employability and poverty**

**Foreign policy: challenges and opportunities**

**Pandemic: COVID-19 and vaccination**

**Mayor challenges for 2022**

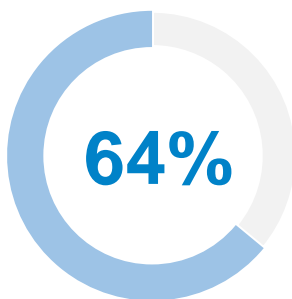
## Closing the term

### Political scenario

The Government of Iván Duque will go through its final phase in 2022. During the next months, the president's agenda will be focused on closing his term. Some of the key issues that will be addressed are: the National Vaccination Plan -achieve greater coverage of third doses-. Improving the country's security conditions with a 10% reduction in homicides and weakening of criminal structures. On the other hand, job recovery and the social agenda will continue to be a priority. The president begins the year with a 69.8% disapproval rate according to the most recent Invamer poll, while 79.6% of the people consider that the country is on the wrong way.

President Duque has mentioned that out of 203 proposals made during his campaign, 190 have been closed. However, according to the National Development Plan follow up compliance, he has reached 64%, which represents a partial accomplishment of his program. The sectors with the highest implementation were the Public Function, Intelligence and Foreign Affairs, which recorded an execution of over 80%.

National Development Plan compliance



The following sectors have slow execution:

- Environment and sustainable development **49%**
- Social Inclusion and Reconciliation **47%**
- Health and Social Protection **53%**

### Challenges in the last 6 months of government

1

**Employment:** Deepen in recovery policies, reactivation and support private enterprises, especially those most affected during the pandemic.

2

**Health:** Continue with the National Vaccination Plan while monitoring the behavior of COVID variants in the country.

3

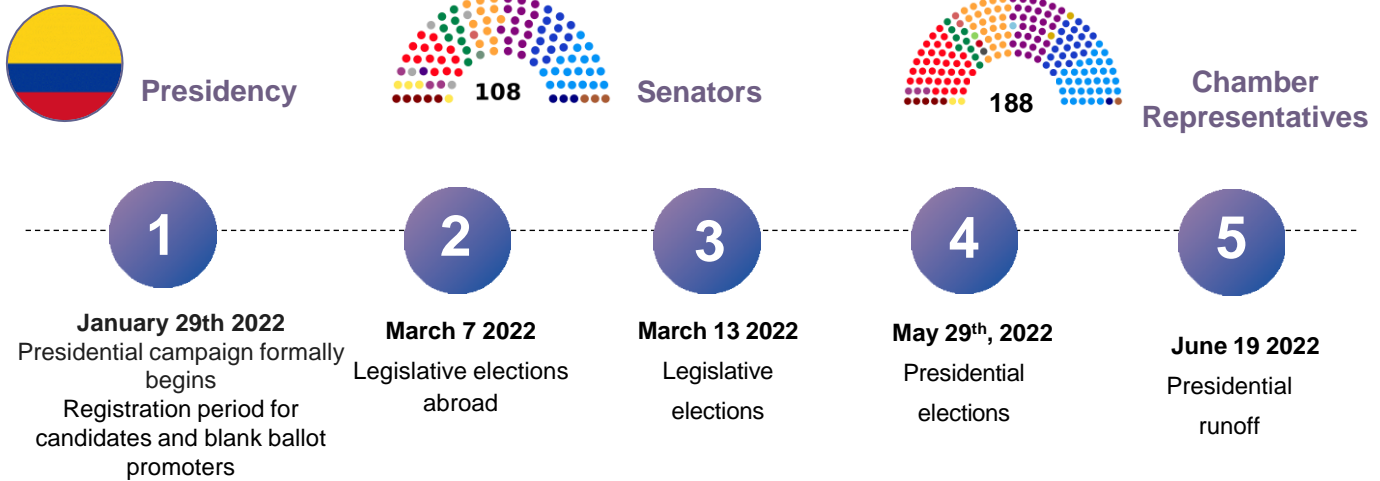
**Security:** Improve the security conditions in the country and guarantee peaceful elections.

4

**Education:** guarantee students' return to the classrooms while reducing dropout rates.

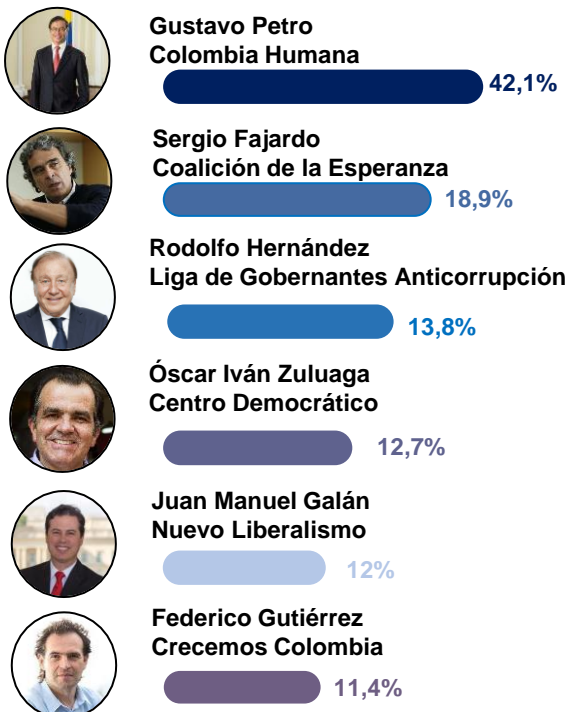
## Electoral scenario: Too son to know

In 2022, Colombians are headed to the polls to carry out legislative elections and the presidential election.



## Voting intentions

According to the most recent survey conducted by Invamer, this is the presidential voting intention in Colombia as of November:



In the pre-electoral survey for the 2022 presidential election conducted by Invamer, pre-candidate Gustavo Petro leads the voting intention with 42% for November. In Colombia you need to have 50% of the votes to win without a runoff.

There are more than 60 presidential candidates, being unlikely that a candidate will win in the first presidential round.

58.7% of Colombians still do not know who to vote for, followed by the blank vote with 14.4% according to the October Datexco survey.

## Economic Outlook

### Growth of the GDP

The Colombian economy, which closed last year with the highest growth rate in the last decade, will continue growing, but it is expected to slow down in 2022 and 2023. According to the Organization for Economic Cooperation and Development (OECD) the Colombian economy is expected to grow at a 5.5% rate in 2022. Similarly, the IMF expects the Colombian economy to grow 3.8%, while the World Bank forecast a 4.2% growth.

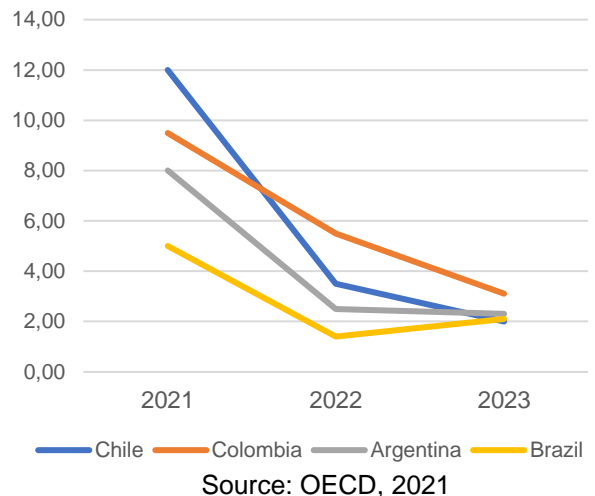
### Fiscal Policy

Given the unprecedented spending in the past two years by the central government, which increased its public debt from 50% to 62% from 2019 to 2021, analysts expect that a major fiscal adjustment will take place. Thus, the introduction of a fiscal reform, that reduces spending and increases fiscal revenue is likely to be discussed in the first months of the newly elected Government.

### Monetary Policy and Inflation

Since the last quarter, monetary policy has reacted to rising inflation and started to withdraw some of the significant stimulus provided since the outbreak of the pandemic. In the previous meetings the Central Bank's Board has increased interest rates by 100 basis points to curb inflation, which has exceeded the tolerance band. The gradual rate increases are expected to continue in 2022, however there's uncertainty with the outbreak of the Omicron Variant. The Central Bank aims for a 3,7% inflation rate for 2022, lower than the 5,67% in 2021.

Economic Growth Forecasts



### Industries with higher growth rates for 2022



#### Retail

Growth: 4%  
Contribution to growth: 0.7



#### Mining

Growth: 10.3%  
Contribution to growth: 0.5



#### Construction

Expected Growth: 10.5%  
Contribution to growth: 0.5



#### Telecommunications

Expected growth: 5%  
Contribution to growth: 0.1

Source: Investigaciones Económicas Bancolombia, 2021

## Social landscape: employability and poverty alleviation

### Employability

#### Unemployment rates

##### National



2020 – 13,3%

2021 – 10,8%

##### Women



2020 – 18,2%

2021 – 14,5%

##### Young Adults



2020 – 28%

2021 – 22%

Sources: DANE, 2021 – GEIH, 2021

During the COVID-19 pandemic, the destruction of employment in Colombia was significant, considering the progress made in the last decade. Women and young adults, were by far the worse off.

However, the labor market has shown a recovery related to the economic reactivation. According to the UNDP, the country presents a slow recovery of formal jobs, although around 90% of informal jobs were recovered.

The economic activities that have generated the greatest number of jobs are dealership and vehicle repairing (4,340), agriculture (3,545), manufacturing industry (2,392), and public administration (2,388). (DANE, 2021)

### Results

To address unemployment, the Government created the Formal Employment Support Program (PAEF) that allowed the preservation of 3.6 million jobs, Support for the Payment of Service Bonus (PAP), where more than 1 million workers received bonuses in June and December 2020.

Support Program for Suspended Workers, which benefited 241,000 people, and Payroll Subsidy for Hiring Young People, benefited first-time employees (UGPP, 2021).

### Challenges

Despite the Government's efforts to generate a set of subsidies and to ensure the protection of companies, it is necessary to achieve conditions for an equitable recovery, since the loss of jobs for women during the pandemic has been about 470 thousand, as opposed to 280 thousand for men (UNDP, 2021). Likewise, the jobs created should be formal to booster the ongoing economic growth that started by late June 2021.

## Poverty alleviation

During the COVID-19 pandemic, 42.5 percent of the Colombian population lived in poverty. However, with the creation of programs such as Ingreso Solidario (VAT refund) and the strengthening of Familias en Acción, Jóvenes en Acción, and Colombia Mayor, 1.7 million people were prevented from falling into poverty.

Program Ingreso Solidario transferred 4.3 trillion pesos to 3.1 million households in vulnerable conditions, and Jóvenes en Acción, Familias en Acción, and Colombia Mayor programs received 5 and 9 additional transfers, respectively.

## Results

Programs, especially Ingreso Solidario, allowed:

1. Households maintained a basic income level.
2. Families experienced a substantial increase in food consumption.
3. Children increased the time dedicated to studying between 27 and 47 minutes per day.
4. Households that received the subsidy had to open a savings account or a mobile wallet.

Source: IDB, 2021

## Poverty rates

### Monetary poverty



**2019 – 35,7%**

**2020 – 42,5%**

### Multidimensional poverty



**2019 – 17,5%**

**2020 – 18,1%**

Source: Dane, 2021

## Challenges

The country presents a favorable economic and employment recovery. Maintaining the jobs created is relevant because they are a source of household income and will prevent the increase of monetary poverty. On the other hand, it is relevant to avoid price increases in the family basket of goods since the consumption patterns of needy families would decrease.

UNDP recommends actions for the short and long term such as maintaining the emergency income programs and creating strategies that reduce the price of tariffs on agricultural inputs.

# Foreign Policy: Challenges and Opportunities

## Challenges

1

**Pacific Alliance:** The next Summit of the organization will be on January 26 and 27 in Colombia. During 2021, the leftwing movements gained ground in this body with the victories of Pedro Castillo in Peru, and Gabriel Boric in Chile.

2

**New leadership in multilateral organizations:** The shift to the left is also evident in multilateral organizations such as CELAC and the UN Human Rights Council, whose presidencies will be occupied by Argentina this year.

3

**Protection of the Amazon and Climate Change:** Colombia has assumed international commitments regarding the protection of the Amazon and facing global warming, however, the country needs more internal and external support to accomplish these goals.

4

**International Agenda:** the current government needs to align their international discourse on environmental issues and implementation of the Peace Agreement, with their national narrative to get things done.



Source: La República, 2021

## Opportunities

**Migration:** There is an opportunity for Colombia to continue to lead migration issues in the region by strengthening regional humanitarian assistance programs for the Venezuelan population.

**New international actors:** The emergence of new actors, such as the Middle Eastern and Asian countries, which have large economic resources are calling for new foreign policies.

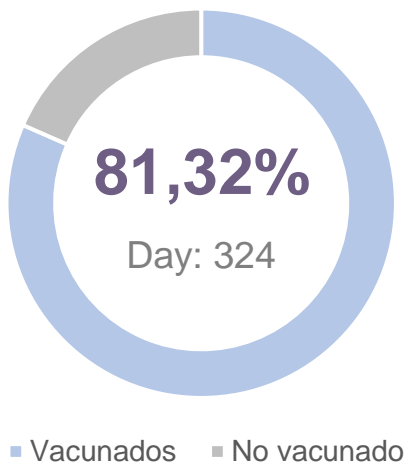
**Colombia on the global stage:** The past year has seen a cooling of U.S. relations with its closest allies, such as Afghanistan, Ukraine, and Taiwan. Additionally, China has broadened their influence within Latin America. Colombia has the opportunity to rethink its place in the global and regional scenario.



## Pandemic: COVID 19 vaccination

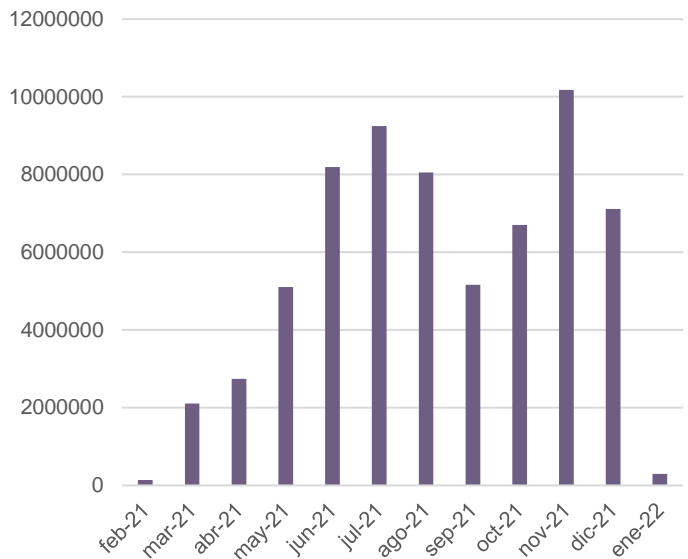
### Progress of the vaccination process

Percentage of Colombians fully vaccinated within the goal of 35 million



Source: Ministry of Health, 2021

### Vaccines given every month in Colombia



Source: Ministry of Health, 2021

The Omicron variant of COVID-19 is responsible for the gradual increase of cases in recent weeks in Colombia. This mutation is recognized as being the most contagious strain of the virus so far. Valle del Cauca, Antioquia, as well as the District of Bogotá, are the regions with highest number of infections, according to the latest report by the Ministry of Health.

According to Carlos Arturo Álvarez, National Coordinator of COVID-19 Studies in Colombia for the World Health Organization (WHO), the variant will become dominant in January. In addition, he mentioned that thanks to the increase in the vaccination rate, the impact this new wave would have on the population, or the number of severe cases to hospitals and intensive care units (ICU), would be mitigated.

## Major challenges for 2022

1

In economic terms, the next government will face two major challenges: leading the economic recovery without neglecting inflation, and improving the debt balance. Both initiatives will require not only good technical management but also political will to make politically costly decisions at the beginning of a government.

2

In the social scenario, the creation of formal and equitable jobs to sustain economic growth is key for a sustainable economic recovery. Avoiding further increases in food prices in the family basket, by curbing inflation, will protect the vulnerable populations from falling further into monetary poverty.

3

In terms of security, the pandemic has worsen some of the key indicators. For this reason, the Government must work to reinforce security in the regions with the presence of organized armed groups and protect social leaders. An increase of the institutional presence in remote regions is imperative. Improving security conditions in urban areas specially in big cities is a must.

4

Colombia will have the great challenge of rethinking its place in global and regional politics and rethinking its foreign policy, taking into account new important players on the international scene, the influence of China in Latin America, and the new “Pink Wave” that is shifting the political landscape to the left.

5

The elections will be crucial to define Colombia's direction in foreign investment, employment, implementation of the peace agreement with the FARC and the relationship with Venezuela. The economic recovery and the National Vaccination Plan will be fundamental in the new government's plan.