



COLOMBIA  
RISK  
ANALYSIS

# SPECIAL REPORT

JANUARY 2024

## REGIONAL RISK INDEX: CARIBBEAN



CENTER FOR INTERNATIONAL  
PRIVATE ENTERPRISE

*This report was written thanks to the sponsorship by the Center for International Private Enterprise (CIPE) within the framework of the Empowering the Private Sector in the Andean Region for the Consolidation of Democratic Institutions project.*

# TABLE OF CONTENTS

## INTRODUCTION

1. ABOUT COLOMBIA RISK ANALYSIS.....	4
2. COLOMBIA RISK ANALYSIS SUBNATIONAL RISK INDEX.....	4
3. THE CARIBBEAN REGION RISK INDEX.....	5
4. CONTENTS OF THE CARIBBEAN REGION RISK INDEX.....	6
5. METHODOLOGY AND SOURCES.....	9

## GENERAL ANALYSIS

1. THE IMPORTANCE OF FOREIGN DIRECT INVESTMENT.....	15
2. THE CARIBBEAN REGION.....	15

## DEPARTAMENTAL ANALYSIS

1. CÓRDOBA.....	24
INVESTMENT OUTLOOK IN CÓRDOBA.....	33
MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN CÓRDOBA.....	40
2. SUCRE.....	43
INVESTMENT OUTLOOK IN SUCRE.....	50
MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN SUCRE.....	55
3. BOLÍVAR.....	59
INVESTMENT OUTLOOK IN BOLÍVAR.....	68
MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN BOLÍVAR.....	75
4. ATLÁNTICO.....	78
INVESTMENT OUTLOOK IN ATLÁNTICO.....	85
MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN ATLÁNTICO.....	92

5.	MAGDALENA.....	95
	INVESTMENT OUTLOOK IN MAGDALENA.....	101
	MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN MAGDALENA.....	106
6.	LA GUAJIRA.....	110
	INVESTMENT OUTLOOK IN LA GUAJIRA.....	117
	MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN LA GUAJIRA .....	122
7.	CESAR.....	126
	INVESTMENT OUTLOOK IN CESAR.....	132
	MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN CESAR.....	135
8.	SAN ANDRÉS, PROVIDENCIA Y SANTA CATALINA.....	139
	INVESTMENT OUTLOOK IN SAN ANDRÉS, PROVIDENCIA Y SANTA CATALINA.....	144
	MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN SAN ANDRÉS, PROVIDENCIA Y SANTA CATALINA.....	149

## CONCLUSIONS

1.	CHALLENGES AND OPPORTUNITIES.....	150
----	-----------------------------------	-----

## BIBLIOGRAPHY

.....	153
-------	-----

## ANNEX

1.	ANNEX 1 – MUNICIPAL RISK INDEX OF THE CARIBBEAN REGION.....	154
----	---	-----



# INTRODUCTION

## ABOUT COLOMBIA RISK ANALYSIS:

The current situation highlights the need for national and international companies to have a better understanding of the political, economic, social and security outlook of the country. [Colombia Risk Analysis](#) wants to highlight the direct link between the business sector, the economic recovery, the country's immediate political future and the definition of a long-term trajectory. Our mission is to eliminate the information gap that exists between the political attitudes of society and the executive boardrooms -both national and international- by providing decision makers with the tools to evaluate the political environment, identify trends and guide their investment decisions.

## COLOMBIA RISK ANALYSIS SUBNATIONAL RISK INDEX:

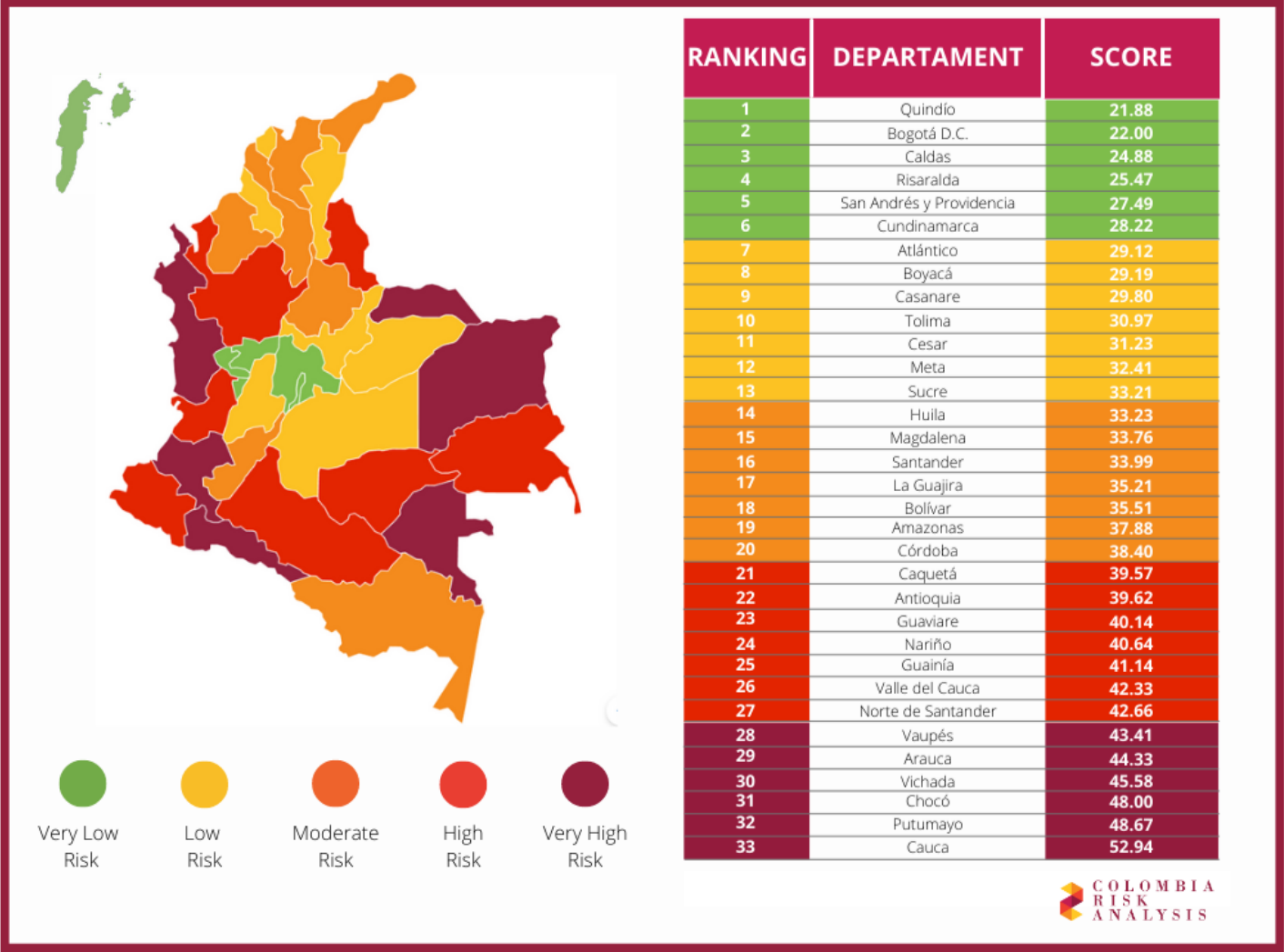
The Subnational Risk Index (IRS) built by Colombia Risk Analysis arises as a response to the information asymmetries that domestic and foreign companies encounter when trying to enter the Colombian market. In that sense, the Index highlights departmental differences based on six major categories (security, politics, economy, institutional, society, and environment) to simplify the decision-making process of companies. The objective of the Index is to account for existing and potential risks for companies in the different departments of the country, according to the productive sector in which they are interested in investing.

Having a product such as the Subnational Risk Index will allow national and international companies interested in investing to understand the risks that their operations may face. In that sense, these companies will have the advantage of planning, designing, and implementing prevention and mitigation measures even before the potential risks arise.

The categories that make up the Index were selected in a precise manner. These consider theoretical propositions and empirical analyses to understand, in aggregate, the position of each department in terms of investment risk. Thus, the index, and the analysis that follows from it, has a territorial approach from a business perspective.

This document is in its second version and has been subject to methodological improvements that allow us to affirm that this product, unique in its category, is a national and international reference on investment risks in Colombia. The modifications also stem from suggestions and recommendations from our clients, subscribers, and the general public.

MAP AND RANKING OF THE 2022 SUBNATIONAL RISK INDEX



THE CARIBBEAN REGIÓN RISK INDEX:

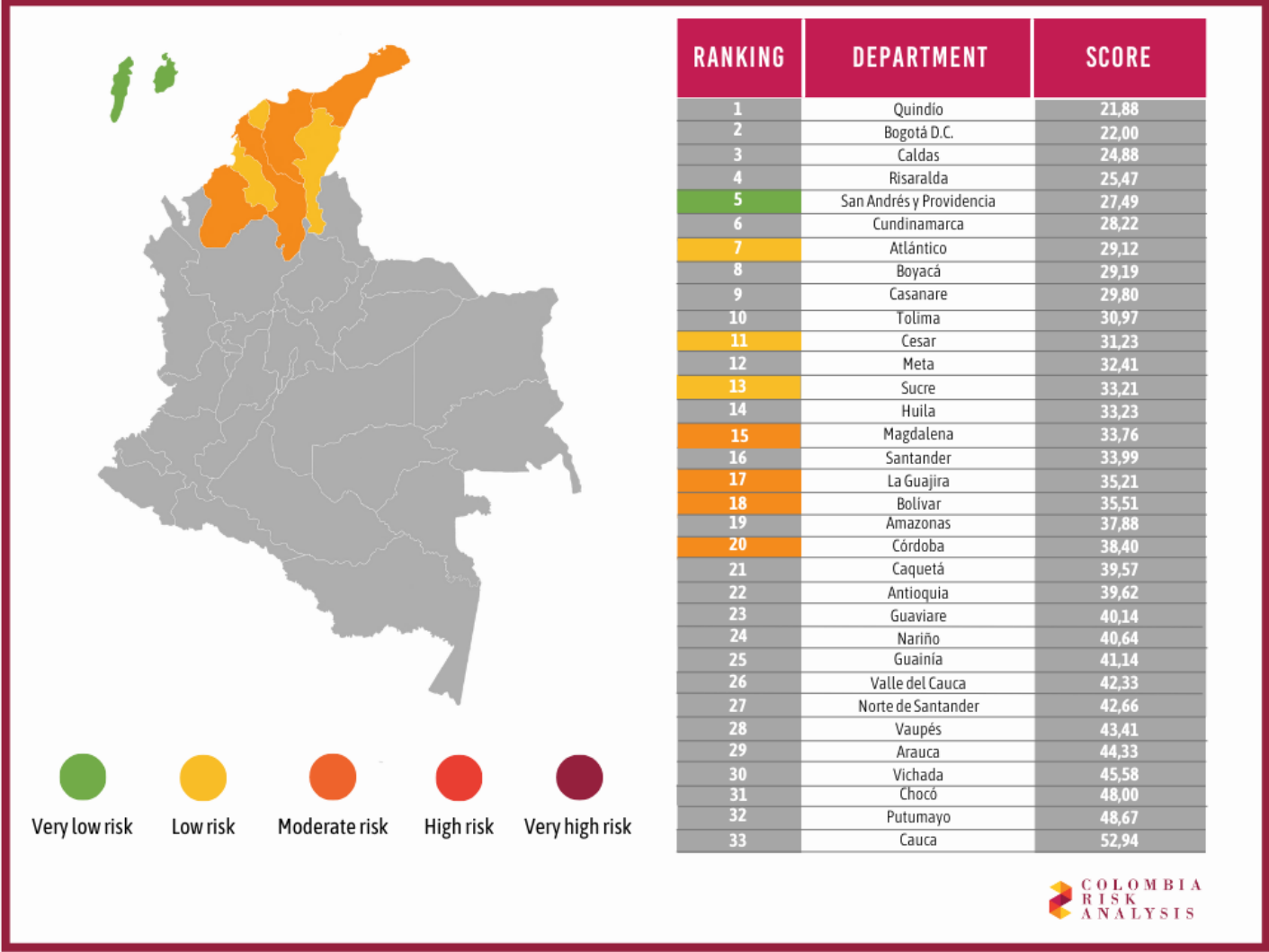
The Caribbean Region Risk Index built by Colombia Risk Analysis is based on the findings of the center-periphery dynamics present in the country, which have contributed to the lack of information on the departments and municipalities far from the political and geographic center of the country. Thus, the Caribbean Index is based on our [Subnational Risk Index 2022](#) (2022 SRI) with respect to the six categories it contains and the analysis from a business standpoint. With the difference that the data corresponds to each of the municipalities within the departments that make up the Region (Córdoba, Sucre, Bolívar, Atlántico, Magdalena, La Guajira, Cesar), except for San Andrés, Providencia and Santa Catalina due to the characterization of island and municipality of the Archipelago (condition that is explained in the profile of this department).

Like our [Orinoquia Region Index](#) and [Pacific Region Index](#) , the Caribbean Region Risk Index has two main objectives. First, it seeks to account for potential and existing risks to companies and investors in each of the departments and in the Caribbean for informed investment decision-making. This gives them the advantage of being able to plan, design and implement prevention and mitigation measures even before the risks arise. Second, at Colombia Risk Analysis we seek to contribute to put an end to the idea that only the center of the country is where the great investment and development opportunities are. With this Index we want to make the opportunities offered by the most remote municipalities and departments of Colombia known, to contribute to their socioeconomic development.

This document is the continuation of our risk mapping exercise in the regions of the country, a unique Index of its kind, so we are aware that it will most likely need improvements and considerations for future publications.

Finally, we would like to thank the [International Center for Private Enterprise](#) (CIPE), as without their support, funding and interest in promoting tools for the private sector in post-conflict zones, this report would not have been possible.

## MAP AND RANKING OF THE CARIBBEAN REGION IN THE SRI 2022



### CONTENTS OF THE CARIBBEAN REGION RISK INDEX:

The Caribbean Region Risk Index is composed of six categories: security, politics, economy, institutionality, society, and environment. This chapter explains each of these categories, as well as their corresponding variables. Each category evaluates a particular aspect of each of the municipalities in each department of the region. Thus, each category's variables were included according to their reliability to evaluate their corresponding category. The variables were selected based on the most relevant aspects of each category and on how accessible public information about them was, as of 2021. It is important to mention that this Region Index excluded some variables taken into account in the 2022 SRI due to the lack of available information at the municipal level.

## SECURITY:

The security category seeks to determine the risk to the physical integrity of investors and workers supporting the operations, derived from the presence of illegal activities and groups. Therefore, it is considered one of the most important categories for companies. This category is made up of six variables that account for the security risks directly associated with armed conflict. The variables included in this category have a direct and positive correlation with municipal risk; meaning, an increase in these variables generates increases in municipal security risk.

The **Homicides per 100,000 inhabitants** variable determines the murder rate adjusted to the population of each municipality by department, which helps analyze the risk of being murdered in the municipality. The **Kidnappings per 100,000 inhabitants** variable presents the kidnapping rate adjusted to the population of the municipality, which helps inform the risk to the physical integrity of investors and workers. The **Extortion per 100,000 inhabitants** variable shows the rate of extortion according to the population of each municipality, and shows the risk to the integrity of a company's assets, as this practice is associated with the illegal collection of money in exchange for not attacking the company infrastructure, and implies higher costs related to security.

On the other hand, the variables **Massacres**, **Social leaders murdered**, and **Hectares of coca planted** show the presence of security risks related to the conflict and the presence of armed groups more directly. The **Massacres** variable shows the number of massacres that occurred per municipality in each department. The **Social leaders murdered** variable takes into account the number of social, community, and environmental leaders killed in each municipality for exercising their activities. Finally, the variable **Hectares of coca planted** shows the total number of hectares of coca per municipality, which is a proxy for the presence of illegal groups and activities associated with drug trafficking.

The security category seeks to determine the risk to the physical integrity of investors and workers supporting operations, derived from the presence of illegal activities and groups. Therefore, it is considered one of the most important categories for companies. This category is made up of six variables that account for the security risks directly associated with the armed conflict. The variables included in this category have a direct and positive relationship with subnational risk; therefore, an increase in these variables generates increases in municipal security risk.

## POLITICS:

The politics category allows us to infer whether or not there is political stability within each municipality. For this, five variables were taken into account that indicate the incidence of crimes linked to the public sector that may affect the perception of political stability. Unlike the 2022 SRI, which has six variables in this category, in this Index, the variable that presents the governor turnover was discarded as it is a variable that only evaluates departmental behavior. It is worth mentioning that these variables have a positive correlation with municipal political risk.

The **Electoral Crimes** variable evaluates the susceptibility of each municipality to local election violations, such as the disruption of the democratic process, voter disincentives, fraud, and vote trafficking, among others. It also demonstrates the inefficiencies and irregularities of the municipal electoral system and its officials, which generates less confidence for companies when establishing their operations in the municipality.

The variable **Crimes against the constitutional and legal regime** measures the total number of crimes such as rebellion, sedition, and insurrection, among others. For the business sector, these crimes suggest the presence of political violence and social instability, which could affect productive activities and workers. The variable

**Threats against human rights defenders and public officials** measures the vulnerability of leaders and officials to potential acts of violence. These types of actions limit communication between the private sector, local government, and society, and impede social and political coordination to carry out investment projects.

The variable **Crimes of improper contracting execution** indicates, by municipality, the number of irregularities in public contracting processes, benefiting officials or third parties. For companies, this indicates a higher risk for acts of corruption. Finally, the variable **Crimes of abuse of authority by arbitrary or unjust act** measures the number of punishable conducts by public officials in the execution of their functions. These irregularities could affect company workers and even hinder operations.

## ECONOMY:

The economy category is focused on analyzing the state of the economy of each municipality and its integration into the departmental economy. Unlike the 2022 SRI, which has variables aimed at analyzing four different axes of the departmental economy, this Regional Index focuses on only two due to the lack of disaggregated information at the municipal level. The two variables are the characterization of the labor market and the participation of each municipality in the departmental economy. In this sense, the two variables that make up the category have a negative correlation with municipal economic risk; meaning, the higher the value of the variables, the lower the economic risk of the municipality.

The **Human Capital** variable is used in this Index to evaluate the labor market. This variable measures the percentage of the population with higher education in each municipality. A higher percentage indicates a more specialized labor supply. The variable **Value-added municipal share of the department** indicates the share of each municipality's annual production in that of the department, as well as the share of each municipality in the departmental economy.

## INSTITUTIONALITY:

The institutionality category seeks to determine the quality of institutions at the municipal level. Unlike the 2022 SRI, which evaluates three variables, this Index only uses two of these to analyze the degree of efficiency of local institutions, due to the lack of information at the municipal level. This category is important for companies as it evaluates institutional capacity. Because having stronger local institutions is better for companies' investments as there are stronger protections for these, and in terms of contract enforcement, the variables in this category have a negative correlation to risk, the higher the value of the variables, the lower the municipality's institutional risk.

The category evaluates the institutions' efficiency based on each municipality's score in the **Municipal Performance Measurement** variable and the **Digital Government Index** variable. The first is an indicator developed by the National Planning Department (DNP) that measures how far the municipalities of the department have progressed in the execution of the Land Management Plans (POT) and the goals related to execution and investment. The second shows how integrated Information and Communication Technologies (ICTs) are by the institutions in each municipality.

## SOCIETY:

The society category seeks to evaluate the quality of well-being of the population within each municipality by department. This is a crucial aspect as it allows us to understand the social conditions differentiated by municipalities, indicating each municipality's social integrity. This is often a category that is little evaluated by companies, which limits their perspective on local socioeconomic conditions. The category is composed of four

variables that evaluate social well-being from multidimensional poverty, health insurance, and access to and completion of education. Unlike the 2022 SRI, this Index does not include the variable that measures the housing deficit, due to lack of information at the municipal level.

The **Multidimensional Poverty Measurement** variable shows the share of the population living in poverty in each municipality. Poverty is understood as the sum of various deficiencies. Thus, a higher value in this variable means a higher level of multidimensional poverty in the municipality. The variable **Health system insurance** indicates the share of the municipality's population insured by the contributory and subsidized systems. It should be noted that this variable was adjusted to have the same directionality as the other variables. Therefore, the lower the value of the variable, the higher the level of insurance.

The variable **Access to education** shows the share of the population with access to this service. This variable was also adjusted to coincide with the directionality of the other variables so that a low value indicates greater access. Finally, the variable **Intra-year dropout rate** indicates the share of students who did not finish the school year and did not enroll in the following year. This variable shows the business sector the level of unskilled human capital in each municipality.

## ENVIRONMENT:

Finally, the environment category evaluates the environmental impacts in each municipality. This category aims to inform companies about the municipal incidence of crimes and actions that affect ecosystems, natural resources, and health. Thus, this category is made up of four variables that identify the irregular use of resources and environmental damage in each municipality. The environment category is fundamental for private sector actors to have an informed record of the sustainability of the economic activities developed in the region's municipalities.

The variable **Illegal exploitation of renewable natural resources** presents the number of crimes related to the illegal exploitation of Colombian biodiversity, such as fauna and flora, among others, in each municipality. The variable **Illegal exploitation of mining deposits and other materials** was included to identify the presence of irregularities or non-compliance in mining activities that cause damage to natural resources or the environment.

The variable **Damage to natural resources and ecocide** specifies crimes related to non-compliance with environmental regulations that result in massive and generalized damage to natural resources and ecosystems. Finally, the variable **Environmental pollution** indicates the number of acts that directly or indirectly generated harmful effects on the environment, natural resources, and health through emissions, dumping, and radiation, among other factors.

## METHODOLOGY AND SOURCES:

This section describes the procedure used to calculate the Caribbean Region Risk Index. It presents the sources used to measure each category and explains the limitations that arose at the time of data collection, given the municipal focus of this Index. The information compiled is of public origin. However, in some cases, the right of petition was used to access updated data. Data collection took place between December 2022 and January 2023. It is important to mention that internal consistency tests were carried out for the composition of the Index's corresponding categories. In addition, a normalization of data between 0 and 100 was carried out to standardize the variables and, where required, a process was carried out to invert the data and associate it with risk. That said, the methodological details of the calculation are presented below.

THE CARIBBEAN REGION RISK INDEX (IRR):

The Caribbean Region Risk Index is an extension of the Colombia Risk Analysis Subnational Risk Index, which is composed of six categories. The evaluation of internal consistency to form each category was carried out using theoretically related variables and the calculation of Cronbach's Alpha (Methodological Annex 2 of the 2022 SRI). For the measurement of the Index, a different weight is given to each category, according to business interests.

In this sense, the formula used to measure the *IRR<sub>i</sub>* of Colombia Risk Analysis is as follows:

$$IRR_i = (Security_i * 0.2) + (Politics_i * 0.2) + (Economy_i * 0.2) + (Institutionality_i * 0.15) + (Society_i * 0.15) + (Environment_i * 0.1)$$

This formula is a weighted average, where the categories *Security<sub>i</sub>*, *Politics<sub>i</sub>* and *Economy<sub>i</sub>* have the highest weight assigned (0.2), as their conception and corresponding variables represent a greater interest for the business sector. These are followed by the variables *Institutionality<sub>i</sub>* and *Society<sub>i</sub>* with a weight of 0.15 each. Finally, there is the *Environment<sub>i</sub>* variable with a weight of 0.1. It is important to mention that *i* refers to the year evaluated, and that the SRI result is between 0 and 100.

This IRR ranks the municipalities through a ranking by department according to the number of municipalities in each. Thus, the department of Córdoba is evaluated in a ranking from 1 to 30; Sucre from 1 to 26; Bolivar from 1 to 46; Atlántico from 1 to 23; Magdalena from 1 to 30; La Guajira from 1 to 15; and Cesar from 1 to 25. It establishes five risk levels: very high risk, high risk, moderate risk, low risk and very low risk. The municipalities are then ranked in order, according to their level of risk, from lowest to highest. This means that the lower the score, the lower the risk, and the higher the ranking. On the other hand, the higher the score, the higher the risk, and the lower the ranking.

SECURITY:

The calculation of the security category of the Caribbean Region Risk Index was made using six variables that were given equal importance. In this sense, each variable maintained the same weight for the measurement. The formula used to detect risk in each municipality is as follows:

$$Security_i = \frac{H_i + S_i + E_i + M_i + LA_i + HC_i}{6}$$

The six variables taken into account for the calculation of this category are: Homicides (*H<sub>i</sub>*), Kidnappings (*S<sub>i</sub>*), Extortions (*E<sub>i</sub>*), Massacres (*M<sub>i</sub>*), Murdered Social Leaders (*LA<sub>i</sub>*), and Coca Hectares (*HC<sub>i</sub>*). The first three (Homicides, Kidnappings, and Extortions) present the rate per 100,000 inhabitants and, as mentioned above, a normalization process was carried out for them as for the rest of the variables. In other words, the municipality with the fewest homicides per 100,000 inhabitants receives a value of 0 and the municipality with the highest number of homicides per 100,000 inhabitants receives a value of 100.

The variable of [Massacres](#) and [Murdered Social Leaders](#) presents the number of these events in each municipality. Likewise, a normalization process from 0 to 100 was applied to these variables. These data were extracted from the public information available by Indepaz, due to the recognized work done by this NGO and the scope of its data, as opposed to the data provided by public entities. The Coca Hectares variable refers to the



number of hectares of coca cultivated per municipality, with a normalization process and compiled from the [Colombian Drug Observatory](#).

**POLITICS:**

In the case of the politics category, five variables were evaluated with the same weight. The formula to determine the category by municipality is a simple average:

$$Politics_i = \frac{DE_i + DR_i + DAD_i + DC_i + DA_i}{5}$$

The variables for Electoral Crimes ( $DE_i$ ), for Constitutional and Legal Regime ( $DR_i$ ), por for Threats against Human Rights Defenders and Public Officials ( $DAD_i$ ), of the Undue Conclusion of Contracts ( $DC_i$ ), and Abuse of Authority by Arbitrary or Unjust Act ( $DA_i$ ) refer to the number of victims according to the criminal news entries for each crime in the Oral Accusatory Criminal System of the Attorney General's Office, available in the [Open Data Portal of the Colombian State](#). These crimes are found in the Colombian Criminal Code. According to the implications contained in these crimes, the more victims there are, the more political instability within the municipality may be affected. As with the other variables, these were also normalized between 0 and 100.

It should be noted that this data refers to information on complaints filed in the Oral Accusatory Criminal System of the Attorney General's Office in the year 2021. Therefore, they may be updated over time. It is emphasized that the data collection period for the measurement of this RRI was between December 2022 and January 2023.

**ECONOMY:**

In this category, the first and greatest limitation in data collection is evident, since it was only possible to create the category with two variables due to factors such as old data, lack of availability or non-existence of data. This category is evaluated with a simple average:

$$Economy_i = \frac{CH_i + PP_i}{2}$$

The Human Capital variable ( $CH_i$ ) presents the composition of the labor market supply given by the percentage of the population with higher education by municipality. This variable was extracted from the [Departmental Higher Education Profiles](#) generated by the Ministry of Education.

The variable that intends to measure municipal integration in the departmental economy in this case is the Participation of Municipal Value Added in the Department ( $PP_i$ ). These data are obtained from [TerriData](#), a tool of the National Planning Department. And the data used are from 2020 due to availability of information.

These variables underwent a process to interpret the true level of risk, given that they are inverse to it. This process consists of subtracting the original value of the variable from 100 and then normalizing it. It is worth mentioning that these data are information available in public entities that may be updated over time and, in some cases, are statistics and preliminary figures calculated by the entity. Therefore, we clarify that the period of collection of this data for the measurement of this RRI was between December 2022 and January 2023.



INSTITUTIONALITY:

Regarding the institutional category, two variables were considered, leaving aside the National Anticorruption Index due to lack of data at the municipal level. In this sense, the institutional category is composed of a simple average as presented below:

$$\text{Institutionality}_i = 100 - \frac{MDM_i + IGA_i}{2}$$

The Municipal Performance Measurement variable (*MDM<sub>i</sub>*) measures the aggregate efficiency of local institutions in each municipality and is generated by the [National Planning Department](#). The Digital Government Index variable (*IGA<sub>i</sub>*) shows the integration of ICTs in the institutions of each municipality and was obtained from information produced by the [Ministry of ICTs](#). A normalization process was performed on these variables to measure Cronbach's Alpha rigorously. Since all the variables are inverse to risk, to calculate this category, the result of the weighted average is subtracted from 100, as shown in the formula, in order to express the level of risk with a higher score, as in the other categories.

SOCIETY:

The Caribbean Region Risk Index presents four variables in this category as shown in the following formula:

$$\text{Society}_i = \frac{MPM_i + AS_i + AE_i + DE_i}{4}$$

The variables evaluated are the Multidimensional Poverty Measurement (*MPM<sub>i</sub>*), Health System Insurance (*AS<sub>i</sub>*), Access to Education (*AE<sub>i</sub>*), and the Intra-annual Dropout Rate (*TDI<sub>i</sub>*). The MPM is from the [National Administrative Department of Statistics](#) and addresses additional categories to monetary poverty. Therefore, it is a good indicator to understand social welfare in a generalized manner by municipality. The Health System Insurance variable presents the percentage of people insured in the contributory and subsidized systems by municipality. The Access to Education variable shows the percentage of people with access to education by municipality. The Intra-annual Dropout Rate shows the percentage of students who do not finish the school year and do not enroll in the following year. These variables are available in [TerriData](#) from the National Planning Department.

In the case of this category, the variables were normalized from 0 to 100. Additionally, for the variables of Health Insurance and Access to Education, since they are inverse variables to risk, the result of each variable is subtracted from 100 to interpret the associated risk level. The Access to Education variable is the only one within the category with data from 2020, due to availability at the time of collecting the data to calculate the Index. The others have data from 2021. It is recalled that the information was collected between December 2022 and January 2023.

ENVIRONMENT:

The environment category is made up of four variables that respond to crimes registered as having affected the environment. The category is expressed with the following formula:

$$\text{Environment}_i = \frac{AI_i + EI_i + DR_i + CA_i}{4}$$

Illegal Exploitation of Renewable Natural Resources ( $AI_i$ ), Illegal Exploitation of Mineral Deposits and Other Materials ( $EI_i$ ), Damage to Natural Resources and Ecocide ( $DR_i$ ), and Environmental Contamination ( $CA_i$ ) are crimes made available to the public in the [Observatory of Human Rights and National Defense of the Ministry of Defense](#) registered in 2021. These variables, like the others, presented a normalization from 0 to 100.

Finally, it should be noted that these data are available to the public and were obtained in a rigorous manner. Information from 2021, 2020 and only one variable uses information from the 2018 census. The possible updates that some sources of information may have been acknowledged. However, in order to calculate the RRI, it is emphasized that the collection period for all data was between December 2022 and January 2023. It is also clarified that the normalizations and the processes of inverting the data to associate them to the risk were used only for the calculation. For the analysis in the document, reference is made to the original figures for each variable. Finally, each variable and each category were given a position according to the number of municipalities per department, taking into account the results in order to position each municipality.

## MAP AND MUNICIPAL INDEX OF THE CARIBBEAN REGION:

The classification of the municipal ranking was developed by recalculating the Risk Index for the 196 municipalities (excluding San Andres in the department of the Archipelago of San Andres, Providencia and Santa Catalina. This reason is explained in the analysis of the least and most risky municipality of the department) as independent entities, which make up the Caribbean Region, leaving aside the department to which they belong. The formulas and variables used in each category are those mentioned above.

It should be clarified that, while the map and the municipal index of the Caribbean Region is a comparison between all the municipalities of the Region as a single entity, the maps and indexes of each department are the result of a comparison only between the municipalities of each department. The maps and indexes of each department are the result of the comparison only between the municipalities of each department. Therefore, in some cases the risk level of certain municipalities on the regional map will be different from the risk level they have on the map of the department to which they belong.

## INTERVIEWS:

To carry out this Index, in addition to the information collected through open media, 39 interviews (face-to-face and virtual) were conducted with people from Congress (3), local and departmental authorities (6), chambers of commerce (4), trade associations (8), experts in the region (3), investment promotion agencies (6), regional competitiveness and innovation commissions (8) and law enforcement (1). To respect their wishes, we will keep their names anonymous. But to each of them, thank you very much. Without their perspectives and knowledge this exercise would not have been the same.

## ANÁLISIS GENERAL

Colombia is a country with particularities and realities that make it attractive for foreign investment. The Caribbean Region is characterized by its rich biodiversity of ecosystems that allows the development of the agricultural and extractive sector; different beaches, parks and attractions for the tourism sector; its geographical location has allowed the growth of the port logistics sector and different industrial zones; and the climatic characteristics make the region ideal for the development of [the renewable energy sector](#) (hydroelectric, solar and wind energy). The Region is one of the gateways from South America to the Caribbean Sea and from international markets to South America. In addition, the Region's port infrastructure makes it a key point for the entry of supplies needed for the domestic market and the exit of goods to different markets abroad. Nevertheless, the region is vulnerable to domestic political changes, the polarization of society, the complex conditions of the armed conflict, the weight of structural social inequalities, economic shocks within and outside the country, and the lack of land connectivity that hinders mobility within the departments.

Gustavo Petro's government has given much to talk about for its ambitious proposals regarding possible investments in the country's most remote departments and territories, which have been hardest hit by the armed conflict, which have been called "deep Colombia". Similarly, the Caribbean was key to Petro's victory in the 2022 presidential election. The now president obtained the majority of votes in the eight departments (almost two million votes) over Rodolfo Hernández, which meant [17.6%](#) of the total he obtained nationwide. However, [as we anticipated](#), the political map of the country was not favorable for the Historical Pact after the local elections. It is likely that the National Government will resort to a strategic maneuver of paralyzing, delaying or conditioning the financing of projects at the regional level as a way of gaining influence over the local governments. This creates uncertainty over the economy, which could hinder economic growth and deter investor confidence. In addition, the introduction of new contractual risks or clashes between local jurisdictions with the central government are likely to erode Colombia's reputation as a reliable investment destination.

However, the government's ability to implement is inversely proportional to the ambition of its proposals, due to the shaky national and international context, characterized by a possible global economic recession, a severe security outlook and the likely clashes with the new mayors' and governors' offices. Thus, it will be important for decision makers to understand that there is a huge gap between what the government says and what it can actually do during its administration, and they will need to understand the subtle and not so subtle differences between the different regions of the country when it comes to investing, as each department has particular conditions -each municipality may even be diametrically different from another-.

We also hope that this Index will serve as a tool for candidates, authorities, and businessmen to consider issues such as the future of the mining industry, the diversification of local economies, connectivity problems, port strengthening, and security. Issues discussed in the document that we believe are fundamental when making investment decisions and that will determine the level of attractiveness of the Caribbean Region in the short term.

This Index brings together not only data from official sources we consider most important when making investment decisions. It is also composed of an analysis, based on an open media business approach, on the regional investment landscape and interviews with key actors in politics, the private sector, civil society and local authorities. It is noteworthy that the lack of information at the municipal level for some of the variables considered for this Index limits the analysis and scope of this exercise. However, this is also a finding in itself, as the absence of data has an impact on public policy execution and territory attractiveness for investment. However, this report remains a unique tool of its kind, which provides investors and the business sector with an advantage by allowing them to understand and analyze each department's characteristics.

## THE IMPORTANCE OF FOREIGN DIRECT INVESTMENT:

Foreign Direct Investment (FDI) is fundamental for the development of emerging economies such as Colombia, as it positively stimulates the performance of productive activities, job creation, innovation, technology transfer and productivity. During 2022, Colombia recorded the highest FDI figure since 1994, reaching [USD 17.393 million](#) (up 81.9%). This increase was mostly supported by investments in financial and business services and the extractive sector (USD 5,864 million and USD 4,678 million respectively). In third place was the transportation, storage and communications sector (USD 1,789 million); in fourth place, the trade, restaurants and hotels sector (USD 1,466 million); and in fifth place, manufacturing industries (USD 1,280 million). All of these activities have a presence in the Caribbean, which shows the importance of the business sector not only for regional development, but also for the national economy and the trade balance.

In the Caribbean, FDI has produced enormous projects that contribute to the Region's economic activities. These projects not only generate income in the departments but have also increased employment opportunities in various industries. In order to attract more investment, the promotion agencies in the Region are seeking national and international investors interested in the different productive sectors of the departments to promote the socioeconomic development of the territories. However, sources commented that neither in the Archipelago of San Andres, Providencia and Santa Catalina nor in La Guajira do such agencies exist, which also limits the attraction of investment and interest in these departments and highlights the need for their creation to change this situation in the short term.

Consolidating and accelerating the energy transition is one of the flagships of Gustavo Petro's government and the Caribbean has great potential for this. However, as we mentioned in our [PodCRAst](#) on this topic, unattended social demands and legal and procedural risks raised concerns about the sustainability and permanence of current projects in this area. An example of this was the decision by ENEL Colombia to suspend the construction of a wind farm in La Guajira or the decision by [EPM](#) to end the operations of its wind farm in the same department. These decisions were taken as a result of the constant blockades and the "high expectations" of the communities, hindering the pace of construction by up to 60%, despite the company's commitments and investment in projects for the benefit of the community. This sets a bad precedent for the attraction of international investors interested in renewable energies, as the necessary guarantees for the development of the projects were not provided.

The tax increase for several productive sectors contemplated in the tax reform has increased concerns for companies, especially regarding their competitiveness and sustainability in the short and medium term. Similarly, the reinstatement of taxes put on hold by the pandemic, despite going against President Petro's goal of [boosting tourism to replace the extractive sector](#), have had a significant impact on the Caribbean Region. Tourism, and its entire value chain, is one of the main productive sectors in the eight departments. Thus, without greater conciliation with the private sector, pessimism about the socio-political conditions for investment will persist, which would diminish the country's competitiveness and the capacity to generate jobs and income.

In this context, Colombia is frequently compared with its regional and global counterparts. However, at Colombia Risk Analysis, we believe that many investment decisions are made considering the country's risk, without accounting the subnational conditions. This approach can overlook local realities and potentially lead to missed opportunities for the country. Hence, it's crucial to have current information on each department's specificities to evaluate its stability in terms of security, politics, economy, institutions, social welfare, and environment. This is done to provide a comprehensive perspective to both domestic and foreign firms, thereby contributing to informed decisions related to local investment.

## THE CARIBBEAN REGION:

The Caribbean Region is located in the north of the country and is made up of the departments of Córdoba, Sucre, Bolívar, Atlántico, Magdalena, La Guajira, Cesar and the Archipelago of San Andrés, Providencia and Santa

Catalina. In 2022, the eight departments accounted for [16% of the national GDP](#) and [22.8% of the national population](#). The region has great investment potential due to its abundant natural resources, strategic location, and rich cultural diversity. Its great marine and terrestrial biodiversity offer opportunities in sectors such as fishing, agribusiness, manufacturing industries, sustainable tourism, and for the development of renewable energies and the extractive sector (with the potential of offshore deposits). In addition, its access to the Caribbean Sea facilitates international trade and connection to other markets.

# CARIBBEAN REGION



The Caribbean has a young and dynamic labor force, as well as a rich heritage that can be tapped by different productive sectors. With adequate support in infrastructure, education and business development, the region has the potential to consolidate [initiatives already underway](#) and strengthen value-added industries, becoming a pole of economic and social growth, generating employment and improving the quality of life of its inhabitants. Despite these characteristics, in order to become an attractive investment destination, it will first be necessary to resolve some challenges that affect the competitiveness of the Caribbean Region. Some of these are:

1. **LACK OF ROAD AND AIR CONECTIVITY.** To reach the Colombian Caribbean there are different national routes from the Andean and Pacific areas of the country. However, this connection only reaches the capital cities, leaving hundreds of municipalities within each department completely disconnected. The poor state of the road network and the lack of tertiary roads limits commercial and investment opportunities in the departments by hindering the mobility of people and goods. This has caused businessmen to settle mostly in the main capital cities of the region (Cartagena, Barranquilla and Santa Marta). The lack of road connectivity also severely limits communication between urban centers and the most remote villages, as well as access to basic services, health and education, affecting the socioeconomic development of the communities. On the other hand, strengthening airport infrastructure is another of the main challenges facing the region in order to establish more direct air routes and thus boost key industries such as tourism (national and international) and logistics, which would generate employment and strengthen other sectors such as gastronomy, retail and transportation.
2. **STRENGTHENING PORT POTENTIAL.** For European and North American markets, the Colombian Caribbean is one of the entry points to South American markets. By [2022](#), of the country's 12 port zones, the Caribbean had eight (La Guajira, Santa Marta, Ciénaga, Barranquilla, Cartagena, Gulf of Morrosquillo, Turbo and San Andrés). This shows the importance of the region for the country's foreign trade and the development of the business sector. In order to enhance the potential of these ports and make them increasingly competitive, investment is needed in terms of dredging, capacity, technology and operational efficiency. Regarding the last point, it is important to continue working on the reduction of clearance times for maritime imports and exports in order to improve [customs efficiency](#), which would allow for a greater and more agile movement of cargo through the ports of the region. Likewise, improving the state of the road network and guaranteeing safety on the roads to and from the ports is essential to facilitate the

transport of goods more quickly, reduce logistics costs, and provide conditions that allow for the normal transit of goods. On the other hand, Colombia has become [an attractive destination for cruise ships](#). It will be essential to improve and expand the existing port infrastructure in order to respond to the increase in cruise ship arrivals at [ports along the coast](#). Such an increase would also make it possible to consider the creation of new cruise ship terminals in other departments, such as La Guajira, in order to promote tourism. This would generate opportunities for convergence between the public and private sectors, generate employment and promote the socioeconomic development of the territories. On the other hand, strengthening the navigability of the Magdalena River would promote the development of riverside communities in the Momposina Depression and multimodal transport in the region.

3. **NON-GENERALIZED INDUSTRIALIZATION.** Despite the wealth of natural resources and the strategic geographic position of the Colombian Caribbean, the lack of adequate infrastructure (such as tertiary roads and the continuous provision of basic services) has limited access to markets and hindered the development of industrial activities in the municipalities within the departments, excluding the capitals. This has led to the geographic and economic isolation of inland municipalities, impeding their economic development and job creation. In addition, cities such as Barranquilla and Cartagena concentrate industrialization processes in the region, leaving other territories behind. This situation forces people in the other municipalities to depend on the primary sector, which makes them more vulnerable to external shocks (such as climatic factors or the price of fertilizers) and hinders participation in higher value-added activities. The lags in industrialization are also seen in exports from the ports. While high value-added products are exported from Cartagena and Barranquilla, only raw materials are exported from La Guajira and Santa Marta.
4. **HIGH ENERGY TARIFFS.** One of the common characteristics all the departments in the Region share are the high energy prices. According to [some industry experts](#), factors such as inflation and [the growing demand for energy in the region](#), among others, explain part of the constant increase in tariffs on the Caribbean coast. However, the region has historically had problems with energy service, beyond tariffs, due to the lack of infrastructure maintenance and intermittent service provision. Another problem is energy theft and non-payment. Throughout the Caribbean, hundreds of cases of unauthorized manipulation of the infrastructure of energy companies are reported. These complaints range from the most vulnerable families to [high income neighborhoods](#). Likewise, the non-payment of the service due to its high prices, affects the capacity of the companies to guarantee the provision of the service. Social unrest due to high costs and poor service has resulted in [protests against the companies](#) and even [attacks against their employees](#). Faced with service cuts, some companies have been forced to build their own energy infrastructure to guarantee the flow of energy in their operations and/or the provision of their services. Thus, by increasing operating costs and reducing profit margins, this problem has had a negative impact on the competitiveness of the business sector and the attractiveness of the territories for interested investors. One of the main challenges that government and municipal authorities will continue to face is improving energy efficiency and stabilize energy tariffs. This would promote a more favorable environment for investment and economic growth in the Region. While the national government is aware of this problem, some of the measures it has taken to cut energy prices are State centered and risk scaring away foreign investment, such as [regulating energy prices](#), reducing the profitability of state-owned companies that produce energy, or providing subsidies to consumers.
5. **ISSUES WITH THE WATER AND SEWERAGE SYSTEM.** Another of the major problems common to the Caribbean Region is the deficiency of public water and sewerage services. Different sources mentioned how this affects people's quality of life and business productivity. For example, it forces some people to get up between 2 and 3 a.m. to fetch water for their homes before going to work. Water availability and quality are critical elements for many industries, from agriculture and manufacturing to tourism and energy. Water supply disruptions have a direct impact on business operations, resulting in additional costs, lost productivity



and, in extreme cases, the temporary suspension of activities. For investors, the uncertainty surrounding the continued availability of water can make the region less attractive and decide to move further inland, limiting the socioeconomic growth of the departments on the Caribbean coast. In addition, the lack of water supply and the state of sewerage generates public health risks for citizens, and has financial, operational, and reputational repercussions for the business sector. For example, additional costs for wastewater treatment systems and to prevent possible cases of contamination that may affect the company's operations and image.

6. **CENTER-PERIPHERY DYNAMICS.** The different sources mentioned that the Colombian Caribbean shares a cultural, environmental and geographic interconnection, but there is no generalized worldview of a "Caribbean Region". Instead, it is a region divided in three by the similarities between the departments. Thus, in the north are located Cesar and La Guajira, in the center Magdalena, Atlántico and Bolívar, and in the south Sucre and Córdoba. Similar to what we saw in [Orinoquía](#) and the [Pacific](#) region, in the Caribbean there are also center-periphery dynamics, but with some particularities. The center of the region is made up of three capital cities (Cartagena, Barranquilla and Santa Marta), Barranquilla leading the pack. And the periphery would not only be the rest of the departments but also the rest of the municipalities in Bolívar, Atlántico and Magdalena. Another particularity is the periphery of the periphery. The Archipelago of San Andrés, Providencia and Santa Catalina, despite being in the Caribbean, lags behind in the Region and some sources even mentioned that it has not been taken into account in some initiatives.

Working on these six challenges will encourage investment, which will increase the competitiveness of the region in general, diversify and strengthen its economies, improve people's quality of life and contribute to the development and increase of the country's domestic production. To this end, it will be essential for the national government, local governments, society and the private sector to build a joint strategy to address the problems that prevent widespread development in the Caribbean. This should be done in parallel to existing initiatives, such as [the support programs for the Colombian Caribbean of the Development Bank of Latin America \(CAF\)](#), in order to achieve a greater scope with these projects. In order for the initiatives to be successfully implemented and to continue over time, it will be essential to overcome the ideological and political differences among authorities.

Knowing the main opportunities and risks of each department is also fundamental to understand the realities faced by each territory and plan accordingly. Therefore, the following is a general characterization of the investment outlook for each department:

## CÓRDOBA:

Córdoba stands out as a department with considerable economic potential, supported by the variety of productive sectors, which makes it an attractive place for investment. The pillars of development in this territory are centered on the agricultural, livestock and mining sectors. Within the agricultural sector, promising opportunities are seen in the cultivation of bananas, cacao, cotton, and corn, which have the potential to generate employment, improve social welfare, and contribute to local food security. In addition, these crops are likely to help create a more complete value chain, facilitating the production of higher value-added products. Industrial possibilities derived from agriculture include the production of food, beverages and textiles, as well as the production of agricultural inputs such as fertilizers and insecticides, further strengthening the department's economy.

Similarly, the agricultural sector faces challenges that influence its development and sustainability. Efficient water management in a region prone to [periods of drought](#) represents one of the main challenges, affecting crop production and food security. The need for agricultural technification stands out as another challenge, as the

adoption of modern practices and technologies can improve productivity and profitability. Another challenge is land tenure and conflicts with communities. In addition, adaptation to climate change and mitigation of environmental impacts are essential to ensure the long-term resilience of Córdoba's agricultural sector. Training and support to farmers in the implementation of sustainable practices are key actions to overcome these challenges and promote integrated agricultural development in the department.

Córdoba's mining sector presents several opportunities for the private sector. Engineering and construction companies have the opportunity to participate in the development of mining infrastructure, while the sale and service of mining machinery and technologies, such as drilling rigs and processing equipment, provide a lucrative market. Consulting firms specializing in sustainable resource use and environmental compliance may also find a commercial niche. However, this sector also faces significant challenges, such as tensions with local communities, political and legal instability (due to changes in government), volatility in the price of minerals, presence of armed groups and lack of connectivity. These challenges require careful management to ensure long-term operations.

Among the challenges for Córdoba's livestock sector are the need to improve livestock management practices to optimize productivity and minimize environmental impact. The La Niña and El Niño phenomena are also challenges for maintaining livestock production, as they affect the quality, yield, and access to animal feed resources. On the other hand, opportunities arise in the diversification of livestock products, such as the production of quality meat and the implementation of market monitoring systems. The incorporation of effective sanitary measures and access to training programs for farmers will raise quality standards and open doors to domestic and international markets. Together, addressing these challenges and taking advantage of opportunities will strengthen the resilience and sustainable development of the livestock sector in Córdoba.

Regarding the renewable energy sector, the department has abundant solar radiation and favorable winds. The expansion of renewable energy projects would diversify the energy matrix, reducing dependence on conventional sources and contributing to climate change mitigation. In addition, investment in infrastructure for solar energy capture and the installation of wind farms would generate local employment and stimulate economic growth in the department. The transition to clean and sustainable energy sources is an opportunity to consolidate Córdoba as a key player at the forefront of the energy transition in Colombia.

## SUCRE:

Sucre has two major risks that severely reduce its productive capacity: its high vulnerability to climatic cycles and the lack of technology in its economic activities. Although agriculture, livestock, and fishing are among the department's most important economic activities, they are at the mercy of climatic changes. Winter seasons negatively affect crops and livestock, with floods causing the loss of entire crops and the death of thousands of cattle. Winter also makes the department's tertiary roads impassable, forcing producers to use waterways and ports to move their goods, which increases the cost of goods. In addition, the lack of pasture and surface water due to prolonged dry spells significantly reduces the productivity of the livestock sector.

On the other hand, the tourism sector has great potential. The National Government's attitude of [promoting tourism](#) to move the country away from the extractive sector represents an important opportunity for the department, which has tourist attractions that have grown in popularity in recent times, such as the Gulf of Morrosquillo. However, both this sector and the departmental economy in general suffer from the problem of informality, which creates unfair competition and generates inequality.

In terms of security, given the department's paramilitary legacy, the Clan del Golfo is the armed group with the highest incidence in Sucre. This means that most of the insecurity in the department is generated in urban areas, where extortion and homicides are more prevalent than massacres, displacements or forced confinements, as in departments where violence is more prevalent in rural areas. These types of urban violence affect communities



in general and also disproportionately affect the commerce and tourism sectors, which hinders their development and increases the risk for investors interested in the department.

### **BOLÍVAR:**

Bolívar is a department with two opposing realities: the development of Cartagena and the lack of it in its southernmost region. The southern subregion of Bolívar has an economy based on agriculture (with oil palm, sugarcane, banana, yucca, rice and corn) and dual-purpose cattle ranching, limited by insecurity and the lack of connectivity. The municipalities in the south of the department are largely isolated from the capital because they lack roads or other forms of transportation. According to sources, these municipalities can be even easier to reach from Antioquia, Santander or Sucre than from Cartagena. Isolation makes it difficult for growers to move their products to commercial centers and causes informality to reign, which limits their development and makes it difficult to attract investment.

Second, a variety of armed groups are present in the subregion, which are able to carry out their illegal activities in part because of the lack of connection between these municipalities and the rest of the department. This leads to clashes between armed groups, forced displacement, illegal mining, and coca cultivation. As a result of the territorial control exercised by these armed groups, the development of productive activities is hindered, and investment is discouraged.

In contrast, the capital, Cartagena, in the north of the department has a variety of thriving sectors. It is one of Colombia's most important tourist cities, has the fourth most important port in Latin America, and boasts the country's most important shipyard. However, the city's political instability is one of the main challenges for the private sector, for instance, William Dau is the first mayor to finish his term in 10 years. This has left the city without a city-building project and a population dissatisfied with politics. The instability has forced the private sector to take ownership of major projects in order to follow up on them and give them continuity. This involvement has allowed the creation of a strong business fabric, determined to give continuity to the initiatives promoted by the private sector regardless of the political line of the incumbent.

### **ATLÁNTICO:**

The department of Atlántico presents a number of significant opportunities for both the business sector and for attracting investment. Its strategic location on the Caribbean coast and the extensive port area of Barranquilla offers a direct connection to international markets, facilitating trade and global expansion, elements that have been taken advantage of by the department in light of trade agreements with Europe and the United States. Economic diversification is possible thanks to the existence of anchor companies in sectors such as agribusiness, mass consumption and manufacturing. The department is making investments to improve existing infrastructure to improve connectivity and efficiency for the logistics sector. In addition, the existence of study centers that attract students from across the region promotes a highly skilled workforce available to the department's industrial sectors. Political stability and sustainable development initiatives also make Atlántico an attractive destination for investors, fostering economic growth and business development in the Caribbean Region.

While the department offers many opportunities, it also presents some challenges for the private sector. One of the main challenges is navigating the high energy prices that detract from the competitiveness and limit the efficiency its industry. In addition, logistics and transportation infrastructure, including ports, airports, and roads still require investment to reach optimal standards and attract events of global interest. Environmental degradation and ecosystem deforestation represent environmental challenges for the department, although they do not directly affect business development. Addressing these challenges with strategic planning can turn them into opportunities for business growth and sustainable investment in Atlántico.

## MAGDALENA:

Magdalena has two sectors of great relevance, agriculture, and tourism. The former is based mainly on banana cultivation, a crop of historical importance for the department and its main export product. Likewise, oil palm cultivation has gained special importance in recent times, thanks to its great export potential, something that has also been seen in other regions of the country. Given that these two crops represent more than 80% of the department's agricultural structure, Magdalena suffers from the disadvantages that come with monocultures, with the added weight of the large water requirements that they entail, which has caused environmental damage to the Ciénaga Grande.

Secondly, tourism is the department's most important activity, mostly concentrated in the capital, Santa Marta. The city has problems that limit the growth of tourism, such as water shortages and the lack of capacity of the sewage system. On the other hand, although the department has a moderate risk in the security category, extortion and the presence of armed groups represent a latent risk, which probably impacts the perception of insecurity of businessmen and investors and generates reputational damage to the department.

## LA GUAJIRA:

The department of La Guajira presents a number of opportunities for development. First, its vast potential for the renewable energy sector would allow attracting investment for wind and solar energy generation. This would contribute to the diversification of the local economy and boost the country's energy transition. In addition, La Guajira's strategic location makes the department a logistical hub for international trade and the export of agricultural and mineral products. On the other hand, tourism has great potential given the department's beautiful beaches and landscapes. Investment in infrastructure and education, along with the promotion of agribusiness and economic diversification, are crucial factors to take full advantage of these opportunities in La Guajira.

Despite its potential, La Guajira faces significant challenges on several fronts. One of the main challenges is the high economic dependence on the mining sector, which makes the department vulnerable to external shocks. Another challenge, which is a consequence of the previous one, is the lack of industrialization; La Guajira's economy is based on the primary sector and lacks transformation. This is aggravated by the lack of investment in infrastructure, more specialized human capital, social conflict and corruption, which are obstacles to attracting new investments to diversify the local economy.

The lack of access to basic services, such as drinking water and energy, represents a challenge for improving the population's quality of life. The department's vulnerability to climatic phenomena, such as El Niño, further aggravates water scarcity and food availability, which requires water management solutions and adaptation to climate change. Similarly, as in the rest of the Caribbean, high energy tariffs and poor energy coverage limit the productive capacity of the business sector while increasing its costs. Finally, social conflict and political instability, along with the preservation of the rights of indigenous communities, pose additional challenges in the search for equitable and sustainable development in La Guajira.

## CESAR:

Cesar faces a major economic challenge: the dependence of its economy on mining and the lack of diversification of its export basket. This results in a high vulnerability to commodities price fluctuations in the international market and even to the decisions of the large companies in charge of coal exploitation, as became evident after the exit of Prodeco and its economic impact on the municipalities that comprise the Cesar mining corridor. Additionally, according to the DANE, by 2022, only [1.27%](#) of those employed in the department worked in mining

and quarrying. This means that, despite the size of the extractive sector, it is not an important generator of employment.

On the other hand, oil palm is the main crop with processing and transformation. Others, such as corn and cassava, are used for domestic consumption and lack processing, which detracts from their added value. Likewise, since 2014 the department's cattle ranching has not been able to export its products abroad, being limited to domestic and national consumption as a result of the lack of technical and legal conditions necessary for export in the Coolesar slaughter plant.

The department also has a high level of connectivity through the Ruta del Sol, which links it with the interior of the country and the ports on the Caribbean coast, which entails easy access to national and international markets and lower transportation costs. This and the National Government's desire to boost tourism are likely to be beneficial for the department, boosting its tourism and commerce with a unique offer in cultural terms.

Considering the government's decision to leave hydrocarbon exploration and exploitation behind, as [Stated](#) by President Petro during COP28, it is unlikely that the department's most thriving sector will involve opportunities for investors. On the contrary, given the current government's desire to boost the energy transition, it is likely that renewable energies will gain importance in the future due to the department's geographic characteristics, such as having one of the highest annual solar radiation levels in the country.

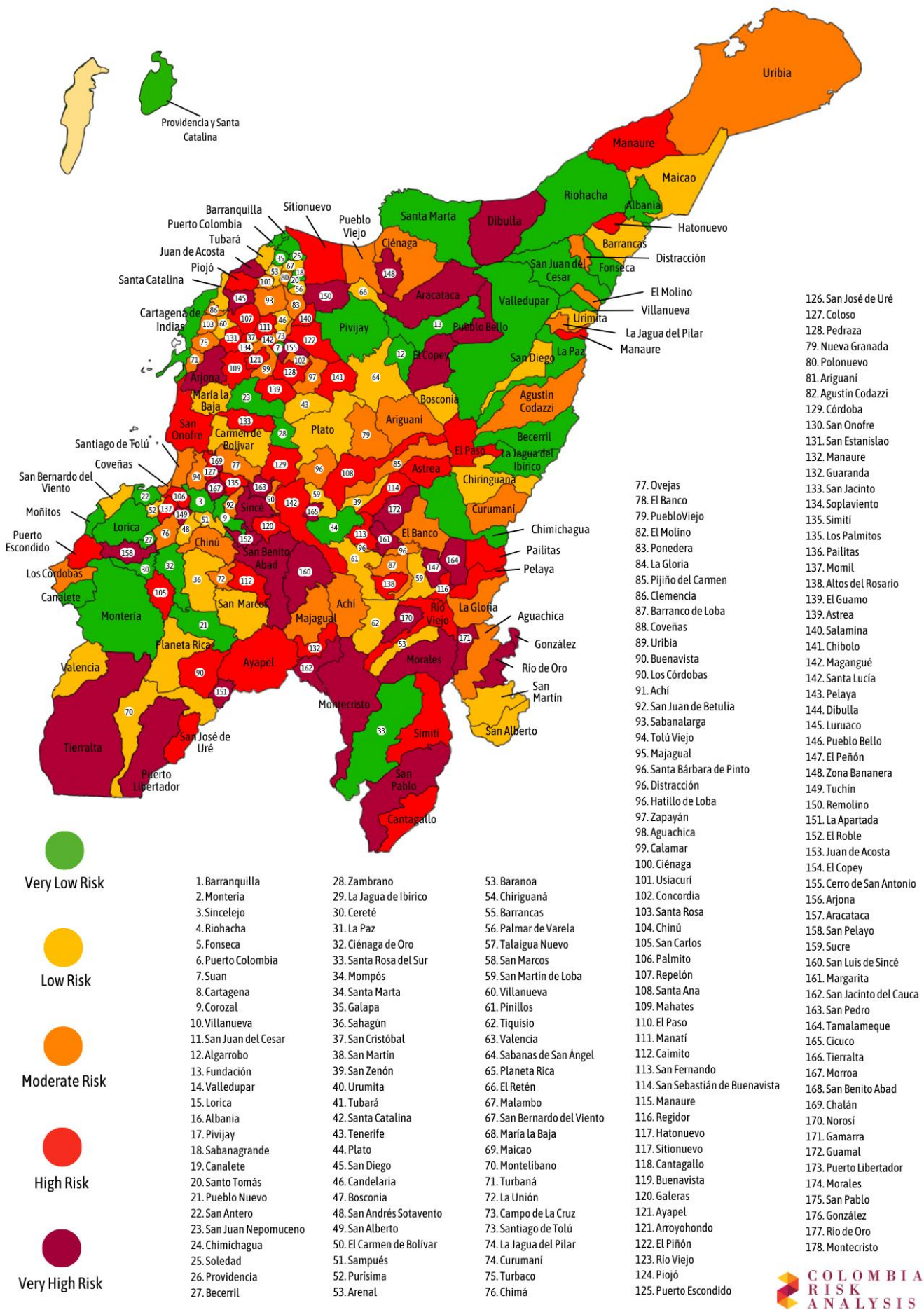
### SAN ANDRÉS, PROVIDENCIA Y SANTA CATALINA:

The department of San Andres faces a number of significant challenges to its development. Among the most prominent challenges is vulnerability to extreme weather events that can threaten the islands' infrastructure and security. Environmental sustainability is another crucial concern, as overexploitation and pollution pose constant threats to the preservation of marine and terrestrial ecosystems, essential for tourism and local life. In addition, high dependence on tourism leaves the departmental economy vulnerable to fluctuations in demand and global economic crises, highlighting the need to diversify the local economy. Effective management and coordination between the national and local governments are essential to address these challenges and take advantage of development opportunities in the Archipelago.

Although San Andres and Providencia are geographically and culturally distant from mainland Colombia, governmental energy and attention is most intense when notable events occur, such as territorial disputes and natural disasters. During other times, there seems to be a lack of will, human resources and interest in addressing the urgent situation afflicting the Archipelago. It is likely that challenges in other parts of the country push the island's priorities to the background, but this only contributes to the pattern of neglect in which the Archipelago currently finds itself.

The Archipelago presents several opportunities to boost its development. Sustainable tourism and the National Government's efforts to promote international tourism with an emphasis on sustainability have potential, however, they depend on the existing infrastructure in the Archipelago. Economic diversification, for example, by strengthening sustainable fishing or promoting the [creative](#) and cultural [economy](#), has the potential to reduce dependence on a single source of income for the island. Investments in tourism and transportation infrastructure will improve the quality of life for residents and the visitor experience. Similarly, boosting international trade, port and fishing industries has the potential to diminish the influence of drug trafficking as a generator of employment and development. In addition, investing in training local labor in areas such as hospitality, customer service and sustainability practices will improve the quality of tourism services and generate employment in the Archipelago.

MUNICIPAL RISK MAP OF THE CARIBBEAN REGION



# DEPARTMENTAL ANALYSIS

Colombia is characterized by deep center-periphery divisions that influence the levels of risk experienced by each department and, therefore, its attractiveness for business. We see this dynamic replicated at the regional level and within departments. In the case of the Caribbean, according to the results of the 2022 SRI, the eight departments have a very low to moderate level of risk. However, the collection of information and the different interviews allowed us to see how the center-periphery dynamic occurs in two ways in this Region. First, the center of the Region revolves around three capital cities (Cartagena, Barranquilla and Santa Marta), Barranquilla being the main one. And the periphery consists not only of the other departments but also the rest of the municipalities in Bolívar, Atlántico and Magdalena. Second, there is the periphery of the periphery. The Archipelago of San Andrés, Providencia and Santa Catalina, despite being in the Caribbean, lags behind and its economic development is not related to what is happening in the rest of the region.

As mentioned earlier, one of the objectives of this index is to combat the notion that the center of the country is where the best development and investment opportunities are found. While each department presents particular realities, in the case of the Pacific region we see how the dynamics between the center and the periphery within each department and in the region accentuate the development gaps in the territories.

## CÓRDOBA:

According to our [Subnational Risk Index 2022](#) (2022 SRI), of Colombia's 32 departments, Córdoba ranks 19th with moderate risk. As with the other departments in this and the other regional indexes, it is necessary to break down this result and analyze the behavior it had within each category that makes up the SRI to understand the opportunities and challenges that the business sector and investors interested in Córdoba have.



# MAPA DE RIESGOS DE CÓRDOBA 2022



  
Riesgo  
Muy Bajo

  
Riesgo  
Bajo

  
Riesgo  
Moderado

  
Riesgo  
Alto

  
Riesgo  
Muy Alto



		DEPARTAMENTAL RISK INDEX OF CÓRDOBA					
		DIMENSION					
RANKING	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
1	Montería	13.36	56.00	0.00	11.04	18.72	46.67
2	Canalete	0.00	0.26	99.19	44.27	29.60	0.00
3	San Antero	6.78	0.00	96.65	39.26	38.64	0.89
4	Cotorra	7.43	0.00	99.68	39.66	36.66	5.36
5	Pueblo Nuevo	12.58	0.91	98.62	29.21	42.86	1.79
6	Ciénaga de Oro	1.14	9.17	84.77	50.81	28.55	30.89
7	Moñitos	4.75	3.64	98.79	27.54	60.77	0.89
8	Purísima	7.87	0.00	100.00	43.58	44.68	0.00
9	Sahagún	7.93	9.43	78.91	65.53	32.04	11.61
10	San Andrés Sotavento	7.34	1.56	98.07	37.66	54.50	0.00
11	Valencia	6.59	2.34	98.06	61.91	31.59	1.79
12	Cereté	11.59	16.05	84.16	59.23	30.12	1.79
13	San Bernardo del Viento	2.49	2.21	98.74	51.59	51.36	1.79
14	Lorica	7.31	40.00	79.92	33.81	19.23	33.93
15	Planeta Rica	22.35	13.17	94.82	51.37	15.78	16.07
16	San Carlos	5.06	0.26	98.84	56.60	51.95	6.79
17	Chimá	8.11	0.91	99.86	46.62	59.82	2.68
18	Los Córdoba	11.10	0.52	99.56	36.44	58.11	17.86
19	Ayapel	2.93	0.78	93.30	72.63	55.32	0.89
20	Buenavista	7.85	4.00	98.55	76.99	40.23	1.79
21	Momil	6.88	0.00	99.85	71.94	49.33	3.57
22	Puerto Escondido	8.80	9.17	98.91	67.17	51.22	0.00
23	Montelíbano	39.80	25.19	80.01	39.98	31.60	14.23
24	San José de Uré	19.55	6.86	99.75	37.55	73.97	5.89
25	Chinú	21.55	22.73	98.02	50.03	39.30	9.46
26	Tuchín	2.94	8.52	99.09	61.36	79.02	0.89
27	San Pelayo	8.40	6.99	98.72	87.33	54.43	1.79
28	La Apartada	25.00	20.00	99.88	39.58	65.41	0.00
29	Tierralta	49.20	6.60	89.78	59.26	33.70	26.73
30	Puerto Libertador	43.62	16.10	97.13	51.56	53.40	5.00

## SECURITY:

According to our 2022 SRI, Córdoba is the ninth department with the lowest security risk. In 2021, with a population of almost [two million inhabitants](#), Córdoba was the ninth department nationally and second in the Caribbean, after La Guajira, with the lowest homicide rate ([19.1](#) homicides per 100,000 inhabitants), and the third nationally and first in the Region with the lowest extortion rate ([4.9](#) extortions per 100,000 inhabitants). No kidnappings or massacres were recorded. This panorama contrasts with the fact that, according to different sources, there is a low perception of crime in the department's urban centers. Although the [Eleventh Brigade](#) has a permanent presence in the department, which provides some security guarantees to the population and the business sector, [fighting between the Army and the Clan del Golfo persists](#).

Several armed groups are present in Córdoba, including the [Caparrapos](#), the [Clan del golfo](#), the [ELN](#) and [dissidents of the FARC's 58th front](#), causing forced displacement and child recruitment. According to the humanitarian report of the International Committee of the Red Cross in [2022](#), the department of Córdoba contributed 4.2% (equivalent to 2,221) of the 52,880 displaced people in the country. In addition, the department registered 31 cases of [child recruitment](#) in 2021 and 30 in 2022. These conflict dynamics imply a decrease in social welfare, lower demand for services and a reduction in agricultural production. The latter, given that more than [two thousand indigenous and peasant families](#) were displaced by armed groups.

Another factor impacting security in Córdoba is the strength of the Clan del Golfo and its ability to affect economic activities in the department. In early 2023, the armed group carried out an [armed strike](#) in 11 departments, including Córdoba, in protest against the capture of Dairo Antonio Úsuga, alias Otoniel, the top leader of the criminal organization, which affected the flow of cargo, the provision of essential medicines and public services such as natural gas. Another sector widely affected in Córdoba was the livestock sector, since, according to [Fedegan](#) reports, more than 60,000 people were unable to work and more than 7,000 cattle and four million liters of milk could not be marketed, generating losses of more than 20 billion pesos. Similarly, the armed strike made tourist arrivals and the effective development of commerce impossible. This type of problem limits the attraction of skilled labor and investment, both local and foreign. In addition, the risk posed by this type of situation is likely to limit food production and the expansion of operations by the private sector.

Another element that affects the department is the insecurity of social leaders. In 2021, [five](#) social leaders were murdered, in 2022 [four](#) social leaders were murdered and in October 2023 the figure increased to [eight](#). Additionally, according to the fourth pre-electoral report on violence against political, social and community leaders, by the Electoral Observation Mission (MOE), [as of May 2023](#) there had been five incidents of violence in the department and the [Ombudsman's Office](#) has spoken out about threats from the Clan del Golfo to the south of the department. The impact on these leaders affects development of the private sector, as they are a bridge for communication and for the relationship between the business community and the communities.

According to the United Nations [Office on Drugs and Crime](#), Córdoba is among the five departments with the highest increase in coca cultivation areas, reaching 5,480 hectares in 2021. At the national level, of the 20 departments that registered hectares, Córdoba ranked seventh, and in the Caribbean it was the second (after Bolívar), with the highest number of hectares of coca. This phenomenon is mainly concentrated in the south of the territory, in the municipalities of Puerto Libertador, Montelíbano, San José de Uré and Tierralta. The growth of illicit crops complicates the security situation in Córdoba. It generates cycles of violence between armed groups and towards the community for the control of territories and drug trafficking routes; it discourages the arrival of investment and the creation of businesses in the territories most affected by this problem; problems in local governance; and an impact on the social wellbeing of the population.

Illegal mining is another problem affecting security in Córdoba, mainly in the south of the department, as it is one of the [most lucrative](#) sources of [income](#) for [armed groups](#). Córdoba is among the [five departments](#) with the highest illegal exploitation of alluvial gold. This problem increases the risks for mining companies seeking to settle



in the department, as they are threatened by armed groups, as well as the reputational risks associated with the activity. In addition, illegal mining increases [environmental risks](#), as it does not comply with legal standards and likely contaminates water sources, which affects other activities such as cattle ranching, agriculture, and fishing.

At the beginning of 2023, a [mining strike](#) was held in Antioquia and Córdoba. The dispute began after the security forces destroyed a series of small and large dredges and rafts. These events unleashed riots, [acts of violence and blockades](#). Among the sectors affected was the transportation sector, with losses in excess of USD [42,905,131](#) (COP 170 billion). In addition, the strike generated [increases in the prices](#) of meat and some essential products, as well as delays in different value chains. This type of action generates disincentives to investment, challenges to governance and impacts on the performance of businesses. The mining strike ended with a series of [commitments](#) on the part of the government, including the search for technological alternatives to extract gold and progress in the characterization of small and medium mining.

## ECONOMY:

According to the 2022 SRI, Córdoba is the tenth department at the national level and second in the Caribbean (after Sucre) with the highest economic risk. According to the [departmental economic profile](#) of the Ministry of Commerce, Industry and Tourism, Córdoba has a diversified economy. In 2022, the economic activity that contributed most to the departmental GDP was public administration and defense (24.1%); followed by the commerce, hotels and repairs sector (15.3%); in third place, the agricultural sector (13.1%); in fourth place, manufacturing industries (11.3%); then, duties and taxes (7.2%); in sixth place, scientific and technical activities (6.3%); and the mining and construction sectors with 4.2% each. By having a variety of activities that drive development, the department is less vulnerable to external shocks and has opportunities for economic growth in different scenarios.

Córdoba ranks tenth nationally and second in the Caribbean Region (after La Guajira) with the lowest level of banking penetration and human capital. Only [38.3%](#) of adults have an active financial product and only [26.7%](#) of the population has higher education. A low percentage of banking penetration implies that the sophistication of the labor market is limited, which hinders access to credit, and facilitates the use of unregulated mechanisms such as "gota a gota" loans. In addition, it discourages innovation in the financial sector and makes it less competitive.

In terms of human capital, the figure reflects the lack of skilled labor. This is a challenge for the socioeconomic development of Córdoba, as it does not allow sectors with higher added value to settle in the department. Likewise, the lack of a specialized labor market reduces job opportunities and opportunities to improve people's living conditions. For young people, it increases their vulnerability to recruitment by criminal gangs and deepens the inequality gap. In addition, based on our 2022 SRI, Córdoba is the second department (in the country and the Caribbean) with the least developed business fabric, with a rate of 254 companies that provide formal employment per 10,000 inhabitants. This makes people's situation even more precarious, which implies the persistence of poverty, brain drain, increased informality and limits the technification of the economy.

Regarding the labor market in Córdoba, according to DANE figures, the unemployment rate in the department was [10.5%](#) in 2021, while it grew two points (12.5%) in [2022](#), even above the national average ([11.2%](#)). The increase in unemployment implies delays in the social and economic development of communities, which raises the risks of increased poverty and reduced tax collection. By 2022, Montería, capital of Córdoba, was the seventh most informal city in the country ([62.8%](#)). This implies low labor welfare, lower productivity, tax evasion and unfair competition, factors that negatively affect the attraction of investment.

According to the [National Planning Department](#), between the first quarter of 2022 and 2023, the sectors most affected by informality were lodging and food services, transportation and storage, and artistic and entertainment activities. This implies limitations for urban planning, an impact on the quality of tourism services,

and fewer labor guarantees. In addition, in the case of transportation, there would seem to be a relationship between the increase in accidents and informal transportation. For this reason, there are those who demand greater control of this type of practices, such as [Héctor Frasser Arrieta](#), manager of the company Metrosinú. In view of the problem, measures such as starting operations with a new transportation system, known as [SEPT](#) have been taken, which will initially have 18 routes. It is likely that the new governor Erasmo Zuleta will continue to promote these measures, as they were part of his campaign speech.

Córdoba's economy is affected by the absence of a port, despite having [124 km of coastline](#). Proposals such as the [San Antero Port Society](#), last registered in 2015, to build a port have been shelved. This directly affects local businesses by limiting their international trade opportunities, increasing logistics costs and decreasing competitiveness. Companies are forced to rely on ports in neighboring areas, which implies longer distances and logistical complications, such as enabling warehousing spaces. This situation not only affects the efficiency of the supply chain, but also increases the risks associated with land transportation, such as [theft and looting](#), a problem that has increased in the department. The lack of a port in Córdoba is likely to limit the attraction of foreign investment and the establishment of international companies seeking strategic locations with direct access to maritime transportation.

On the other hand, the absence of a port has positive consequences such as the preservation of maritime resources. Regarding this work, the [Corporación Autónoma Regional de los Valles del Sinú y del San Jorge](#) has made efforts to care for the mangroves. An example of this is the declaration of La Bahía de Cispata, La Balsa, Tinajones, and surrounding sectors of the Delta Estuarino del Río Sinú as a regional protected area in the category of Regional Integrated Management District. In addition, the lack of a port helps preserve the department's natural beauty and the tranquility of its beaches, an essential element in promoting tourism.

## INSTITUTIONALITY:

According to the 2022 SRI, Córdoba is the sixth department at the national level and first in the Caribbean with the highest institutional risk. In 2021, it had a score of [59](#) out of 100 in the Departmental Performance Measure. This suggests that the department is making positive progress in implementing its Territorial Development Plan (POT) and achieving its budget execution targets. However, sources mentioned that the Territorial Development Plan is only up to date in Montería, which provides a certain degree of legal security to companies, which is not the case for the rest of the municipalities. This situation undermines the competitiveness of these territories and increases the risk of prolonging the development gaps between the center of the department and the dispersed municipalities.

In terms of the Digital Government Index, Córdoba was the sixth department at the national level and second in the region (after La Guajira) with the lowest score ([66.5](#) out of 100). This figure shows that there is an integration of information and communication technologies by departmental institutions, which facilitates joint work between the private sector and local authorities. This is important, since issues such as the digitalization of bureaucratic processes facilitates the procedures to be carried out by the business sector, such as the application for licenses and permits to establish operations in the territories. However, private sector actors told us that many bureaucratic processes necessary for private companies or investors to initiate projects have not yet been made digital, which is an important limitation.

In the National Anti-Corruption Index, Córdoba ranked eighth at the national level and first at the regional level with the lowest score in this variable ([66.5](#) out of 100). While this is not a bad score in comparison with other departments, greater efforts are still needed to strengthen the capacities of institutions to prevent and fight corruption. For example, Córdoba has had several corruption cases such as the therapy cartel, where close to [USD 10,095,325](#) (COP 40 billion pesos) were stolen, or [the hemophilia cartel, the cane cartel and the Tucson cartel](#). This generates distrust in both the public and private sectors, increases reputational and legal risks, and discourages participation in public-private partnerships.

## SOCIETY:

Córdoba is the eleventh department at the national level and the second in the Caribbean Region with the highest social risk, according to 2022 SRI data. In terms of the [2022 Multidimensional Poverty Index](#), Córdoba continues to be above the national average (12.9%), with 26.9% of the population living in poverty. This implies a disincentive for the private sector. It is likely that there will be less social stability and that the communities will demand that the business sector supply needs the State has failed to satisfy. Additionally, it is the twelfth department with the highest housing deficit, with [60.2%](#) of the housing units with structural deficiencies and in need of improvement. These are factors that negatively affect people's quality of life and can reduce worker productivity.

Regarding other indicators, [92%](#) of the department's population is insured under the contributory and subsidized systems, [100%](#) of the population has access to education, and there is a [3%](#) school dropout rate. On the other hand, despite the fact that institutions have included technological tools in their processes, in the case of households, internet access is still limited. According to the [DANE](#) in 2022, the percentage of households with internet connection in Córdoba is 26.9%, a low percentage compared to the national figure of 59.5%. This implies obstacles for virtual education, remote work and opportunities for online civic and political participation. Similarly, the lack of access to the Internet in households means that the private sector has less capacity to promote its products, a loss of efficiency, and a reduction in the measurement and flow of information for research on the different markets.

According to the National Higher Education Information System [SINIES](#), the gross higher education coverage rate in Montería is 27.30%, which is below the national average of 54.92% in 2022. This data reveals difficulties in finding qualified personnel, increased training and hiring costs, as well as a decrease in productivity. In terms of academic offerings, according to the [Colombian University Observatory](#), Córdoba has 17 higher education institutions and 200 undergraduate and graduate programs, with an average of 2,412 students. Some of the areas of knowledge with the highest number of students enrolled are economics, administration, accounting, engineering, architecture and urban planning. This creates opportunities to establish relationships between the private sector and academia. Likewise, according to sources, the good relationship between these two sectors constitutes an opportunity for investment in innovation and sustainability.

Another fundamental element for understanding the social development in Córdoba is the coverage of public services. According to calculations of the [Departmental Competitiveness Index](#), Córdoba has a water supply coverage of 63.8% in 2023, which represents an increase compared to 2022 (61.5%). As for effective natural gas coverage, the percentage of users with natural gas connection decreased from 90.6% in 2022 to 78.7% in 2023. The decrease implies an increase in production costs for companies that use gas as a source of energy, loss of competitiveness and deterioration in the quality of life. Regarding electricity service, the department went from 99.5% coverage in 2022 to 98.6% in 2023, which implies an incentive for investment and facilities for the production of goods and services.

Although the department has a good coverage of public services, sources stated that one of the main problems that afflict the department are the high prices of energy rates. According to the former mayor of Montería, [Carlos Ordosgoitia Sanín](#), the high rates are one of the factors that are discouraging companies and industries. In addition, [Montería](#) tops the list as the city with the highest increase in electricity rates. This implies loss of competitiveness, increased operating costs for companies in the department, disincentives to employment generation and pressures to improve [energy efficiency](#).

Land restitution is another problem impacting the department, especially in the south. According to the [Colombian Commission of Jurists](#), Córdoba has become one of the most dangerous areas for the land restitution program, due to violence by armed groups against beneficiary farmers. This leads to social unrest, discourages agricultural investment, increases security risks for producers and reduces proactivity. In addition, in order to

provide security guarantees for jobs, it is likely that companies will have to resort to more expensive private security services. Other short-term implications are the loss of confidence in the Total Peace negotiations, as the issue of land restitution and harassment of communities has not been a fundamental part of the debate. Should this discussion become more relevant, it is likely that the armed groups will return to the idea that these illegal land appropriation activities are part of their financing.

[Land invasions](#) are also a risk for the business sector in the department and have affected different sectors, such as cattle ranching. This increases social conflict, implies a lack of guarantees for the protection of the right to private property and generates losses for landowners. As a result of the land invasions that took place across the country in mid-2022, the president of the Colombian Federation of Cattle Ranchers (FEDEGÁN) proposed the creation of "[immediate solidarity reaction groups](#)" (groups of cattle ranchers who would organize themselves to defend their properties from invasions). This proposal caused a stir, as some sectors saw it as a dangerous initiative that could lead to violence. Thus, one of the great social and security challenges for Córdoba is to provide accompaniment and guarantees to both landowners and protesters. This is to prevent new cases of land invasion and conflict with the communities.

### ROAD INFRASTRUCTURE:

The road network is of utmost importance to understand the economic development of Córdoba. According to the [2020-2023 Departmental Development Plan](#), the extension of the department's road network is 6,980 km, of which 574.10 km are primary roads, 590 km are secondary roads and 5,816 km correspond to the tertiary network, i.e. 83% of the department's road network. One of the most important roads in the department is the Troncal de Occidente (National Route 25), which facilitates the transport of products from different places in Córdoba (such as Chinú, La Ye, Planeta Rica and La Apartada) to Sucre, Antioquia and the center of the country. The route, like many others, has suffered [blockades](#), which increases the risks and uncertainty for the business community. This is due to economic losses, increased logistics and transportation costs, delays and disincentives to overland tourism.

As for the condition of the department's road network, as of December 2023, according to [INVIAS](#), 34.34 km of the paved network was in very good condition; 93.07 km in good condition; 83.57 km in fair condition; and 54.04 km in poor condition. Of the unpaved road network, 1 km is in very good condition; 12.48 km in good condition; 9.46 km in fair condition; and 1 km in poor condition. The poor condition of the roads makes the department less competitive, limits trade with the rest of the Caribbean region, and increases costs for sectors such as logistics, transportation and agriculture, and is likely to have an impact on accidents.

Although improving land connectivity in Córdoba continues to be one of the challenges for the department, road maintenance and road construction projects are currently underway. For example, the [OCAD Caribe](#) approved three projects for Córdoba, including the construction of the road that will connect the municipalities of [Ciénaga de Oro and San Andrés de Sotavento](#), with an investment of USD 7,697,685 (COP 30.5 billion). The second is the improvement of the tertiary road corridor between the municipalities of Cereté and San Pelayo, with a budget of USD 7 million (COP 28 billion).

The third project is the maintenance of the road that connects [Lorica - San Bernardo del Viento and Moñitos](#). The project has a cost of USD 11.3 million (COP 45 billion) and includes the construction of the La Doctrina bridge, which connects San Bernardo and the municipality of Lorica. This construction will generate employment, reduce transportation time, strengthen local trade and provide incentives for the import and export of goods through the port area of the [Gulf of Morrosquillo](#). In addition, together with the second OCAD project, mentioned in the previous paragraph, it would improve connectivity within the department and with Sucre. Other implications of the project include strengthening competitiveness and stimulating the development of sectors such as logistics, services and trade.

[Paving of roads in the interior of Montería is also progressing](#). Some of the results of the collaboration between the Mayor's Office of Montería and Montería Ambiente are the paving of 70% of the road to the village of Los Pericos. On the other hand, [Carlos Ordosgoitia Sanin](#), former mayor of Montería, stated that an investment of USD 43.4 million (COP 172 billion) is being executed to pave 61 kilometers distributed between the urban and rural areas. This implies an improvement in the quality of life, greater logistic efficiency, stimulus to commerce and land tourism. In addition, improving rural roads is likely to reduce production costs in the agricultural sector.

## ENVIRONMENT:

According to the 2022 SRI, Córdoba is the sixth department in the country and the first in the Caribbean with the highest environmental risk. In 2021, Córdoba was the second department in the country and the first in the Region with the highest number of registered cases of crimes for illegal exploitation of renewable resources ([143 cases](#)), the second department in the Caribbean (after Bolívar) with the most registered cases of crimes for illegal exploitation of mining deposits and other materials ([13 cases](#)) and for damage to natural resources and ecocide ([7 cases](#)), and the department in the Region with the most registered cases of environmental contamination ([5 cases](#)). This panorama suggests that environmental protection is inefficient. For the business sector, this is cause of concern about their sustainability programs and strategies to reduce reputational risks in this area.

Illegal exploitation of natural resources reduces the amount of available resources, generates violence, increases occupational hazards and health risks, as well as contamination of water sources and soil. Some of the activities that cause the most damage are illegal deforestation (the loss and degradation of forests and jungles for agricultural and livestock expansion). By 2021, according to the Information System for Rural Agricultural Planning (SIPRA), Córdoba had 155,189 hectares of natural forests and non-agricultural areas and 470,118 hectares of [legal exclusion](#) (territories where agricultural and livestock activities are not allowed by law). These territories are often the main ones affected by environmental crimes, which implies deterioration of the quality of life, risks for social and environmental leaders, and increased vulnerability to natural disasters.

On the other hand, according to the Ministry of Environment, Córdoba is one of the most important deforestation centers in the country. One of the most affected areas is the [Paramillo National Park](#), which has lost 8,000 hectares in the last seven years. Although the problem is worrisome, control entities such as [the Attorney General's Office and members of the security](#) forces are carrying out operations to stop the illegal logging of timber that is traded both nationally and internationally. This provides environmental preservation guarantees and mitigates environmental risks.

## POLITICS:

According to the 2022 SRI, Córdoba has a high political risk and is the third department in the Caribbean Region with the highest risk, after Bolívar and La Guajira. This suggests that the department has low political stability, which increases the risks for the business sector and could be a constraint for the development of its activities. Likewise, if the private sector wishes to work with the departmental authorities, it entails reputational risks for the former. This result is due to a high governor turnover from 2008 to 2021(8 when there should have been four). The turnover was due to the fact that the governors have been [dismissed](#) or did not finish their administration.

During 2021, there were no victims for [crimes of constitutional and legal regime](#), there were [three victims](#) for electoral crimes, [189 victims](#) for threats against human rights defenders and public officials, [26 victims](#) for crimes of improper conclusion of contracts and [79](#) for crimes of abuse of authority by arbitrary or unjust act. The above entails a negative impact on the public service that may affect the relationship between the private sector and local authorities. In addition, as mentioned above, there is evidence of corruption that limits the development of the department.

Sources stated that one of the characteristics of Córdoba's politics and of the Caribbean Region in general is the presence of political clans. This is a figure that refers to a group of people, generally related by family or friendly ties, who work together in the political arena to achieve common objectives. In the case of Córdoba, some of the clans that stand out in the political arena are the [Besaille Fayad, the Ñoños](#), the Lyons and the Jattin. Some of the members of these clans have been involved in corruption cases such as: [the "Hemophilia Cartel", the "Cartel of the Mentally Ill", the "Cartel of Science and Technology", the "Education Cartel" and the "Cartel of the Badges"](#). Clan dynamics pose a risk to the private sector due to the greater likelihood of nepotism and clientelism, regulatory instability, lack of transparency and corruption in bidding and contracting processes.

Another major challenge facing the department, based on the comments of the people interviewed, is the individualism and personalism of those in power, which has led to a lack of long-term project planning. They mentioned that mayors and governors have preferred short-term projects that they can show during their terms of office. This has made it difficult to implement a city or departmental vision that would be continued by different administrations, in parallel to the programs of individual governments.

## INVESTMENT OUTLOOK IN CÓRDOBA:

### AGRICULTURAL SECTOR

According to the Information System for Rural Agricultural Planning ([SIPRA](#)), by 2023 Córdoba has an agricultural frontier of 1,874,552 hectares. This is an extensive area for the development of agricultural activities compared to other departments in the region, such as Sucre, which has 747,209 hectares, or Atlántico, which has 179,180 hectares. Córdoba has great agricultural potential to meet the needs of its population and to contribute to the production of food for the entire country. Some of the products produced in the department are bananas, cotton, cocoa, corn and fruit trees.

According to the [departmental economic profile](#), in 2022, the plantain crop accounted for 63.5% of the department's total permanent agricultural production. According to the [DANE](#), between 2018 and 2022 Córdoba was the third department in supply of green Horton plantain with 370,769 tons, after Meta and Arauca. This crop opens opportunities for different industries such as: the manufacture of value-added products based on plantain (sauces, jams, among others); as it is rich in nutrients, it has potential for the production of cosmetic products; and its waste is also an opportunity for the production of organic fertilizers and insecticides. This shows the department's investment potential for diversifying its economy and export basket.

Pests are a challenge for the banana crop. In September 2022, [farmers in Moñitos](#) reported that their crops were being destroyed by the pest known as Colaspis (a small leafhopper that destroys the peel, making the product look spoiled). This reduces crop yields, increases agricultural input costs and can lead to crop failure. It is necessary to strengthen phytosanitary controls and [train farmers](#) in pest prevention and management as a means of risk mitigation.

In 2022, [transitory](#) crops had a higher percentage of production than permanent crops in Córdoba. Cassava was the most representative crop (34.5%), followed by corn (25.1%), yams (20.6%) and rice (15.1%). According to the Rural Agricultural Planning Unit ([UPRA](#)), the cassava crop accounted for 23.3% of Córdoba's production in 2022 (291,187 tons). This represents an opportunity to develop new cassava-based products, such as processed foods, beverages, or pharmaceuticals. Strategies such as the [cassava country plan](#) can also be created through public-private partnerships. These strategies facilitate communication channels with the government and provide producers with tools to improve the efficiency of their crops and the inclusion of sustainability processes.

At the national level, corn production is relevant. In [2022](#), Córdoba produced 203,101 tons of corn. The department contributes 8.6% of the total volume of corn production in the country, standing out as the main



producer in the Caribbean Region and as the third department at the national level. However, the sector is going through a crisis due to low prices and the lack of buyers and trade routes. According to the Association of Small and Medium Farmers of Lower and Middle Sinú, by the end of 2023, approximately 26,700 tons of corn were unable to be transported out of the department, which reduces the sector's competitiveness and negatively impacts employment and profitability.

Corn cultivation in Córdoba presents a range of opportunities and challenges for the private sector and farmers. This crop is essential for the generation of food for both humans and animals, which ensures a constant demand. From an agro-industrial perspective, corn processing yields a variety of valuable products (corn flour, corn oil, starch, and high fructose corn syrup), creating opportunities in the food and beverage industry. In addition, corn can contribute to the production of biomass, biogas and fertilizer. However, it is important to take into account the challenges it faces, such as [pests](#) and lack of training to export the product. Climate variability and the effects of climate change are another factor that require attention and effective solutions for the sustainable development of this agricultural activity in the department.

Cotton is another of Córdoba's transitory crops. For the 2022-2023 crop in Córdoba, between [4,700 and 5,000](#) hectares were planted, a figure lower than the six thousand hectares that had been projected, according to [Conalgodón](#). This is because planting was affected by the [La Niña phenomenon](#), as rainfall increased and some producers refrained from planting. In spite of this, Córdoba continues to be an important cotton producer in the Caribbean Region. This implies employment generation, which is estimated at [2,400 jobs per 10 hectares](#). Cotton production also offers a variety of opportunities for the private sector. Some of these are: the demand for agro-inputs, the production and sale of cotton seeds, the development and sale of advanced technologies for cotton cultivation, or the establishment of a textile industry for cotton processing and garment manufacturing.

Cocoa production in Córdoba is experiencing sustained growth, although it does not yet occupy a prominent place among the department's main permanent crops. This industry represents a promising agricultural bet, especially in southern Córdoba. In the [municipality of Tierra Alta](#), fundamental training in cocoa processing, soil care, organic production and product management is being carried out. In 2022, [255 families](#) opted for cocoa cultivation as a source of income, thanks to the Territorially Focused Development programs (PDET). In addition, Córdoba's cocoa has gained international notoriety by being selected as one of the [50 best in the world](#). Getting more families to start growing cocoa and greater international recognition would allow the product to be promoted as an attractive industry for investment. At the same time, it would encourage experiential tourism, the creation of cocoa-based beauty and skin care products, and the export of [high quality cocoa](#) to a growing international market.

According to the [UN](#), in its report developed between August and November 2022, moderate and severe food insecurity in Córdoba reaches [70%](#). This means that 1,280,263 Cordobeses have difficulty accessing three meals a day. This problem reduces social welfare, increases health problems and exacerbates social unrest. Additionally, it is likely to affect worker productivity, and increase poverty and inequality. However, the crops developed above are an opportunity to address this problem and promote economic and social development in the department.

## LIVESTOCK SECTOR

The availability of light throughout the year, access to coasts and ports, and the favorable condition of its lands [contribute to the success of the livestock sector in Córdoba](#). The department has approximately 1,900,000 hectares, of which 1,700,000 are dedicated to livestock production, making Córdoba a national livestock reference. This is supported by the fact that, according to the Colombian Agricultural Institute ([ICA](#)), for the 2023 census, Córdoba had the second highest concentration of cattle (8.1%) in the country; the first with the highest concentration of buffalo cattle (18.4%); sixth with the highest concentration of swine (7%); second with the largest equine population (6.6%); and fifth with the largest sheep herd (3.3%). These figures show the importance

of the department in the sector at a national level and demonstrate its potential for attracting foreign investment in order to technify livestock farming practices. This would make it possible to implement more productive processes, sustainability strategies, and compliance with international standards to enable the export of products.

In September of this year, Córdoba was the venue for [Fedegán's technical tour](#), where the performance of farms and companies in Córdoba was highlighted. During the event, the benefits brought by technological, business and productive progress were emphasized, as well as the implementation of programs focused on animal welfare, through which 10 farms have received the [Colombian environmental seal](#). These [environmental commitments](#), such as meeting U.S. quality standards, have enabled the department to position itself in terms of profitability. On the other hand, one of the factors that the department is seeking to improve through the 2020-2023 Departmental Agricultural Extension Plan ([PDEA](#)) is the level of beef exports. According to [DANE](#) data, frozen and refrigerated beef accounted for 8% of Córdoba's exports during the first half of 2023, which implies that there is a deep industrial process and opportunities for employment generation and innovation in the sector.

In terms of risks to the livestock sector, El Niño and La Niña phenomena emerge as the main protagonists. Córdoba has experienced the consequences of the [El Niño phenomenon](#) in the form of [forest fires and the shortage of drinking water](#). The lack of water led to the declaration of public calamity in [10 municipalities](#) of the department. In the short term, the El Niño phenomenon implies a reduction in the availability of pasture and water resources, affecting the quality and quantity of fodder for livestock. In the medium and long term, extreme weather conditions may lead to heat stress in livestock, affecting their health, productive performance and reproductive capacity. In addition, other implications include non-compliance with milk and meat production contracts, as well as an increase in the price of dairy products.

The La Niña phenomenon also has implications for the livestock sector. Although this phenomenon tends to bring wetter weather conditions, which could be beneficial for pasture availability, it also carries the risk of flooding and landslides. These extreme events are likely to affect livestock infrastructure, compromising facilities and putting livestock health at risk. In addition, climate variability associated with La Niña generates uncertainty in rainfall patterns, impacting the long-term planning and management of livestock production. In 2022, the livestock sector in [Córdoba was one of the most affected](#) by the La Niña phenomenon in Colombia, with 257,598 hectares affected, 3,895 dead animals and losses exceeding USD 7.6 million (COP 30,229 billion). These figures represent a disincentive to investment, loss of jobs and challenges in irrigation management.

Córdoba also plays a significant role in the pork industry, although much of it is developed through small [cooperatives](#). The department is a key player in the growth of this industry. This given that according to the Colombian Agricultural Institute (ICA), Córdoba generates [7%](#) of the country's pork production and also slaughters between [2,000 and 10,000](#) pigs. In addition, there have been calls, such as that of [Boris Zapata](#), former Secretary of Finance and swine producer, to establish a higher quality swine processing plant to take advantage of the production. The plant initiative would reduce production costs, facilitate industrial development, improve competitiveness and encourage the emergence of new enterprises. Some of the opportunities in the pork sector include the demand for veterinary services, the possibility of waste management to convert waste into organic fertilizer or other useful products, and industrialization for the generation of processed products such as sausages.

The department is a powerhouse in the [production and export of honey](#). Currently, Córdoba is the [fourth department](#) with the most apiaries. The department also has a [beekeeping committee](#), which seeks to improve the institutional supply of this economic line of agriculture and livestock. The [Rehabilitation - Apiculture Tierralta project](#), which seeks to preserve areas in Alto Sinú through the Asociación Campesina de Apicultores (a sustainable business association that operates a total of 2,010 hives), began in 2022. [In](#) the past, the department has faced incidents that resulted in the loss of beehives, negatively impacting 48 families that depend on honey



production as their main source of income. For this reason, the [2020-2023 Departmental Agricultural Extension Plan for the Department of Córdoba](#) proposes agroecological sustainability in order to protect bees and thus honey production. Bee production is an opportunity to generate employment, provide agricultural pollination services, and even move up the value chain to industrial activity, creating products such as chocolates, beverages, baked goods, and personal care products.

Córdoba has a [tradition in marine fishing](#), including both artisanal and semi-industrial fishing. Its coastline allows it to develop diverse fisheries and gives its fishermen access to a wide range of marine resources. Córdoba's [PDEA](#) highlights the importance of sustainable management of fishery resources in conjunction with the Colombian Statistical Fishing Service, which involves steps to promote sustainable fishing, allow better conservation of natural resources, and reduce costs. Likewise, Córdoba has a large number of [areas available](#) for the production of fish such as bocachico, catfish, striped and yamu, totaling about 722,488 hectares ideal for these fish. Thus, strengthening fish farming in the department would generate incentives for the manufacture and sale of fish feed, fish processing, construction of equipment and specific supplies for fish farming (such as aeration systems, aquaculture nets, culture tanks and monitoring systems).

Some of the industry's challenges include expanding and strengthening its livestock industry to supply the local and regional market, as in the case of swine and beekeeping production, the inclusion of technology in the animal breeding process, and guaranteeing animal care, health and welfare standards. Other challenges are to include sustainable practices that minimize the impact on natural resources, generate incentives for young people to study careers related to the livestock sector, and improve access to financing and credit for investments in infrastructure and technology.

## TOURISM SECTOR

Tourism has become a driving force for development in Córdoba. [According to Juan Carlos Vega](#), representative of the hotel guild in the region, 2022 marked a milestone, being the best in terms of tourism in the last 10 years. The [Transportation Terminal](#) recorded a flow of 2,062,973 passengers in 2022, an increase of 112.9% compared to 2021. Hotel occupancy also closed at [88%](#) in 2022. This increase in mobility not only indicates a boom in tourism, it also creates opportunities for the hotel industry, transportation agencies and a variety of related services. In addition, Córdoba offers a wide range of events, such as the [Fiestas del Río, the Feria de la Ganadería](#), the celebration of [Montería's anniversary, and the Reinado Nacional de la Ganadería](#), which contribute significantly to the department's tourist appeal.

Córdoba has two airports: [Los Garzones International Airport](#), in Montería, and [El Pindo Airport](#), in Montelíbano. During 2023, Los Garzones International Airport handled 1,305,413 passengers, and El Pindo Airport, focused on domestic flights, is undergoing expansion plans. The coexistence of these two airports implies significant benefits for tourism development, encourages investment by providing transportation options, improves national connectivity, and reduces logistics costs. This duality also represents an opportunity for business tourism and contributes to greater logistical efficiency in the department.

Tourism in Córdoba faces several challenges to enhance its development. One of the fundamental challenges lies in the need to [diversify and strengthen the tourism offer](#), taking advantage of the department's natural, cultural and historical resources. In addition, the promotion and positioning of Córdoba as a tourist destination requires effective marketing strategies and collaboration with private sector actors. [Tourism infrastructure](#) is also a key aspect, and it is essential to improve accessibility, quality of services and accommodation capacity. Sustainability and preservation of natural resources represent a crucial challenge to ensure balanced tourism development. The training and professionalization of personnel in the tourism sector are essential factors in providing high-quality experiences. In addition, according to sources, bilingualism is one of the department's shortcomings.

Taken together, addressing these challenges will help position Córdoba as an attractive and sustainable tourism destination on the national scene.

## EXTRACTIVE SECTOR

Although the extractive sector does not appear as one of the main contributors to departmental GDP, it has significant economic development potential. According to data from the Colombian Mining Information System ([SIMCO](#)), Córdoba is engaged in the extraction of nickel, coal and gold, among other minerals and materials. In 2022, Córdoba was the only department in the country to produce nickel, with a production of 92,187,312 lb. This takes on greater relevance considering that nickel is one of the critical minerals for the energy transition (it is considered [a critical mineral](#), as there are few known deposits and there is a sporadic supply of it). This shows the importance of mining to achieve the Government's energy transition goals. However, President Petro's opposition to the extractive sector is one of the main challenges to achieve greater investment, as well as to reduce and mitigate the negative impacts of mining.

Additionally, in 2022 Córdoba received USD 124 billion ([COP 492.85 billion](#)) in royalties. According to data prepared by Crudo Transparente (a civil society organization focused on the hydrocarbons sector), Córdoba had the the second highest number of projects approved (165) with funding from the General Royalties System, which is equivalent to 8.2% of the national total, after Atlántico with 185 projects. The [sectors with the most projects](#) were education (22%), transportation (13%), sports and recreation (11%), and housing, city and territory (11%). This involves social development, infrastructure improvements and the strengthening of territorial autonomy.

The exploitation of mining resources in Córdoba represents a valuable opportunity to boost its economic development. With a total of [156 mining titles](#) in the department, according to the National Mining Agency, the door is open to the generation of employment and the construction of public works through the royalties generated. In addition, interest in this activity is evident, since [538 exploration and exploitation applications](#) have been made by national and foreign companies and individuals.

Taking advantage of Córdoba's mineral potential presents several opportunities, such as attracting specialized human talent, strengthening technical capacity and expertise in the department, and encouraging the development of mining-related value chains, which diversifies the local economy and promotes the growth of related sectors. For example, a significant demand for mining machinery maintenance personnel is created, generating employment in this area and in the sale of specialized equipment. This is evidence of the positive potential that mining can have on Córdoba's economic and social development.

The development of mining activity in Córdoba faces several significant challenges. The persistence of illegal mining and the confrontations between these groups and the Government have generated considerable tensions. In March 2023, in response to the burning of machinery by illegal miners, a [mining strike](#) was unleashed [that affected Córdoba](#), with blockades and confrontations with the security forces. The relationship between armed groups and illegal mining is another crucial challenge for the department, as their presence limits the attraction of investment, the arrival of human capital and increases the risk to the physical integrity of both personnel and infrastructure. These challenges highlight the complexity of the mining activity and the need to address these issues effectively to ensure sustainable and safe development of the sector.

## CONSTRUCTION SECTOR

The construction sector in Colombia, as in other regions of the country, is going through a challenging situation. In June 2023, both in Córdoba and Sucre, [71%](#) of the works for Social Interest Housing (VIS) were canceled before their completion. This implies significant losses for construction companies, generating job losses and a disincentive for future investments in the sector. The decrease in construction activity also has repercussions on

micro, small and medium-sized companies related to the sale of hardware, glass and paint, demonstrating the interconnection and scope of the economic consequences in various segments of the production chain.

Córdoba is experiencing a decline in construction licenses, with a [77.8%](#) drop. This decline in the construction of low-income housing is attributed to several factors, including the delays caused by the Covid-19 pandemic that have impacted the supply chain and market demand. In addition, changes in the '[Mi Casa Ya](#)' program have generated uncertainty and readjustments in project planning. [Luis Felipe Henao](#), former minister in the government of former President Juan Manuel Santos, highlights the lack of management by the government as an additional reason for the decrease in the construction of social housing. If strong actions are not taken to boost the purchase of housing and other infrastructure projects, it is likely that the crisis in the sector will extend during the term of the new governor [Erasmio Zuleta](#).

Despite the crisis affecting the construction sector, in the past the sector has played a crucial role as an engine of economic development in the department. At the national level, the government has launched a [housing program](#) that includes mortgage loans with monthly installments as low as USD 75 (COP 300 thousand). This initiative is presented as a strong incentive for buyers, which is likely to result in a significant reactivation of the construction sector in Córdoba and the rest of the country. The implementation of government programs of this type seeks to stimulate the demand for housing and mitigate the negative impacts of the crisis on the industry, encouraging investment and contributing to economic growth.

Some of the challenges for the construction sector are the outdated Land Management Plans (POT), about which the Minister of Housing, [Catalina Velasco](#), said that in 2022 only 20% were in force throughout the country. This implies difficulties for planning and the process of buying and selling land for the development of real estate projects. Another challenge is the lack of [additional financing resources](#) from the National Government, which limits reclassification or habilitation of land.

## TECHNOLOGY SECTOR

The [2020-2023 Departmental Development Plan](#) of Córdoba recognizes entrepreneurship as a fundamental basis for economic growth and also highlights the importance of science and technology as potentiators for the development of the department. However, Córdoba faces a lag in research, because it does not have research centers recognized by Colciencias. Therefore, the [Minister of Science](#) called on public universities in Córdoba to mobilize investment in science, technology and innovation after the allocation of USD 731 (COP 2.9 million) from royalties for a period of two years.

The CTel program was created to promote science and technology in the department. It seeks to generate welfare and opportunities for the people of Córdoba in the technology sectors through subprograms focused on high-level training and the promotion of scientific thinking that boosts the economy and productivity. Similarly, public universities should work hand in hand with the [Departmental Councils of Science, Technology and Innovation](#) in order to take full advantage of the potential of the Caribbean Region in terms of research and technological development. If achieved, this would imply greater competitiveness, attraction of investment, opening up to new markets, increased productivity and better relations between academia, the private sector and the public sector.

In August 2023, the [Ministry of Information and Communication Technologies](#) visited Montería to deliver an important investment for the technological development of the department, providing 1,962 computers and 79 educational innovation laboratories. This investment will benefit more than [142,000 students and teachers of approximately 247 educational centers in the department](#). Also, 68 electronic headquarters were delivered to educational institutions, which will benefit 100,000 people, and contribute to the strengthening of the technological infrastructure and the promotion of research in Córdoba. This will reduce illiteracy and the digital

divide and will also encourage the study of academic programs related to technology and information sciences, such as systems engineering and programming, thus increasing the supply of qualified personnel.

## MANUFACTURING SECTOR

According to the [departmental economic profile](#), manufacturing industry activities accounted for 11.3% of the department's GDP, with a total of 2,092 companies engaged in this activity. This participation not only demonstrates the relevance of the sector, but also stands out as a key niche of opportunities for the generation of employment and the attraction of investments, contributing significantly to the economic diversification of the department. The growing demand in the manufacturing sector drives the development of the department and stimulates complementary sectors such as education, since it demands a highly educated and trained workforce. This, in turn, enables entrepreneurs to access more specialized local talent prepared for the specific needs of the industry.

Despite the drop in manufacturing production at the national level during 2023, the manufacturing sector in Córdoba has maintained its relevance as a key driver of local economic development. According to the [DANE](#) in September 2023, Córdoba had a 9.6% increase in production, standing out against the national context. However, the 5.8% contraction in cumulative production from January to September poses significant challenges. This decrease implies pressure on companies' profit margins and increases financial risks, especially for those with high levels of debt or dependent on credit lines.

The negative variation of [-1.5%](#) in the number of employed personnel from January to September 2023 reflects a reduction in the production capacity of the manufacturing sector in Córdoba. This decrease has a direct impact on the capacity to meet market demand, which would limit the supply of products and services. On the other hand, according to [Promontería](#), in 2022, industrial goods accounted for 22% of exports, underscoring the relevance of the sector for the department. This highlights the urgent need to generate incentives to boost production growth, thus ensuring a greater flow of manufactured goods for the local and foreign markets.

## RENEWABLE ENERGY SECTOR

Córdoba is betting heavily on the renewable energy sector, with solar energy generation being one of its main attractions. During 2021, the then Minister of Mines and Energy, [Diego Mesa](#), promoted several projects in the department, such as La Tolúa, Tierra Linda, Campano and Pétalo de Córdoba II in Chinú, Planeta Rica in the municipality of the same name and PV La Unión in Montería. Together, these projects have a generation capacity of 258.5 megawatts, which could be integrated into the national energy system. These figures reflect the department's photovoltaic potential, which attracts investment and fosters innovation in solar technologies, promoting advances in efficiency and cost reduction in the sector.

In 2023, former Minister of Mines [Irene Vélez](#) promoted the pilot project of the 'Aguasol' floating solar plant in Tierralta, in the south of Córdoba, equipped with 3,248 photovoltaic modules that are expected to generate 2,400 MWh annually. These initiatives not only promise to expand the labor supply, but also offer opportunities to companies specialized in the manufacture of solar panels and maintenance services. They also promote the attraction of human talent and the viability of public-private partnerships, highlighting their potential for economic development and innovation in Córdoba. According to the Ministry, Aguasol will serve as a pilot for rigorous scientific research, defining the advantages of implementing conventional photovoltaic systems on land. This trend in renewable energies also opens up significant opportunities for academia.

The department is focusing its efforts on agroindustrial development through the use of renewable energy as a priority. Due to the El Niño, [Solargreen](#) has plans to build photovoltaic solar panels, which harness sunlight to generate electricity while allowing agricultural production on the land. This installation will cover around 496

hectares, representing a step forward not only in the energy transition and pollution reduction, but also an opportunity for agricultural development and food security in Córdoba.

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN CÓRDOBA:

Córdoba is made up of 30 municipalities. Taking into account the information available at the municipal level, the departmental context and the number of municipalities, we found that the most and least risky municipalities in Córdoba are:

MUNICIPALITY WITH THE LOWEST RISK IN CÓRDOBA

The municipality with the lowest risk in Córdoba is the capital, Montería. Located in the west of the department, it borders the municipalities of Canalete and Los Córdoba to the northwest, Puerto Escondido, San Pelayo and Cereté to the north, San Carlos and Planeta Rica to the east, Tierralta and Valencia to the south, and the department of Antioquia to the west.

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK BY DIMENSION		
CATEGORY	LOWEST RISK	HIGHEST RISK
Security	Canalete	Tierralta
Politics	Cotorra	Montería
Economy	Montería	Purísima
Institutions	Montería	San Pelayo
Society	Planeta Rica	Tuchín
Environment	Canalete	Puerto Libertador

The data collected indicates that the municipality has a high risk in the security category. During 2021, with [a population of more than 509,000 thousand inhabitants](#), Montería was the tenth municipality with the lowest homicide rate in the department ([13 homicides per 100 thousand inhabitants](#)) and was the municipality with the highest number of extortions ([36](#)). There were no reports of kidnappings, massacres or assassinations of social leaders. The [Third Division of the National Army](#) is present in the department, which provides certain guarantees to the communities and the business sector. Although the absence of coca crops prevents crime and violence from expanding exponentially in the municipality, the presence of armed groups in the department means that its capital is also affected by [the presence of illicit economies](#). Additionally, it is necessary to consider that the lack of access to institutions or the lack of internet access limits the information available on these problems. This means that, given a possible underreporting of data, the reality in the territories may be different.

According to data collected and available at the municipal level, Montería is the most risky municipality in the political category. During 2021, it was the municipality with the highest number of victims recorded for threats against human rights defenders and public officials ([77](#)) and for abuse of authority by arbitrary or unjust act ([22](#)), and the second with the second highest number of victims recorded for crimes of improper conclusion of contracts ([4](#)). These crimes suggest impacts on the public service and corruption dynamics in the municipality. For the business sector, this increases the probability of reputational and legal risks when contracting with local authorities. However, the fact that there is no record of the other crimes that make up the category does not mean that they do not occur, but rather that due to lack of access to institutions or even fear, people do not always report them.

Regarding the economic category, Montería is the municipality with the lowest risk. By 2021, it was the municipality with the highest human capital, [84.18%](#) of the population had higher education. This suggests that companies will have a labor market with good levels of specialization, which increases Montería's competitiveness against investors or entrepreneurs in productive sectors with higher added value. Additionally, it was the municipality that contributed the most to the departmental GDP ([30.13%](#)), largely because it is the capital of the department and where there is a greater diversity of commerce. The municipal economy is focused on the [livestock, agribusiness](#), tourism, and commerce sectors. Its percentage of human capital plus the potential in the livestock industry and the strengthening of tourism make the municipality attractive for companies and industries seeking to invest in these sectors. It is important to mention that the lack of information at the

municipal level on variables such as banking and business fabric makes the analysis limited and does not fully reflect the reality of Montería.

Montería is the municipality with the lowest institutional risk in Córdoba. At the departmental level, it is the municipality with the best score in the 2021 Municipal Performance Measurement ([64 out of 100](#)) and the third best score in the 2021 Digital Government Index ([80 out of 100](#)). This suggests efficient institutions in the implementation of the Municipal Development Plan and the budget, as well as a high level of ICT integration, which is positive for businesses as it implies greater agility in carrying out procedures.

It was the second municipality with the lowest social risk. Montería was the municipality with the lowest population in poverty ([27%](#)) in the department, according to the DANE's Multidimensional Poverty Measurement. It is important to clarify that it is a measurement from the last census of 2018, so it does not take into account the situation caused by the pandemic. This means that the figure is most likely relatively similar or has risen, taking into account that at the departmental level [the population in poverty condition](#) during 2019 (34.7%), 2020 (31.8%) and 2021 (26.9%) was well above the national total in the three years. The municipality has [health insurance](#) and [education coverage](#) of more than 99%, and had an [intra-annual school dropout](#) rate of 2.2%, according to the data collected. This suggests that in Montería, the population has a better welfare condition than others in the department, which implies a lower risk of clashes between communities and companies. Likewise, the risk of communities seeking that companies solve their needs and demands decreases.

The municipality of Montería has a moderate environmental risk according to available data. During 2021, it was the municipality with the most records of crimes for illegal use of renewable natural resources ([28](#)), it presented [two cases](#) for crimes of damage to natural resources and ecocide, and [one case](#) for illegal exploitation of mining deposits and other materials. These figures show damage to the environment that has repercussions on people's health, the use of natural resources and the sustainability of economic activities.

#### MUNICIPALITY WITH THE HIGHEST RISK IN CÓRDOBA

The municipality with the highest risk in the department of Córdoba is Puerto Libertador. It is located in the southeast of the department. Puerto Libertador is bordered on all fronts by the municipality of Montelíbano, except to the south, where it is bordered by the department of Antioquia.

The data collected indicates that it is the second most at-risk municipality in the security category. During 2021, with [a population of more than 43 thousand inhabitants](#), Puerto Libertador had the third highest homicide rate in Córdoba ([39 homicides per 100 thousand inhabitants](#)), and recorded [five cases](#) of extortion and the [murder of a social leader](#). The [Third Division of the National Army](#) has a permanent presence in the department, which should provide peace of mind to the community and the business sector. However, as the second municipality with the most [hectares of coca](#) (1,374ha), it is affected by [the violence exercised by armed groups](#) for territorial control. This probably discourages the creation and arrival of new businesses, prolonging cycles of violence and limiting the municipality's development.

According to data collected and available at the municipal level, Puerto Libertador has a high political risk. During 2021, it was the second municipality (after Montería) with the second highest number of victims of threats against human rights defenders and public officials ([48](#)), and [four](#) for the crime of abuse of authority by arbitrary or unjust act. These figures imply that the municipality presents a certain degree of political instability affecting public services and possible corruption dynamics, which increases the levels of reputational and legal risk for the business sector when seeking contracts with local authorities. However, the fact that there are no records of the other crimes that make up the category does not mean that they do not occur, but rather that due to lack of access to institutions or even fear, people do not always report them.



Regarding the economic category, Puerto Libertador has a low risk level. In 2021, only [0.03%](#) of its population had higher education, which suggests that most of the municipality's labor force is unskilled. This limits the attractiveness of the territory to investors or entrepreneurs in productive sectors with higher added value. It was the tenth municipality that contributed the most to the departmental GDP ([2.20%](#)). Like the rest of the department, economic activities related to livestock, agriculture and mining are carried out in Puerto Libertador. It is important to mention that the lack of information at the municipal level on variables such as banking and business fabric makes the analysis limited and does not fully reflect the reality of the municipality.

Puerto Libertador has a moderate institutional risk according to available data. At the departmental level, it was the tenth municipality with the lowest score in the [2021 Municipal Performance Measurement](#) (40 out of 100) and the twelfth with the best score in the [2021 Digital Government Index](#) (64 out of 100). This suggests that local institutions need to work to improve their efficiency in implementing their development and budgetary objectives, and that there is an intermediate level of ICT integration by institutions. For the business sector it implies longer bureaucratic processes that increase time and delays in the development of their activities.

The municipality has a high social risk. In 2021, more than half of its population was in poverty (58.9%), according to the DANE's [Multidimensional Poverty Measurement](#). Regarding this variable, It is important to clarify that it is a measurement from the last census of 2018, so it does not take into account the situation caused by the pandemic. This means that the figure is most likely relatively similar or has risen, taking into account that at the departmental level [the population in poverty condition](#) during 2019 (34.7%), 2020 (31.8%) and 2021 (26.9%) was well above the national total in the three years. The municipality has a high health insurance coverage ([90.2%](#)) and education coverage ([98.1%](#)), but was the fourth municipality with the highest intra-annual school dropout rate ([4.8%](#)). This suggests that in Puerto Libertador the population has a lower welfare condition than others in the department, which implies a higher risk of clashes between communities and companies. Likewise, the risk of communities seeking solutions from companies to their needs and demands in the absence of the State increases.

Puerto Libertador presents a moderate environmental risk according to the data consulted. During 2021, it was the municipality that registered the most cases for crimes of illegal exploitation of mining deposits and other materials ([5](#)) and for crimes of environmental contamination ([2](#)). These figures show damage to the environment that has repercussions on people's health, the use of natural resources and the sustainability of economic activities.

SUCRE:

According to our [2022 Subnational Risk Index](#) (2022 SRI), of Colombia's 32 departments, Sucre is the twelfth least risky department to invest in. This does not mean that it is exempt from challenges. It is important to examine the behavior and characteristics of the department to understand the opportunities and risks it presents to the business sector and investors interested in Sucre.



DEPARTAMENTAL RISK INDEX OF SUCRE

		DIMENSION					
RANKING	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
1	Corozal	6.63	2.22	75.77	21.19	22.60	3.23
2	Sincelejo	28.78	77.78	0.00	18.69	8.55	28.23
3	Sampués	8.88	4.44	97.03	16.49	36.58	10.75
4	La Unión	5.56	0.00	96.82	31.15	38.83	2.42
5	San Marcos	3.69	0.74	94.56	15.84	35.70	37.50
6	Tolú Viejo	6.69	5.93	92.59	30.49	32.22	27.42
7	Coveñas	24.53	12.22	92.84	3.37	44.64	0.81
8	Majagual	4.36	0.00	95.01	60.55	28.50	0.81
9	Palmito	12.30	0.00	99.06	23.47	47.91	7.42
10	San Juan de Betulia	10.34	0.74	99.05	41.04	36.75	0.81
11	San Onofre	14.85	0.00	96.65	42.23	35.37	4.03
12	Galeras	7.87	0.00	98.37	44.53	44.17	0.81
13	Buenavista	1.65	0.00	99.16	54.86	42.39	0.00
14	Coloso	4.14	2.22	99.86	54.02	38.19	1.61
15	Ovejas	4.72	20.74	97.82	48.24	20.12	8.23
16	Guaranda	6.92	0.00	98.55	40.63	49.74	14.11
17	Caimito	2.25	10.00	99.04	35.61	61.78	4.84
18	San Luis de Sincé	9.91	3.70	95.93	58.46	47.29	0.81
19	Santiago de Tolú	9.86	20.37	96.64	31.53	34.26	29.03
20	Los Palmitos	1.51	6.67	98.51	75.68	30.94	8.23
21	San Pedro	18.68	2.22	98.62	63.59	35.63	1.61
22	Morroa	6.84	0.00	99.14	52.62	58.15	12.42
23	El Roble	3.67	10.00	99.64	57.19	47.43	10.81
24	Sucre	3.08	0.00	98.15	72.95	61.40	1.61
25	San Benito Abad	11.98	2.22	97.88	68.34	55.21	4.84
26	Chalán	24.52	0.00	100.00	59.65	52.22	0.00

## SECURITY:

According to our 2022 SRI, Sucre is the eleventh department nationally and second in the Caribbean with the lowest security risk. In 2021, with a [population](#) of more than 950,000 people, it had a homicide rate of [24](#) homicides per 100,000 inhabitants, [two kidnappings](#) were recorded and it had a rate of [13.2](#) extortions per 100,000 inhabitants. There were no massacres or [hectares of coca](#), and only [one](#) social leader was assassinated. In addition, the department has the presence of the [Seventh Army Division](#) and the [Marine Corps](#), which provides a certain degree of guarantees to the communities and the business sector.

Sucre, and more specifically the [Montes de María](#) sub-region, was an area of operations of paramilitary groups such as the Autodefensas Campesinas del Magdalena Medio and the [Autodefensas Unidas de Colombia \(AUC\)](#). The demobilization of these groups in 2007 gave way to the creation of the [Clan del Golfo](#) or Autodefensas Gaitanistas de Colombia (AGC). The armed group carries out [extortion](#), [homicides](#), [trafficking](#), and [carrying and possession of weapons](#). This implies high levels of insecurity in rural areas, which makes it difficult for private enterprise to operate outside the departmental capital.

Likewise, although there is no record of coca hectares in the department, sources interviewed by Colombia Risk Analysis stated that drug trafficking does occur in the department, especially in the south. This [has](#) a negative impact on the quality of life of the population, is related to forms of social exclusion and institutional fragility, leads to increased insecurity and violence, and undermines governance. On the other hand, according to the experts interviewed, the Montes de María sub-region continues to be hit by violence, which is caused by the difficult access, which does not allow the presence of the State and, on the contrary, facilitates the territorial control of illegal groups. This is an obstacle to the competitiveness of companies operating in this territory and is a barrier to attracting investment.

In 2022, the Clan del Golfo's armed strike had a significant effect on the department. The group's armed actions took place throughout Sucre, through the [incineration](#) of private and public vehicles, intimidation of commerce, closure of commercial establishments and [road blockades](#), among other attacks on communities. These types of actions paralyzed the department and carried significant economic losses for all sectors. Thus, negotiating with the Clan del Golfo within the framework of Total Peace, would imply lower levels of violence by the armed group. However, there is a [low probability](#) that negotiations will advance in the short and medium term.

On the other hand, there have been recent [clashes](#) between the Clan del Golfo and illegal criminal groups such as the Norteños and the [Military Resistance in Sucre](#). This has resulted in a significant [escalation](#) of violence, with 65 murders in March and 16 in April 2023. Between January and August 2023, the wave of killings, as a result of the confrontation between the AGC and the Norteños, had resulted in [239](#) homicides, an increase of 94% over the previous year. The presence of these groups and their criminal activity implies a risk for investors and local populations, as they represent a threat to the development of their activities.

Drug trafficking-related activities also take place in the department, such as [transport](#) to and from the Gulf of Urabá. However, unlike in other departments, these are not the main activities of the armed groups. In Sucre, and other [Caribbean](#) departments, extortion is one of the most prevalent crimes. It has significantly affected [traders](#), who have been forced to close their businesses for fear of [reprisals](#) for not being able to comply with the "vacunas". Another sector that has been affected is [cattle ranching](#), with armed groups such as the Clan del Golfo slaughtering cattle and threatening to [kidnap](#) farm workers to pressure for extortion payments. Through extortion, the armed groups exert territorial control and obtain financing for their operations. Thus, the high sums of money demanded by the armed groups as payment reduce the profits of the businesses, sometimes forcing them to close. It also [limits](#) their capacity to grow and provide employment.

## ECONOMY:

For 2022, according to the [Departmental Economic Profile](#) of Sucre of the Ministry of Commerce, Industry and Tourism, the most important sector for the departmental GDP was public administration and defense (30.2%). In second place was commerce, hotels and repairs (19%); in third place, agriculture, livestock and fishing (11.4%); in fourth place, the construction sector (8.3%); and in fifth place, manufacturing industries (6.9%). The fact that public administration and defense occupy the first place with almost a third of the departmental GDP means that the most important employer in the department is the State and that most of the investment comes from public spending. Additionally, the fact that commerce, hotels and repair is the second most important sector of the departmental economy shows that it is highly dependent on the capacity to provide services. This is in contrast to the lack of sectors with a lower contribution that generate sectors with higher added value and that would allow diversifying Sucre's economy.

According to the 2022 SRI, Sucre is the eighth department nationally and first in the Caribbean Region with the highest economic risk. The department is the twelfth nationally and third in the Caribbean with the lowest banking penetration, with only [40.3%](#) of adults having an active financial product. This figure is below the national average of 42% and suggests that there is little development in the financial system, which hinders the development of the economy and limits formal hiring. Occupying the same positions in terms of human capital, only [30%](#) of the population in Sucre has higher education. According to sources, this is due in part to the limited supply of education, with only one public university with limited quotas. A low level of human capital makes it difficult for the private sector to find skilled labor and prevents higher value-added sectors from succeeding. This is especially important when considering that the commerce, hotels, and repair sector is the second most important sector of the departmental economy, since the service sector requires specialized labor for its development.

The department is the fourth at the national level and third in the region with the smallest business fabric. Only 274 companies generate formal employment per 10,000 inhabitants. The low business fabric in the department results in a high level of informal labor. In the second quarter of 2023, Sincelejo had the highest level of informality of the 23 cities analyzed by the DANE, with a labor informality of [68.7%](#), above the national total (56%). A high level of informality leads to significant levels of inequality and lower productivity. In addition, informality generates competition for formal companies, which, in order to comply with their obligations to the State, must operate at higher costs.

Another factor that fosters informality is unemployment. By August 2023, Sincelejo had an unemployment rate ([10.9%](#)) above the national rate (9.3%). In 2021, the director of the Sincelejo Chamber of Commerce, Herman García Amador, considered that the high unemployment and informality was a [consequence of the pandemic](#). This caused a loss of jobs and those who managed to reactivate their labor activity did so in a situation of informality. High unemployment reduces the purchasing power of the population, which in turn reduces spending and affects sales in different sectors, such as retail or the food industry. In addition, unemployment also increases poverty levels, which implies a lower quality of life and lower productivity.

Sucre has the [Gulf of Morrosquillo Port Zone](#), which comprises three municipalities. According to the Departmental Development Plan, six different cargo companies operate in this port zone, moving cement, clinker, hydrocarbons for export, liquid fuels, and cement. The port zone implies easy access to international markets and the export of goods produced in the department, as evidenced by the export of [25 million tons of cargo](#) through the port between January and December 2022. In addition, the port makes the department a strategic connection between the interior of the country and international trade. This makes Sucre a more attractive department for investment.

## INSTITUTIONALITY:

According to the 2022 SRI, Sucre has a high institutional risk. For 2021, the department scored [64.57](#) out of 100

in the Departmental Performance Measure. This score suggests that the proposed goals are being achieved in terms of management and investment by local authorities. However, sources commented that one of the great challenges facing the department in terms of local institutions is that the POT (Land Management Plan) is outdated. This limits the development of the business sector and the attraction of investment, since the needs of each municipality are not mapped and there is no clarity regarding land use.

In the 2021 Digital Government Index, Sucre obtained a score of [74.4](#) out of 100. This means that there is a good level of integration of Information and Communication Technologies by local authorities, which allows a more efficient development of business activities. However, according to the Departmental Development Plan, the broadband penetration rate was 5.94%, below the national average of 13.81%. Low internet coverage is an obstacle for the private sector, as it reduces the efficiency of business operations, such as the flow of information and resources, hinders communication with clients, and impedes the development of market research.

In addition, the experts interviewed commented that one of the challenges faced by the private sector is the slowness of local authorities to respond to the requirements of investors. The lengthy nature of the procedures and processes with local entities causes investments to be delayed. They also increase uncertainty, as there is no guarantee that the permits requested will be granted.

As for the National Anti-Corruption Index, for 2021 Sucre obtained a score of [77.6](#) out of 100. While this is not a bad result, it ranks third in the Region with the lowest score in this variable. This means that the department has a moderate capacity to prevent and fight corruption. This can be a disincentive for the business sector, as it hinders public-private partnerships and implies reputational risks due to the existence of corruption dynamics.

## SOCIETY:

Sucre has a moderate social risk, according to the 2022 IRS. According to DANE data, the [Multidimensional Poverty Index](#) in the department decreased from 30.3% in 2021 to 26% in 2022. Despite the improvement, Sucre is the ninth department nationally and second in the Caribbean with the highest percentage of population living in poverty (double the national total of 12.9%). This is likely to be a disincentive for private enterprise, as it increases the risk of conflicts with communities that demand that companies meet their unsatisfied basic needs. Likewise, Sucre is the ninth department with the highest housing deficit; [66.8%](#) of the houses have structural deficiencies and require improvements. These are factors that negatively affect people's quality of life and can reduce worker productivity.

On the other hand, [100%](#) of its population is insured under the contributory and subsidized health care system. In terms of education, [100%](#) of the population has access to education and it is the seventh department with the lowest school dropout rate ([2.5%](#)). According to sources, despite the educational offer, there is a problem regarding the transition from education to professionalization, which hinders the connection between the educational stage and the labor market.

There is a good level of [public service coverage](#) in urban areas: 94% for water, 68% for sewerage, 82% for sanitation, and 80% for potable water. In contrast, coverage is much lower in rural areas: 56.3% for water, 7% for sewerage, and 7.7% for sanitation. According to the sources consulted, public services are one of the main challenges facing private enterprise and investment in the department. The situation of public service coverage in rural areas makes it difficult for the business sector to establish itself.

On the other hand, electricity has very high costs in the department and in the Region in general, and is severely affected by variables such as the price of energy on the stock exchange, the country's generation capacity and climatic phenomena such as El Niño. In 2022, the price of energy [increased](#) by 37.19% in Sincelejo, being the most significant increase among the regional capitals (Montería 37%, Valledupar 36.8%, Cartagena 35.8%, Riohacha 33.9%, Barranquilla 32% and Santa Marta 26.98%). Sources mentioned that the electricity bill can take



up a substantial portion of the income of households and companies. This raises the operating costs of companies, which is reflected in the final price of products and is a cause of [increased](#) social discontent.

Although demonstrations by local communities are not common, and the people interviewed even emphasized that there is a very good relationship between the population and the private sector, there have been protests over [water shortages](#) and [electricity costs](#). Problems related to public services increase the risk of clashes and/or confrontations between the local communities and the private company, as people will probably demand that the companies supply these services.

### ROAD INFRASTRUCTURE:

According to the [2020-2023 Departmental Development Plan](#), Sucre has a road network of 2,314 kilometers. Of these, 24.59% are paved, 49.43% have a protective layer (such as gravel) and 25.39% are dirt roads. The department is not lacking in terms of road connections to the rest of the country, with multiple highways such as the Troncal de Occidente and the Transversal del Caribe, which connects with the Ruta del Sol, linking Sucre with other departments and highways throughout the country. This means lower transportation costs and easier access to other markets, increasing business opportunities.

However, the department does have difficulties in the connection between the capital, the municipal capitals and the economic production zones, due to the poor condition of the secondary and tertiary road network. Of the 357.7 km of the secondary road network, 21.47% is paved, 57.77% has a protective layer and 30.76% is dirt. Most of the department's road network is tertiary (63.92%), only 5.43% is paved, 62.29% has a protective layer and 32.28% is dirt. In addition, the condition of the roads worsens in the winter. The poor condition of the roads hinders communication between the department's municipalities and their access to the country's main roads. Difficult mobility also increases transportation costs and times, which is reflected in the prices of products, reducing their competitiveness in the market.

According to the Departmental Development Plan, Sucre's river ports become very important during the winter season because of the navigability of the rivers as an alternative form of transportation to the highways, which are affected during this time of year. The department has three public river ports: the Caimito dock (Las Guaduas), Puerto San Benito Abad and Puerto Real de San Marcos, with [capacity](#) to transport passengers and general cargo. Similarly, port infrastructure, such as cargo transfer centers, is limited. Therefore, the department remains dependent on the road network.

According to the sources interviewed, the department presented serious deficiencies in terms of infrastructure investment, due to the limited resources available. They commented that the department obtains financing mainly from the General Royalties System and from its own resources for infrastructure projects. However, the government program of the current governor Héctor Olimpo Espinosa has [focused](#) on these deficiencies. The sources mentioned that an [investment](#) of USD 252.3 million (COP 1 billion) was made in road infrastructure, with the plan to ensure the connection of the municipal capitals of the 26 municipalities with the national roads. Some of these roads have already been built and others are under construction. In addition, 1,500 kilometers of tertiary roads have been recovered. This improves the quality of life of the inhabitants, has an impact on security and territorial control, facilitates the entry and exit of products, and improves economic indicators.

### ENVIRONMENT:

According to the 2022 SRI, Sucre has a high environmental risk. In 2021, the crime where most cases were recorded was the illegal exploitation of renewable natural resources (with [98 cases](#), Sucre was the fourth department at the national level and second in the Caribbean), followed by the crime of illegal exploitation of mining deposits and other materials ([12 cases](#)) and four cases of crimes of [damage to natural resources and ecocide](#) and [environmental pollution](#).

Regarding deforestation, there have been three consecutive years of reduction in deforested hectares. From 271 in 2020, 127 in 2021 to 118 hectares in 2022, according to IDEAM data. This can be explained by the absence of coca crops, which is usually one of the main causes of deforestation. Similarly, this reduction is due to efforts to reforest the Mojana sucreña, a project [initiated](#) in 2018 by the [Corporation for the Sustainable Development of La Mojana and San Jorge](#). However, the project has had limited progress, due to [little progress](#) and possible [corruption](#) in the execution of contracts by the Corporation and the [breach](#) of the "Cara de Gato" dam in 2021, which resulted in the flooding of 7,000 hectares. These events jeopardize reforestation efforts and create the risk of returning to [deforestation](#) patterns experienced in the Mojana region of Sucre in previous years.

The IDEAM [projected](#) the arrival of the El Niño phenomenon in the second half of 2023. [Since May](#), it warned that Sucre was one of the departments most susceptible to water shortages as a result of the phenomenon. By August, the effects began to be felt with a decrease in the levels of the marshes in the north of the country, which makes navigation difficult and increases the risk of running aground. It also puts fishing activity at risk by [reducing](#) the amount of fish and causing damage to existing crops. On the other hand, water shortages are likely to negatively affect the productivity of the agricultural sector, resulting in poorer harvests, less pasture, lack of water for irrigation and livestock, and thus lower yields.

The department is also vulnerable to the La Niña phenomenon. In 2022, according to [Fedegán](#) data, Córdoba and Sucre were the cattle-raising departments with the most affected hectares (257,598 and 187,620 hectares each). The winter wave caused the death of 15,169 animals and the displacement of 157,567 in Sucre. It is estimated that economic damages in terms of production and marketing of animals and milk exceeded USD 42,400 (COP 168 million). Weather phenomena increase uncertainty for the private sector, since they are beyond its control and may entail significant economic losses. In addition, damage caused to the land may take a long time to recover, causing damage even after the phenomenon has passed.

Based on sources interviewed by Colombia Risk Analysis, although illegal mining has little incidence in the department, illegal mining in Bajo Cauca Antioquia does negatively affect Sucre, [especially the La Mojana region](#). The use of toxic chemicals, such as mercury for the extraction of minerals, means that these end up being transported down the Cauca River from regions such as Nechi in Antioquia, where illegal mining takes place, to La Mojana in Sucre. In addition to the toxic substances, the [sedimentation](#) transported by the Cauca River from Antioquia creates deposits in La Mojana that cause flooding. Therefore, it is necessary to work together with the local governments and authorities to counteract and control this problem. Otherwise, there could be more serious economic and environmental impacts in the short and medium term.

## POLITICS:

According to the 2022 SRI, Sucre is the third department at the national level and first in the Caribbean with the lowest political risk. Between 2008 and 2021, the department had four governors. In terms of political instability that affects the public service, in 2021, there were [three victims](#) for electoral crimes; [27 victims](#) for threats against human rights defenders and public officials; [five victims](#) for crimes of improper celebration of contracts; [58 victims](#) for crimes of abuse of authority by arbitrary or unjust act; and there were no victims for [crimes of constitutional and legal regime](#). This suggests that the department has a good degree of political stability, which provides guarantees for the development of the activities of the business sector or in the case of working together with the departmental authorities.

On the other hand, as in other departments, Sucre experienced threats ahead of the October regional elections. According to the last report of the [Electoral Observation Mission](#), 38.5% of the municipalities (10 out of 26) were at risk due to electoral fraud and 65.4% (17 out of 26) were at risk due to violence. According to a [complaint](#) by Governor Héctor Espinosa Oliver, the Clan del Golfo demanded money from candidates and corporations in Sucre to let them do politics. Likewise, the armed group pressures candidates to sign future commitments, in case they are elected. This problem undermines the democratic endeavor and the legitimacy of the results. If corruption

and influence in the elections transcends, the private sector seeking to establish partnerships with the public sector runs reputational risks of associating with corrupt candidates.

Experts mentioned that, like most departments in the Caribbean Region, politics in Sucre are also characterized by the presence of political clans (structures made up of members and close associates of a family who play an active role in the public and/or private sector. They hand out positions and concessions through nepotism, maintain themselves in power through clientelism, and profit from public resources). According to the people interviewed, the existence of political clans has meant that the business sector must sometimes pay an amount to be able to participate in bids and public contracts. This has led to the exit or loss of interest of investors due to the dynamics generated between the business sector and these families, which ends up limiting the development potential of the territories.

In the case of Sucre, one of the clans that controls power is that of [Héctor Olimpo Espinosa](#), current governor and former mayor of Sincelejo (2008-2011). The governor's sister, Karina Espinosa, was elected as senator for the Liberal Party (2022-2026). In August, there were allegations of undue pressure by the governor to favor the campaign of Lucy García, a gubernatorial candidate from the same political party. After the merger of the San Marcos and Corozal hospitals and the ESE of San Juan de Betulia as a single institution called Hospital Universitario de Sincelejo, hospital workers were ordered to vote for the candidate. In addition, 500 positions were created for the new hospital, contradicting the main objective of the merger: austerity. If these accusations are proven, the clientelism implemented to secure votes, the expansion and consolidation of the clan in public positions through nepotism, and the dynamics of corruption in public spending with their own interests would become evident.

## INVESTMENT OUTLOOK IN SUCRE:

### AGRICULTURAL SECTOR

In 2022, according to the [Ministry of Commerce, Industry and Tourism](#), the agriculture, livestock and fishing sector accounted for 11.4% of the departmental GDP. According to the Departmental Development Plan, the agricultural sector occupies 83% of the total land area used by the department's production chains, with 893,389 ha out of 1,091,700 ha. The main permanent crops are sugarcane (23.9%), banana (23.4%), oil palm (17.7%), mango (12.1%) and avocado (7.9%). In terms of transitory crops, cassava (44.5%), rice (31.1%) and yams (10.8%) are the most important crops. The sector faces a multitude of challenges in the department, such as a high incidence of climatic phenomena, low levels of technology transfer, and intensive and inappropriate use of soils. These factors limit crop productivity and impede the transformation of raw materials to generate added value.

Of the transitory crops, according to the [DANE](#), between 7,000 and 15,000 hectares of mechanized rice were harvested in the department in the first half of 2023. This crop is especially important for municipalities in the La Mojana subregion, where 40% of the rice consumed nationwide is produced, according to sources interviewed. However, it is highly vulnerable to climatic variations because of its dependence on rainfall. According to the Departmental Agricultural Extension Plan, the department only has 10 irrigation districts: Sincelejo (4), San Pedro (1), Ovejas (3), San Antonio de Palmito (1) and Corozal (1). The lack of irrigation districts means that rice crops depend on rainfall for crop viability, which translates into reduced production and vulnerability to climatic conditions. On the other hand, the department [will have](#) the second-largest rice mill in the country for drying, threshing, and storing rice. This will make it possible to store the crop and prevent production from being lost.

One of the crops that presents great opportunities and has become very important both at the departmental and [national](#) level is oil palm. According to the Agricultural Extension Plan, between 2014 and 2018, African palm accounted for 1.03% of the harvested area and 3.28% of production. In 2021, according to [Fedepalma](#), there were 808 hectares planted with oil palm, 687 hectares in production and more than 200 jobs (direct and indirect)

were generated. The growing demand for these products in the international market for their various uses, such as the production of [biodiesel or for electricity generation and heating](#), represents an export opportunity for the department. Additionally, it would allow the diversification of its export basket. This, taking into account that 97.5% of the department's exports are crude oil, and that the current government seeks to accelerate the energy transition and reduce dependence on hydrocarbon exports.

According to our sources, avocado is one of the most promising incipient crops in the Montes de María subregion. This is due to the richness of the soils and the constant rainfall that keeps them humid, ideal conditions for avocado cultivation. However, producers in the subregion are having a hard time getting their products out of the area due to the lack of roads and insecurity problems, which has caused the loss of tons of avocado. This limits the sector's development and competitiveness.

Rice is one of the crops most affected by climatic phenomena, with the loss of entire crops due to flooding and prolonged periods of drought. As mentioned earlier, the La Mojana sub-region has been severely affected by flooding, which is a consequence of the constant overflowing of the Cauca River. To address these difficulties, the La Mojana Macroproject was conceived (with an investment of approximately USD 504.7 million (COP 2 billion) according to sources interviewed), in collaboration between Sucre and Bolívar, two of the four departments that share the La Mojana sub-region. This project seeks to reduce the [risk of flooding](#) and includes infrastructure to protect the Cauca River, channeling of canals, cleaning of swamps, and environmental recovery. In addition, it also seeks to control water levels to allow crop irrigation, which would reduce dependence on weather conditions to be able to produce 365 days a year.

Regarding cassava crops, sources mentioned that the department went from 20 thousand tons produced per year to 45 thousand tons. Sucre is the [third department](#), after Bolívar and Córdoba in the Caribbean, with the highest cassava production volumes. According to the Departmental Development Plan, cassava is a historical source of income and food security for the population, which is why it is part of Sucre's cultural and gastronomic identity. Currently, the manufacturing industry represents 6.9% of the departmental GDP. Of this total, 22.8% is based on the production of food products. Thus, the use of cassava for the production of food industry products, as an input in snacks, bakery, beer and pet food, represents an opportunity for the department to generate products with greater added value given the extensive knowledge that its inhabitants have in the cultivation of cassava.

An example of this is the "[Nativa](#)" beer made from industrial cassava from the department. This is an important initiative that allows the transformation of cassava raw material into starch. It also has alliances with multinationals and served as a lifesaver for the company Almidones de Sucre, which was experiencing economic difficulties.

Some of the experts contacted commented that the government is seeking to address the low level of technification of the activity by [establishing](#) a new SENA office specialized in agricultural training in La Mojana. This initiative would allow for the promotion of agriculture among new generations, but also the acquisition of knowledge that would lead to improving productivity and better practices in permanent and transitory crops in the department.

## LIVESTOCK SECTOR

According to the [Departmental Agricultural Extension Plan](#), cattle raising is the most important economic activity within the livestock sector. By 2019, the department had a [cattle inventory](#) of 1,076,686 cows. Cattle raising in the department is dual-purpose, for meat and milk production. Despite being one of the most important economic activities in the department, it faces challenges that limit its productivity, such as the limited implementation of technology. Direct grazing without feed supplementation and manual milking still

predominates. This leads to poor nutritional implementation of cattle and low milk production. On the other hand, this is one of the activities that is most vulnerable to droughts. According to the Departmental Development Plan, constant droughts from 2015 to 2020 decimated cattle productivity, especially the drought between November 2019 and January 2020 that caused the death of almost 5,700 cattle. Vulnerability to weather cycles implies high uncertainty for the private sector. While this impacts the sector's productivity, it also opens opportunities to attract foreign capital to enable the implementation of mitigation programs and more sustainable processes that reduce the sector's environmental footprint.

In response to the climatic challenges facing cattle ranching in Sucre, since [2015](#) the department began to venture into sheep ranching. This is due to the ability of hair sheep to reproduce in [high temperatures and arid climates](#). Sheep farming is not seasonally reproductive, which allows the industry to maintain production throughout the year. The sheep sector has [export](#) potential, as international markets such as Arab countries attach great importance to lamb meat, which represents an important opportunity for investment in the department. The challenge will be to meet the requirements of these countries on health issues, such as Halal certification (determines that a product or service complies with the provisions of Islamic law for it to be consumed). Therefore, not only will private investment be needed, but also government support to promote the best practice programs and technical support to meet these requirements.

According to our sources, fish farming projects have also been promoted in the Mojana subregion. In the last two years, 10 million new fry have been grown in the area. It is expected that the fry will be [raised and fattened](#) for the subsequent marketing of fish from the subregion. This would strengthen local economies and create new production opportunities.

## TOURISM SECTOR

According to the Departmental Economic Profile, commerce, hotels and repair is the second most important economic activity in the department. In 2022 Sucre received 35,600 people for domestic tourism and excursion focused tourism. Likewise, by August 2023, the department had received 47,127 domestic air passengers and 2,461 non-resident foreign visitors. The department has tourist attractions such as the [Gulf of Morrosquillo](#), which, according to the people interviewed, has beaches with great natural beauty and are quieter than other well-known beaches in the region, positioning it as an alternative to traditional tourist sites in the Caribbean. Other [tourist attractions](#) include the El Corchal "El Mono Hernández" flora and fauna sanctuary, La Caimanera Swamp, Volcanes del barro del tesoro, El Calabozo Museum, Tolú, San Benito Abad, Tolú Viejo, and Sampués. Ecotourism and nautical tourism are also [practiced](#) in the department. In addition, cultural tourism has a variety of important events, such as: the Festival de Gaitas, the Festival de Oveja, the Festival de Cuadros Vivos, the Semana Santa in Tolú and the Encuentro Nacional de Bandas de Sincelejo.

However, the department has a very low participation in the arrival of non-resident foreigners at the national level, with an average of 0.1% between 2012 and 2022. This implies lower earnings for the sector, since foreign tourists tend to incur [higher expenses](#) due to a favorable exchange rate for their currency, which favors activities such as trade, handicrafts and gastronomy. However, sources consulted pointed to bilingualism as one of the challenges facing departmental tourism. Low levels of English among tourism service providers make it difficult to serve visitors, which is likely to affect the length of their stay in the territory and the capacity of local communities to receive foreign tourists.

According to the Departmental Development Plan, Sucre lacks a departmental tourism authority, so these functions fall to the Secretary of Economic Development and Environment, which is also in charge of agricultural, fishing and artisanal activities. This hinders the organization and strengthening of the tourism sector. In addition, it does not guarantee that the person in charge of the position has the technical knowledge necessary for the development of tourism and its value chain. On the other hand, it is likely that the high level of informality in the

department and in the capital (68.4%) is reflected in the tourism sector. This negatively affects the provision of tourism services, due to less reliability, less security, and non-compliance with regulations. This results in a negative perception on the part of tourists.

Insecurity in certain tourist sites has also affected the sector. At the end of 2022, alerts were issued for an increase in [robberies](#) by thieves on cabins in Coveñas and Tolú. If this becomes a constant, insecurity is likely to result in fewer visitors to the department, leading to lower profits for the tourism sector. This would affect industries dependent on the arrival of tourists, such as commerce and gastronomy, which could result in more informality and unemployment.

The people interviewed mentioned that in two to three years, Tolu is expected to be a tourist powerhouse in Colombia, due to the investment focused on this sector. The [Morrosquillo Pact](#) is being promoted, an initiative of the [Duque government](#) that seeks to increase social and tourism investment in the Gulf. To strengthen the provision of tourism services. Likewise, a SENA headquarters is being [built](#) in Tolú, focused on gastronomy and tourism. A [fire station](#) will also be built [in Tolú](#) and a [regional hospital in Coveñas](#). This provides greater security guarantees regarding possible risks in the development of activities and for both locals and tourists. In addition, the construction of a [Breakwater with a tourist path in Coveñas](#) was announced, creating recreational spaces and pedestrian paths, which will probably boost the food industry and handicrafts trade. Although these initiatives have been prioritized by the current government, it will take time for their construction to be executed and their benefits to be reflected in tourism.

Another contemplated project that is expected to boost tourism in the department is to convert the Golfo de Morrosquillo Airport, in Tolú, into an international airport with capacity for passengers and cargo, commented some of the sources interviewed. This creates an opportunity to encourage the arrival of foreigners directly to Sucre by not having to go through other cities as transit and for the establishment of new flight routes by national and international airlines. In 2022, the director of Civil Aeronautics, Sergio París, [announced](#) that the contracting for the works would take place in mid-2023. In February 2023, President Petro [announced](#) the prioritization of the expansion of the Tolu airport, with an investment of 200 billion pesos. Work on the runway expansion is expected to [begin](#) in November 2023, which would allow the operation of [larger](#) commercial aircraft such as the Airbus A320 and Boeing 737. The possibility of receiving larger commercial aircraft will likely encourage more airlines to operate in the department, increasing the department's connectivity to the rest of the country and greater ease for tourists.

## EXTRACTIVE SECTOR

The mining and quarrying sector represented [0.8%](#) of the departmental GDP. According to the National Mining Agency, as of August 2023 the department has [37](#) active mining titles. The department [extracts](#) limestone, gravel, clay, gold and silver. Coloso, Sincelejo, Sucre and Tolú Viejo are the municipalities where mining takes place. However, the Departmental Development Plan characterizes mining as low-tech, with a prevalence of artisanal methods. The lack of technification limits productivity, affects worker health, and increases the risk of large-scale toxins being released into the environment and mercury contamination of water sources. [Illegal mining](#) also negatively affects the development of legal mining, which is taxed and must comply with [environmental laws](#) established by the State.

In terms of [gas production](#), by 2019 Sucre was one of the most important departments in the Caribbean region. Between 2017 and 2019 the department saw an increase of 55.3% in its gas reserves, with the most important fields being Mamey, Bonga, La Creciente and La Creciente D. In addition, according to data from the [National Hydrocarbons Agency \(ANH\) for 2019](#), the department ranks sixth nationally (and third in the Caribbean, after La Guajira and Córdoba) with the largest proven gas reserves. In October 2022, the [discovery](#) of natural gas in the municipality of La Unión and the drilling of four more wells were announced. This indicates that the department



has potential for future gas production. However, among the main risks are the Petro Government's negative view of the hydrocarbons industry and the lack of a final decision on whether or not new exploration and exploitation contracts will be given.

In 2022, Sucre ranked 17th out of 18 in terms of cumulative oil production, according to the [ANH](#). It currently has [15](#) producing oil fields. However, the importance of oil for the department lies in the Port of Coveñas, Colombia's [main port](#) in terms of oil exports. It receives oil from the Caño Limón-Coveñas pipeline, which crosses 773 km from Arauca and has the capacity to [transport](#) 210,000 barrels per day. Due to the presence of the port and the pipeline, as of July 2023, crude oil represented [97.5% of the department's exports](#). This is positive in that the department receives royalty resources from the transportation of hydrocarbons, and exports benefit the departmental economy. However, its export basket is highly concentrated in crude oil, which makes it vulnerable to external fluctuations in the price of a barrel of oil. Additionally, as mentioned in the previous paragraph, the government's eagerness to accelerate the energy transition, combined with its decision [not to grant more contracts in the hydrocarbon industry](#), implies uncertainty for the department in the short term.

In 2021, [112](#) projects were approved by the General Royalties System for USD 85.3 million (COP 338,226 million). SGR initiatives were carried out in 24 municipalities in the department, with Sucre, Tolú Viejo, Coveñas, Los Palmitos, San Marcos, San Pedro and Santiago de Tolú being the main beneficiaries. The resources were used in projects to improve transportation infrastructure and sewage systems, and adapt the physical infrastructure for recreation and sports activities, among other projects. This reinforces the importance of the industry for the socioeconomic development of the department.

## CONSTRUCTION SECTOR

In 2022, the construction sector contributed 8.3% to the departmental economy, and during the May-July 2023 mobile quarter it accounted for [8%](#) of the total number of employed people in Sucre. According to Bancolombia Group's September 2023 construction sector [report](#), the challenges facing the sector at the national level since [February](#) have begun to affect the construction sector, with a negative annual variation of 52.2% in housing sales and an annual contraction of 15% in civil works. This has led to an 8.54% decrease in demand for construction materials. It is likely that the significant reduction in housing sales will continue to negatively affect the construction sector, reducing demand. The sources mentioned that the national slowdown has affected the construction sector in Sucre, especially as a consequence of the uncertainty generated by the [changes](#) in Social Interest Housing from the Government, which has put the financing of many projects at risk and makes it difficult for investors to plan for the future.

According to those interviewed, some of the resources used by the construction sector are extracted from the municipality of Tolú Viejo, such as sand and limestone, from which cement and marble are produced. In the department, construction mainly takes place in Sincelejo, in housing projects. Experts in the sector told us that, in 2022, 798 housing units were built in Sincelejo. In addition, the labor force is local, so the sector provides a significant number of jobs for the department. Given that one housing unit generates five direct and indirect jobs, approximately 3,990 jobs were generated in 2022.

However, according to our sources, the sector does not have a consolidated value chain, since many of the necessary materials are not produced in Sucre. Glass, ceramics and steel have to be brought in from other departments. Although blockades are not a frequent occurrence in the department, dependence on other departments for these materials makes the sector vulnerable to external shocks.

Other challenges faced by the sector are the complex situation in the provision of public services that characterizes the entire Caribbean Region; the lack of tertiary roads; the lack of digitalization of information to speed up processes and greater accessibility to information; the lack of updated land use plans in rural

municipalities and the lack of environmental studies in Sincelejo, which imply a lack of information for companies wishing to invest.

### PORT-LOGISTICS SECTOR

The department has the Morrosquillo Gulf Port Zone, which is [composed](#) of five companies: Cenit Transporte y Logística de Hidrocarburos (Coveñas Oil Terminal), Compañía de Puertos Asociados (COMPAS Tolú), Empresa Colombiana Pesquera de Tolú (Pestolú), Oleoducto Central (OCENSA) and Sociedad Portuaria Palermo. According to the Superintendence of Transportation, between January and December 2022, the Gulf of Morrosquillo Port Zone mobilized [27 million tons of cargo](#) and had a 16.2% share of all cargo mobilized by the country's port zones. Given that the department of Córdoba does not have its own port, the Gulf of Morrosquillo Port Zone is especially important for the western Caribbean, as it represents the closest access to foreign trade for products coming from Córdoba, without the need to transport products to the port of Cartagena or Santa Marta.

However, the Port Zone faces a great challenge to increase its relevance. According to the Departmental Development Plan, it currently only has bulk cargo capacity, which includes dry and liquid foodstuffs from the agricultural sector and hydrocarbons. This means that the port [does not](#) have the capacity to handle containers, the standard storage method in maritime transport. This limits the port's cargo capacity significantly and results in compatibility problems with certain types of cargo vessels. Additionally, this detracts from the port's importance relative to other ports in the Region.

### RENEWABLE ENERGY SECTOR

Different experts mentioned that one of the sectors with the greatest potential is renewable energy. Sucre, like the rest of the Caribbean coast, has the highest [solar radiation](#) and the best [wind](#) regime [in the country](#), which makes it ideal for the implementation of [renewable energies](#). The sources mentioned that in the department there are three renewable energy projects located in Tolú Viejo ([Awarala](#)), San Benito Abad ([La Sierpe](#)) and [Sincelejo](#). The development of photovoltaic energy projects such as [La Sierpe](#), which has an installed capacity of 20 MW, equivalent to the consumption of 28,500 homes in a month, is of special importance for a department with serious problems in terms of costs and instability of the public electricity service. Its geographic position, together with the energy needs, are strong incentives for the development of this type of projects, which have the possibility of increasing the stability in the provision of energy services and reducing energy rates. According to sources, CARSUCRE is studying three projects. This indicates the interest in the development of these projects in the future.

Although the government has placed renewable energy at the center of its energy transition policy, the people interviewed consider that there has not been a change in the sector in the department. This is likely due in part to the lack of incentives from the national government, which even [increased](#) the tax burden for new renewable energy projects in departments such as La Guajira. Additionally, they believe that the transmission and distribution system must be intervened so that new generation projects can be successful, because the power grid is currently operating at the limit of its capacity, with substations having difficulties to cope with the demand constantly.

### MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN SUCRE:

Sucre comprises 26 municipalities. Taking into account the information available at the municipal level, the departmental context and the number of municipalities, we found that the most and least risky municipalities in Sucre are:

MUNICIPALITY WITH THE LOWEST RISK IN SUCRE

The municipality with the lowest risk in the department of Sucre is Corozal. This municipality is located in the center of the department and borders the municipalities of Sampués to the west, Sincelejo, Morroa and Los Palmitos to the north, San Juan de Betulia and Sincé to the east, and El Roble to the south.

The data collected indicates that the municipality has a moderate risk in the security category. During 2021, with [a population of more than 71 thousand inhabitants](#), Corozal had the seventh lowest homicide rate at the departmental level ([13 homicides per 100 thousand inhabitants](#)) and the eleventh highest rate of extortion ([11 extortions per 100 thousand inhabitants](#)). The [First Division of the National Army](#) and the [National Navy](#) have a presence in the department, providing a certain degree of security guarantees to the communities and the business sector. In addition, the absence of coca crops prevents an increase in violence; although there have been [reports of armed groups in the municipality](#). It is worth mentioning that factors such as lack of access to institutions or lack of internet access could limit the recording of database variables. This means that, if variables are underreported, the reality in the territories may be different.

According to data collected and available at the municipal level, Corozal has a very low political risk. During 2021, of the crimes evaluated in this category, there were only [three victims](#) of abuse of authority by arbitrary or unjust act. This would allow inferring that the municipality has political stability and that there are no negative impacts to the public service, reducing the legal and reputational risks for the business sector of contracting with local authorities. This probably generates incentives for businessmen and investors to settle in the municipality.

Corozal is the second municipality, after Sincelejo, with the lowest economic risk. By 2021, it was the second municipality with the second-highest human capital, [33.35%](#) of the population had higher education. This shows that the municipality has a specialized labor force, which is an attractive factor for companies in sectors with higher added value and opens opportunities to attract investment. The municipality was also the third largest contributor to the departmental GDP ([5.38%](#)). The municipal economy depends on the agricultural and mining sectors. This panorama makes Corozal an attractive municipality for companies and industries seeking to invest and expand their operations in these sectors. It is important to mention that the lack of information at the municipal level on variables such as banking and business fabric makes the analysis limited and does not fully reflect the reality of Corozal.

It was the fifth department with the lowest institutional risk. At the departmental level, Corozal was the fourth municipality with the best score in the 2021 Municipal Performance Measurement ([48 out of 100](#)) and the tenth with the best score in the 2021 Digital Government Index ([58 out of 100](#)). While these scores are not bad, unlike other municipalities in the department, they suggest that there is still work to be done to achieve a greater degree of efficiency in local institutions and in the integration of ICTs. This would make it possible to streamline the bureaucratic procedures necessary for the development of productive activities in the municipality.

It is the third municipality with the lowest social risk. According to the DANE's Multidimensional Poverty Measurement, only [35%](#) of the population is in poverty, being the second municipality, after Sincelejo with the lowest percentage of its population with this condition. It is important to clarify, however, that this variable is a measurement following the 2018 census, so it does not take into account the situation generated after the pandemic. In other words, the figure will most likely vary, and may have increased or remained relatively similar,

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK BY DIMENSION		
CATEGORY	LOWEST RISK	HIGHEST RISK
Security	Los Palmitos	Sincelejo
Politics	Buenavista	Sincelejo
Economy	Sincelejo	Chalán
Institutions	Coveñas	Los Palmitos
Society	Sincelejo	Caimito
Environment	Buenavista	San Marcos

taking into account that at the departmental level [the population in poverty condition](#) during 2019 (33.3%), 2020 (38.1%) and 2021 (30.3%) was well above the national total in the three years. Corozal has 85% [health insurance coverage](#), [full education coverage](#) and an [intra-year school](#) dropout rate of 1.5%. This suggests that in Corozal, the population has a higher welfare condition than in other municipalities in the department, which implies a lower risk of clashes between communities and companies. Likewise, this means there is a decrease in the risk of communities seeking solutions to their needs through demands to the business sector.

Corozal has a very low environmental risk according to available data. Of the four crimes evaluated in this category, there were only [four cases](#) of illegal exploitation of renewable natural resources. However, as we have mentioned, the fact that there are few or no records does not necessarily imply that these situations do not occur. Conditions of distance, lack of access or intimidation may cause underreporting of this information at the municipal level.

### MUNICIPALITY WITH THE HIGHEST RISK IN SUCRE

The municipality with the highest risk in Sucre is Chalán. This municipality is located in the northeast of the department. It is bordered to the north by the department of Bolívar, and by the municipalities of Ovejas to the east, Los Palmitos to the south and Colosó to the west.

The data collected suggest that it is the municipality with the third highest risk in the security category. In 2021, with [a population of 4,667 inhabitants](#), it had the third highest homicide rate in the department ([43 homicides per 100,000 inhabitants](#)) and the highest rate of extortion ([43 extortions per 100,000 inhabitants](#)). The [First Division of the National Army](#) and the [National Navy](#) have a permanent presence in the department, which is supposed to provide peace of mind to the community and the business sector. However, the municipality is part of the Montes de María sub-region, which has historically been affected by [the armed conflict](#). The high security risk is likely to discourage the creation and arrival of new businesses, prolonging cycles of violence and limiting the municipality's development.

According to data collected and available at the municipal level, Chalán has a very low political risk. During 2021, no victims were reported in the variables taken into account in this category. This allows inferring that the municipality is politically stable and does not have any public service issues, which reduces the legal and reputational risks for the business sector if it contracts with the local authorities. Although this encourages the arrival of businessmen and investors to the municipality, it is important to mention that the fact that there is no record of crimes in this category does not mean that they do not occur. This is because fear of reprisals, lack of access to institutions or the internet, among other factors, means that people do not always report crimes, creating an underreporting that limits the understanding of the reality in the territories.

Chalán is the municipality with the highest economic risk. In 2021, according to data from the Ministry of Education, the municipality [had no population with higher education](#) and was the municipality with the lowest participation in the departmental GDP, contributing [0.33%](#). The municipal economy is focused on the primary sector. This scenario limits the municipality's ability to attract investment, which prolongs the development gaps and socioeconomic opportunities for its population. It is important to mention that the lack of information at the municipal level on variables such as banking and business fabric makes the analysis limited and does not fully reflect the reality of Chalán.

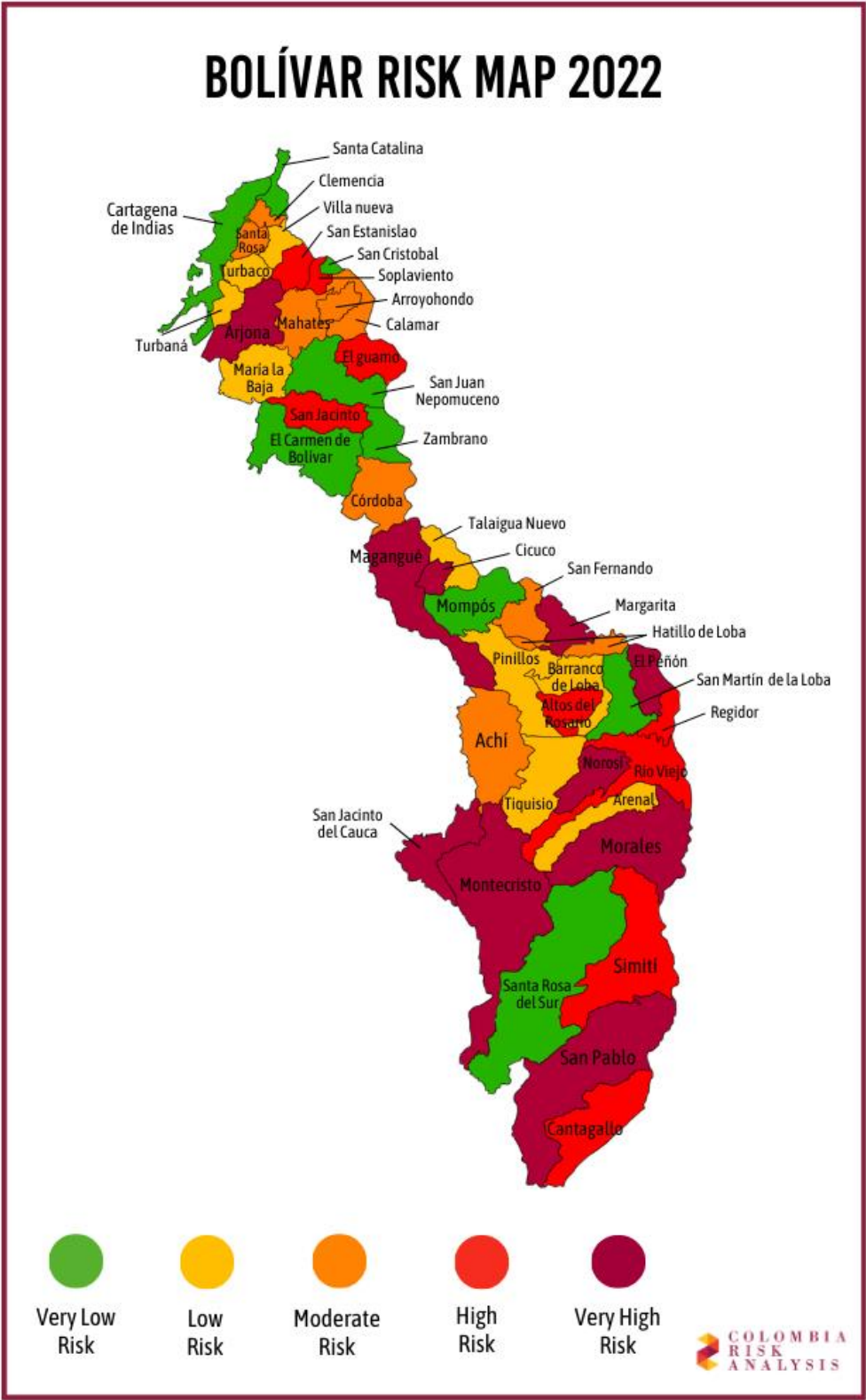
Chalan has a high institutional risk. At the departmental level, it was the fifth municipality with the lowest score in the Municipal Performance Measurement 2021 ([22 out of 100](#)) and had a score of 53 out of 100 in the [2021 Digital Government Index](#). This suggests that there is a low degree of efficiency on the part of local institutions and a medium level of ICT integration. For the business sector it implies longer bureaucratic processes that increase times and delays in the development of their activities.

It is the fifth municipality with the highest social risk. Chalán is the municipality with the highest population in poverty (74%), according to the [Multidimensional Poverty Measurement](#) of the DANE. It is important to mention, however, that this variable is a measurement following the last census of 2018, so it does not take into account the situation generated after the pandemic. In other words, the figure will most likely remain relatively similar, or has increased, taking into account that at the departmental level [the population in poverty condition](#) during 2019 (33.3%), 2020 (38.1%) and 2021 (30.3%) was well above the national total in the three years. The municipality has high levels of [health system insurance](#) and [education coverage](#), and an intra-annual school dropout rate of [1.6%](#). This suggests that in Chalán, the population has a lower welfare condition than in other municipalities of the department, which implies a higher risk of clashes between communities and companies. Likewise, it increases the risk that the communities will look to the companies to solve their needs and demands in the absence of the State.

Chalán has a very low environmental risk according to the data consulted. During 2021, there were no records of any of the crimes that make up this category. Although this result suggests that in the municipality there is respect for the environment by people and productive activities, as we have mentioned, the fact that there are no records does not necessarily imply that these situations do not occur. Conditions of distance, lack of access or intimidation may cause underreporting of this information at the municipal level.

**BOLÍVAR:**

According to our [Subnational Risk Index 2022](#) (2022 SRI), Bolívar presents a moderate risk for investment, ranking 17th among the 32 departments. Given its importance in the Caribbean and for the country, it is necessary to analyze its behavior within each category that makes up the SRI to understand the opportunities and risks that the business sector and investors interested in Bolivar may face.





DEPARTAMENTAL RISK INDEX OF BOLÍVAR

		D I M E N S I O N					
RANKING	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALTY	SOCIETY	ENVIRONMENT
1	Cartagena	10.18	80.00	0.00	11.06	12.95	78.57
2	San Juan Nepomuceno	1.52	0.13	76.15	54.25	38.97	9.09
3	Mompòs	4.19	2.98	85.06	56.64	28.14	1.14
4	Santa Rosa del Sur	20.40	3.69	96.09	15.01	34.18	5.84
5	Zambrano	6.35	0.69	99.86	25.23	44.62	3.41
6	San Cristóbal	0.00	0.13	100.00	43.31	41.92	0.00
7	Santa Catalina	16.93	0.73	99.82	23.52	39.31	1.14
8	El Carmen de Bolívar	6.44	6.68	91.65	44.44	31.96	6.98
9	San Martín de Loba	3.95	0,13	99.61	52.24	31.33	0.00
10	Talaigua Nuevo	2.97	1.82	99.86	50.26	32.70	1.14
11	Arenal	14.20	0.13	99.95	33.34	37.70	0.00
12	Tiquisio	14.44	0.21	99.83	39.10	34.79	0.00
13	Pinillos	0.79	0.86	99.73	44.79	45.83	1.14
14	María la Baja	6.63	0.25	97.37	51.97	36.23	0.00
15	Villanueva	10.40	0.82	99.64	31.62	48.86	0.00
16	Barranco de Loba	7.73	1.03	99.88	46.04	41.28	0.00
17	Turbaco	3.60	4.57	97.93	44.74	42.45	5.68
18	Turbaná	3.90	0.46	99.80	49.26	42.03	3.41
19	Clemencia	5.06	0.13	99.80	42.89	53.53	0.00
20	Achí	2.75	0.21	99.57	55.51	41.29	4.71
21	Calamar	4.18	0.08	99.69	67.12	30.16	2.27
22	Mahates	5.64	0.00	99.53	57.44	41.94	0.00
23	Hatillo de Loba	0.00	0.61	99.70	57.58	49.12	1.14
24	Santa Rosa	14.79	0.25	99.76	28.99	52.37	10.84
25	San Fernando	6.71	0.00	99.93	39.12	62.55	1.14
26	Arroyohondo	0.00	0.00	99.97	63.95	44.48	4.71
27	Córdoba	1.19	0.13	99.85	73.52	36.76	0.00

28	Regidor	2.71	0.21	99.92	55.33	51.73	0.00
29	Cantagallo	28.69	0.63	98.68	36.79	38.29	0.00
30	Simití	15.05	0.71	99.54	27.44	48.47	27.80
31	Río Viejo	2.24	0.00	99.87	59.96	51.08	3.57
32	San Jacinto	1.97	0.61	99.45	74.16	40.09	1.14
33	Soplaviento	0.00	0.00	99.97	70.70	47.20	0.00
34	San Estanislao	4.57	0.00	99.81	62.53	47.82	3.41
35	Altos del Rosario	5.86	0.61	99.95	50.91	61.37	0.00
36	El Guamo	5.38	0.00	99.93	66.89	47.70	0.00
37	Magangué	3.96	2.66	89.86	51.77	60.57	26.30
38	El Peñón	5.98	0.13	99.95	69.36	51.95	0.00
39	Margarita	1.76	0.61	99.92	75.25	55.32	2.27
40	San Jacinto del Cauca	7.09	0.13	99.80	68.47	53.17	7.14
41	Arjona	11.17	24.49	98.74	58.21	36.94	7.95
42	Cicuco	2.74	0.00	99.85	86.31	43.37	26.14
43	Norosí	20.80	0.00	99.72	55.43	64.50	10.71
44	Morales	25.10	20.08	99.65	53.47	61.34	0.00
45	San Pablo	43.33	3.90	99.41	56.65	36.70	42.69
46	Montecristo	30.63	0.92	99.69	67.03	80.14	17.86

### SECURITY:

According to our 2022 SRI, Bolívar has a low security risk, being the thirteenth lowest risk department. In 2021, with a population of [more than two million people](#), Bolívar was the tenth department with the lowest homicide rate ([19.6 homicides per 100,000 inhabitants](#)), there were no records for [kidnappings](#) or [massacres](#), it was the eighth department with the lowest rate of extortion ([8.9 extortions per 100,000 inhabitants](#)), and [four social leaders were murdered](#). There is a permanent presence of both the [army](#) and the [navy](#) in the department, which provides security guarantees for the population and the business sector.

[The south of Bolívar](#) is where there is a greater presence of [armed groups](#) (FARC dissidents, ELN and Clan del Golfo), which are in dispute over territorial control and the management of illicit economies. This has resulted in [murders](#), [kidnappings](#), and [threats](#) to rural populations. Historically, this area of the department has been hit by violence, such as [the El Salado massacre](#) perpetrated by paramilitary groups in 2000. In addition, the confluence of these armed groups has resulted in a large number of victims of displacement and forced confinement. According to the [United Nations Office for the Coordination of Humanitarian Affairs](#), between January and December 2022, there were 3,384 victims of forced displacement and 251 victims of forced confinement in the department, which represents 4.09% of the total number of victims of forced displacement in the country and 0.245% of the total number of victims of forced confinement.

The security situation in southern Bolívar limits communities' ability to carry out their economic activities and restricts their access to natural resources. This increases the risk of food insecurity, generates financial difficulties, prolongs cycles of violence, discourages the arrival of investment and, therefore, hinders the socioeconomic development of the territories in that region. In addition, forced displacement to urban areas poses economic and social challenges for those who receive the displaced peoples. Some of the sources mentioned that the lack of road connectivity and the absence of the state have given way to the significant presence of criminal organizations in this area and is an additional challenge for the development of the communities.

Of the 20 departments that registered coca cultivation, Bolívar ranked sixth nationally and first in the Caribbean with the most registered hectares of coca cultivation in 2021 ([11,514 hectares](#)). Another reason for the presence of armed groups in the south of the department is that coca crops are located in that area. Some coca growers have denounced an apparent [alliance](#) between the Gaitanista Self-Defense Forces of Colombia (Clan del Golfo) and the security forces present in the department, specifically the anti-narcotics police and the [Marte Task Force](#). According to the coca growers, the army patrolled with the armed group and charged the farmers for not eradicating the crops. Since then, Task Force Marte itself has reported the [destruction](#) of laboratories and the [capture](#) of members of the armed group. However, it is likely that local communities have lost confidence in the security forces in charge of patrolling their territories. This, coupled with the poor progress of the National Integral Program for the Substitution of Illicit Crops (PNIS), which had only [disbursed](#) USD 3 thousand (COP 12 million) by April 2022, results in few options for local communities to enter the licit economy.

Illegal mining also exists in the department. According to the [United Nations Office on Drugs and Crime](#), in 2021, Bolívar had the third-largest operation of illegal alluvial gold mining in the country, with 9,472 hectares dedicated to this activity. Of these hectares, approximately 65% are illegally mined, 3% are in transit to legality and 32% have technical and/or environmental permits. In environmental terms, illegal mining increases the risk of contamination of water sources, which could damage people's health by ingesting this water or the fish taken from contaminated rivers. For the private sector, this implies a higher level of risk in the rural areas of the department, due to the territorial control exercised by illegal groups and the reputational damage caused by a generalization of mining activity.

## ECONOMY:

By 2022, according to the Ministry of Commerce, Industry and Tourism, the [commerce, hotels and repair](#) sector was the most important sector of the departmental economy (representing 17.8% of the departmental GDP). It is followed by manufacturing industries with 17.2%; in third place, public administration and defense with 15.9%; in fourth place, duties and taxes with 12.1%; in fifth place, construction with 7.7%; in sixth place, scientific and technical activities with 6.5%; followed by agriculture, livestock and fishing with 5.6%; and real estate activities with 5.2%. The above shows that the department has a diversified economy, with two sectors of great importance: tourism and manufacturing. This reduces the vulnerability of the economy to external shocks and allows greater profits to be generated by the transformation of raw materials and the added value that this implies.

The department also has a diversified export basket. As of [August 2023](#), the five main products exported were: crude oil (19.8%), propylene polymers (15.4%), chloride polymers (12.5%), insecticides (6.7%) and live cattle (5.6%). The main destinations were Brazil (24.1%), the United States (18.7%), Mexico (7.7%), Ecuador (6.6%), and Peru (6.3%). Being the sixth department in the country with the greatest diversification of the export basket, and the second in the Region, according to the [2023 Departmental Competitiveness Index](#) (with a score of 9.33 out of 10), it has greater economic stability, with greater ease to compensate for fluctuations in certain products by boosting others.

Based on 2022 SRI data, Bolívar has a low economic risk. In 2020, [41.4%](#) of adults had an active financial product. This suggests that there is still room for growth in the financial system. However, connectivity difficulties and a

complex security landscape hinder the expansion of banking to municipalities outside the urban centers in the department. In 2021, [36.2%](#) of the department's population had higher education, making it the second department in the Caribbean (after Atlántico) with the highest human capital. However, it is still a low percentage. On this issue, experts mentioned that there is a committee between universities, companies and the State to improve the educational offer and make it respond to market needs. This would then allow sectors with greater added value such as technology to be boosted.

On the other hand, in 2021 Bolívar was the ninth department with the lowest business fabric, with only 371 companies generating formal employment per 10 thousand inhabitants. This implies high levels of informality. For the [2023 July-September quarter](#), Cartagena had an informality rate of 53.3% compared to 56.1% for the national total. High levels of informality impact inequality and productivity indicators in communities. In addition, informality poses an additional challenge for formal businesses, which have to comply with their obligations to the State and face higher costs.

Bolívar was the sixth department at the national level and second in the Caribbean (after Atlántico) that contributed the most to the national GDP (3.4%). This shows the development of the departmental economy and its relevance for the national economy and the Caribbean in general, as it is a center of economic development. This makes the department an attractive territory for national and international investment in the different industries and due to the strategic advantage provided by the port.

On the other hand, the department also suffers from a high level of rural poverty, with [41.40%](#) of the rural population living in poverty, resulting in a poorer quality of life and a less productive labor force. This increases the vulnerability of these populations to climatic changes and prevents the [implementation of new technologies](#), which limits rural production and increases food insecurity. On the other hand, this situation is likely to be a disincentive for companies, as it increases the risk of confrontations with communities, due to demands that are expected to be met by the private sector.

Another important factor for the departmental economy is the Port of Cartagena. According to our sources, the Port of Cartagena Group is the most efficient port in the country and the fifth most efficient worldwide. The Port facilitates access to international markets and the export of goods produced in the department. Between January and December 2022, the port exported [10 million tons of cargo](#). In addition, the Port makes the department a strategic connection between the interior of the country and international trade.

## INSTITUTIONALITY:

According to our 2022 SRI, Bolívar has a low institutional risk, and is the Caribbean department with the lowest risk in this category. In 2021, the department obtained a score of [62.81](#) out of 100 in the Departmental Performance Measurement. This is evidence of a good execution of the POT and good management of the resources invested in the development of projects. For the same year, the department obtained a score of [91.4](#) out of 100 in the Digital Government Index, which means that there is a very good level of integration of ICTs by local institutions. This translates into agility in the procedures of local institutions, which facilitates administrative processes for the development of business activities.

Despite the latest result, according to data from the [2020-2023 Departmental Development Plan Bolívar First](#), by 2019 the department had an internet coverage of 7.28%, with Cartagena leading with a coverage of 13.24%. The limited availability of internet access represents a significant obstacle for the business sector. This translates into difficulties in communicating with clients, a decrease in the efficiency of business operations (transfer of information and resources, or online payments) and obstacles to conducting market research.

In the National Anticorruption Index, in 2021, Bolívar was the ninth department with the best score ([83](#) out of 100). This means that the department's institutions have a high capacity to prevent and fight corruption.

However, several cases of corruption in the department have come to light in recent times. In 2023, the Attorney General's Office [brought](#) charges against the former mayor of Talaigua Nuevo, Gerardo Arias Zuluaga (2016-2019), for the apparent irregular diversion of USD 57 thousand (COP 226 million). The former mayor of Zambrano, Alberto Murillo (2016-2019), was [sentenced](#) to two years in prison for failing to take effective actions that would allow the proper use of the Las Mercedes property, arranged for sanitary and garbage landfill. Similarly, the former official of the Human Resources Office of the Health Secretariat of the Government of Bolívar, Carlos Martín, was [sentenced](#) to 10 years in prison for false documents used to approve the withdrawal of retroactive severance payments to people who were not entitled to them.

These situations result in lower revenues for the department, which in turn is reflected in a reduction of public resources available to address its challenges and needs. Additionally, these types of actions will most likely decrease the confidence the business sector has to engage with the public sector, as it raises potential reputational and legal risks.

### SOCIETY:

According to the 2022 SRI, Bolívar has a moderate social risk. By 2021, [100%](#) of the department's population was insured in the health system and had [access](#) to education. The department also has a low school dropout rate, with [3.7%](#) of students not completing their schooling. Nevertheless, Bolívar is the tenth department in the country and third in the Caribbean (after San Andrés and Sucre) with the highest housing deficit, with [62.2%](#) of the houses having structural deficiencies that require improvement. These variables have an effect on the quality of well-being of the population in the department.

By 2022, the department had a significant [reduction](#) in terms of the Multidimensional Poverty Index, going from 26.8% in 2021 to 19.4% of its population living in poverty. [In the municipal capitals](#) the figure was 13.9% and in rural and dispersed population centers it was 34.6%. This reduction suggests that the actions implemented by local authorities are having an impact on the quality of life of the people, which is related to their productive capacity and the socioeconomic development of the department. According to the [2020-2023 Departmental Development Plan](#), drinking water coverage in the urban area (excluding Cartagena) for 2018 was 77.4% and 41% in the rural area. Sewerage service coverage in municipal capitals was 23.8% and 3.3% in rural areas. The coverage of sanitation and collection in municipal capitals was 75% and 7.4% in rural areas. The low levels of public service coverage, especially in rural areas, are an obstacle to the development of productive activities, since these require public services for their operations.

The department presents high inequality in terms of coverage of public utilities, which has impacts on the development of rural areas compared to the departmental capital (Cartagena). According to [2022 Cartagena Como Vamos](#), the city has 92.2% coverage of potable water, 84.7% of sewerage, and 98.81% of gas. The low coverage of public services in rural areas negatively impacts the quality of life of residents and diminishes the region's competitiveness. It is also a challenge for the private sector, as it makes it difficult for it to provide its services. However, the good level of coverage in the departmental capital is an incentive for the establishment of private enterprise.

By 2019, electric power coverage was 98% in the municipal capitals and 77% in the rest of the department. However, according to the Plan, there is low coverage of electricity service in rural areas of the department, especially in its central and southern zone.

The sources mentioned that one of the challenges facing the department, and more specifically the capital, are land invasions. The phenomenon of land invasions has increased in 2023, and [occurred](#) in areas such as Barú and Tierra Bomba, but has had special incidence in the industrial zone of the capital. One of the most significant cases has been the invasion of the area known as the industrial zone of Mamonal in Cartagena, which [began](#) in June, and is [called](#) the "Gustavo Petro" neighborhood by those who settled there. The invasion has grown in size and



although the lot [belongs](#) to the Ministry of Mines and Energy, no action has been taken to intervene. Given the inaction of the local authorities, it is likely that the phenomenon of invasions will continue to gain strength. This represents a significant risk for the private sector, which is exposed to confrontations with local communities seeking to invade their land. This implies a risk to the security and physical integrity of investors and their assets.

On the other hand, sources consider that higher education in the department is linked to the sectors and give great importance to training in economic and administrative sciences. According to the Ministry of Education, by 2022, of the [78,288 higher education enrollments](#), 34% (26,733) were in business administration and law and 19% (15,284) in engineering, industry and construction. However, for the same year, higher education coverage was 37.81%, below the national average of 54.92%. The low level of higher education coverage implies less research and technology development, less competitiveness of the department's population in the labor market, and social challenges, such as higher unemployment and higher poverty rates.

### ROAD INFRASTRUCTURE:

According to the [2020-2023 Bolívar First Departmental Development Plan](#), the department has a road network of 3,098.08 km, of which 457.13 km are primary roads, 129.82 km are secondary roads and 2,511.13 km are tertiary roads. Based on the [2021 Comprehensive Plan for Agricultural and Rural Development with a Territorial Approach](#), only 5.7% of the existing tertiary roads are paved, with 88% paved and 5.5% dirt. In addition to the poor paving of tertiary roads, the department's road network is deficient in terms of geographic coverage, which limits the connection between rural and dispersed areas and municipal capitals. The sources consulted mentioned that the lack of road coverage is [worse](#) in the south of the department, and is partly what has allowed illegal armed groups to operate with greater license, because it is difficult for the state to access these territories and maintain a permanent institutional presence (outside of the security forces).

The main connection from Bolívar to other departments such as Magdalena, Cesar, Santander and the interior of the country is the Ruta del Sol. Although the Ruta del Sol does not run extensively through the department, it connects with Magdalena through Carmen de Bolívar, in what is known as Ruta del Sol III. This section of the Ruta del Sol has suffered a [variety of stumbles](#) - since the signing of the contract in 2010 - leading to the total paralysis of the works in 2017 due to the Odebrecht scandal in Ruta del Sol II and the resumption of the project in 2020. By June 2023, the Ministry of Transportation was reporting [55.53%](#) progress on the project. However, by 2020, the Carmen de Bolívar - Puente Plato section, which connects Bolívar with Magdalena, had only advanced by [16.63%](#). By January 2022, of the 465 kilometers of new road construction and 476 kilometers of road improvements of Ruta del Sol III, 324 kilometers of new road and 161 kilometers of improved road had been [delivered](#). In addition to being under construction, the Route in general, as well as the section between Carmen de Bolívar and Puente Plato, is in [very poor condition](#), with [many](#) large holes.

In addition to the above, drivers on the road have recently experienced high levels of insecurity. Since July 2023, there have been numerous robberies of [cargo drivers](#), and by August 2023, [20 drivers](#) had been [killed](#) in the last two years. The road also faces infrastructure problems, with [closed sections](#) and large potholes that cause damage to vehicles. All of the above hampers traffic along the road, to the point that transporters are unable to [work at night](#). According to sources interviewed, the problems faced by the Ruta del Sol have affected the department, with interruptions in the flow of cargo and domestic tourism. They also consider that this has damaged the communication between the departments and their capitals.

The people interviewed told us that the private sector, together with public institutions, is promoting projects to address the department's road infrastructure challenges. The [Cartagena and Bolívar Agenda](#), promoted by the Bolívar Trade Council, Invest in Cartagena, the Cartagena Chamber of Commerce and the Regional Commission for Competitiveness and Innovation of Cartagena and Bolívar, includes projects such as the transversal access to La Mojana and the road network in Montes de María. It also records the progress made in important projects, such as the dual carriageway of the coastal route between Cartagena and Santa Marta, which is in the pre-



construction stage and will allow a greater flow of cargo and private vehicles between two of the most important cities in the Region. Likewise, experts said that there are also plans to improve the tertiary roads of the department, with the objective of improving its agro-industrial bet.

### ENVIRONMENT:

According to the 2022 SRI, Bolívar has a high environmental risk. In 2021, it was the fifth department at the national level and third at the regional level with the highest number of cases for illegal exploitation of renewable natural resources (96); the eighth at the national level and first at the regional level with the highest number of cases for illegal exploitation of mining deposits and other minerals (29) and for damage to natural resources and ecocide (19); in addition to [four cases](#) of environmental contamination.

In terms of illegal mining, in 2021 Bolívar together with Chocó and Antioquia accounted for [88%](#) of illegal alluvial gold mining. This type of illegal mining is concentrated in the south of the department and is carried out by armed groups such as the Clan del Golfo, FARC Dissidents and the ELN. This activity reflects the territorial control exercised by armed groups in the south of the department, which implies a security risk for the business sector.

Additionally, coca cultivation and illegal mining are two activities that function as a [driver](#) of deforestation. According to the IDEAM, deforestation in the department affected 3,043 hectares in 2022. Like illegal mining, deforestation occurs in the [south](#) of the department, especially in the mountainous formation known as Serranía de San Lucas, which borders the department of Antioquia. Illegal crops and illegal mining affect the soil's physicochemical conditions and contaminate water resources due to the use of inputs and chemicals. This negatively affects soil productivity and, therefore, agricultural production.

On the other hand, in view of the arrival of the El Niño phenomenon in the second half of 2023 until early 2024, as [forecasted](#) by the IDEAM, the department has taken [measures](#) to mitigate the impact of droughts. These measures include cleaning of water intakes, expansion of storage capacities and preventing sedimentation of water sources. However, the greatest concern in relation to this phenomenon is the increase in energy prices. Since most of Colombia's electricity is generated by hydroelectric plants, the droughts that accompany the El Niño phenomenon mean that thermoelectric plants will be used to meet energy demands. This translates into a higher energy price for consumers.

As mentioned earlier, one of the challenges facing the private sector in the department and in the Region in general is [high energy rates](#). An increase is likely to imply a reduction in profits and affect the attraction of investment.

The department has also been affected by the La Niña phenomenon in the past. In 2022, the [municipalities](#) in the vicinity of the Canal del Dique, and towards the south of the department, suffered flooding due to the [overflowing](#) of the Magdalena River. Vulnerability to these phenomena implies uncertainty for the private sector, which makes planning difficult and is a disincentive for investment.

According to sources interviewed, Bolívar is one of the departments in the region with the highest environmental risk and vulnerability to climate change. One of the most affected areas in the department is the Canal del Dique, which connects the Atlantic Ocean from Cartagena to the Magdalena River, and is used to transport [85%](#) of the cargo that moves through the Magdalena River to and from the interior of the country. At present and for decades, the Canal has been facing a problem of sedimentation that has accumulated at the Canal's outlet in the Bay of Cartagena. This problem has worsened as a result of works done [over the centuries](#) to [reduce the amount of curves](#) and increase the depth of the Canal, and more recently due to the [La Niña Phenomenon](#). The mixture of salt water from the sea and fresh water from the river, plus sedimentation, has brought with it serious environmental impacts to the ecosystems surrounding the river. They have also resulted in erosion and flooding that have affected [19 municipalities](#) in the departments of Atlántico, Bolívar and Sucre.

Floods, including the 2010 tragedy when the Canal overflowed and affected [120,000 families](#) in the southern Atlantic, cause the [loss](#) of livestock and crops for the communities surrounding the Canal, resulting in significant economic losses. Likewise, the threat of flooding implies uncertainty and lack of guarantees, which discourages investment. To address these problems, Sacyr was [awarded](#) the mega-project for the restoration of the Dique Canal in 2022, which is planned for a year and a half of preparation, four and a half years of construction and nine years of operation and maintenance. Through the construction of locks and gates, the project seeks to control water flow and saline intrusion to prevent flooding and environmental damage.

One of the cities most affected by weather phenomena is Cartagena. First, the city suffers from constant flooding that has affected up to [20 of its neighborhoods](#), including El Centro and [Bocagrande](#), two of its most important tourist attractions. This implies important losses for commercial establishments, which see a reduction in the number of visitors.

In addition, the city is currently experiencing [coastal erosion](#), where beaches are experiencing a loss or displacement of land due to the movement of the sea. In August 2023, Olmedo López, director of the National Unit for Disaster Risk Management (UNGRD) [explained](#) that by 2040, 27% of the walled city could be flooded as a result of coastal erosion in the city. This phenomenon threatens to destroy two of the most important tourist attractions of the city and the department, its beach and sun tourism, and the Walled City as the center of historical and cultural tourism in Bolívar. To face these challenges, a coastal protection project has been under construction since 2021. The first phase (intervention of 4.5 kilometers of coastal coastline with the construction of six spurs in Bocagrande and 80 meters of beach shaping) is over [50%](#) completion, and the second phase over 70.85% (construction of two spurs between the Cabrero and 560 meters of the beaches of Marbella).

## POLITICS:

According to our 2022 SRI, Bolívar has a very high political risk, being the fourth department in the country and first in the Caribbean with the highest risk in this category. In 2021, Bolívar was the fourth department at the national level and first in the region with the highest number of victims for crimes of constitutional and legal regime ([37](#)); the sixth department in the country and second in the Caribbean with the highest number of victims for threats against human rights defenders and public officials ([275](#)); the second at the national level and first in the region with the highest number of victims for crimes of the improper celebration of contracts ([55](#)); the fifth department at the national level and first at the regional level with the highest number of victims for crimes of abuse of authority by arbitrary or unjust act ([294](#)); it also presented [four cases](#) of victims for electoral crimes. These figures show that the public service has been significantly affected by political instability, which may mean greater reputational or legal risks for the business sector and investors.

Likewise, between 2008 and 2020, Bolívar had a significant governor turnover, eight governors when there should have been four. This implies political instability, lack of continuity in the implementation of public policies and uncertainty for the private sector. This is evident in the mandate of Joaco Berrío Villarreal (2008-2009), who was [suspended](#) by the Attorney General's Office for alleged irregularities in the management of the department's Health Secretariat and later [resigned](#) from office, which he held for less than two years. However, those interviewed do not consider that the department suffers from political instability, as the last two governors have completed their terms.

The experts interviewed consider that political instability has mainly affected the capital city, which has had [12](#) mayors in the last 10 years, and [102](#) cabinet changes in the last administration. According to the sources, political instability in Cartagena has affected the continuity of government plans and the relationship with the business sector to such an extent that the private sector has taken the lead in long-term projects and initiatives. Thus, although political instability has hindered the city's development, it has led to the creation of a strong business fabric, aligned to meet goals that will allow the private sector to grow in the future. The above, through [projects](#)

such as: the expansion of the Canal del Dique, coastal protection, the expansion of the Rafael Núñez Airport, the construction of the new Cartagena-Bayunca airport, and the Bazurto market, among others.

Regarding the last regional elections, the Electoral Observation Mission designated Bolívar as one of the departments with the [highest electoral risk](#) in the Caribbean coast, together with Cesar and Sucre. The Ombudsman's Office [warned](#) that acts of violence could affect the elections, especially in the municipalities located in the south of the department (such as Cantagallo, San Pablo, Simití, Santa Rosa del sur, Morales, Arenal, Río Viejo, Norosí and Montecristo). [Risk](#) was also noted in the Montes de María region due to an increase in the presence of illegal armed groups. The presence of these armed groups imply the violation of political rights of the inhabitants and elections with little freedom. This happened in [two municipalities of the department](#), San Jacinto del Cauca, where the Autodefensas Gaitanistas de Colombia [intimidated](#) voters, and in San Fernando, where illegal armed groups [set fire](#) to the mayor's farm and assaulted the farmworkers.

Another common characteristic of the Caribbean Region in terms of politics is the presence of political clans (defined as structures made up of family members who are in the public and private sectors, are elected to public positions through nepotism, maintain themselves in power through clientelistic relationships and profit from public resources). Sources commented that there are [three important](#) political clans in the department, the Montes, the Blél and the Turbay. Historically, the department's political clans have been implicated in [parapolitics](#) and [corruption scandals](#), which has perpetuated violence in the south of the department, impeding its development. The prevalence of these political clans led to William Dau being elected mayor of Cartagena for the 2020-2023 term, an [outsider](#) of traditional politics with a government project focused on fighting corruption.

The experts mentioned that Dau was successful in its goal of fighting corruption as can be seen in his policies for accountability, open government, the increase in the plurality of bidders in contracting processes and the creation of an anti-corruption culture in the city. However, his focus on corruption also resulted in little progress on other fronts. Beyond the perimeter road, coastal protection and advances in public lighting, the administration has made no progress in infrastructure and has not created a vision for the city in the future. In addition, the administration has been characterized by the mayor's [fights](#) that put the focus on these events and not on the achievements of his administration (among which is being the first mayor to finish his term in 10 years). [Dissatisfaction](#) with his administration caused the traditional political clans to return to power, with Dumek Turbay Paz being elected as the new mayor of Cartagena. This raises the risk of a return of nepotism in public-private partnerships and corruption. However, those interviewed feel optimistic about the culture of oversight and fight against corruption that exists in the citizenship and consider that this will make a strong control to the next leaders.

## INVESTMENT OUTLOOK IN BOLÍVAR:

### AGRICULTURAL SECTOR

By 2022, agriculture, livestock and fishing accounted for [5.6%](#) of the departmental GDP. According to the 2020-2023 Departmental Development Plan, by 2018 there were 1.3 million hectares of agricultural frontier, of which 237,389 had been planted. By 2022, the main permanent crops were: oil palm (45.6%), sugarcane (18%) and banana (16.4%). The main transitory crops were cassava (42.9%), rice (18.9%) and corn (17.3%).

[According to Bolivar's 2021 Comprehensive Plan for Agricultural and Rural Development with a Territorial Approach](#) (PIDARET), in 2018 oil palm accounted for 64% of permanent crops. By 2022, oil palm was still the main permanent crop, although in a smaller proportion ([45.6%](#)). According to [Fedepalma](#), by 2020 there were 32,117 hectares in production in 22 municipalities and four nucleos palmeros -a [form of organization](#) that articulates companies with growers-, towards the north and southeast of the department. By 2020, the crop in the department generated 11,910 direct and indirect jobs and had four extraction plants. Oil palm is an important

agroindustrial development project that is not limited to cultivation alone, but also uses industrial processes to extract palm oil. This means that there is transformation of raw materials and added value, which generates higher profits. In addition, the crop has become more relevant for export since the beginning of the war in Ukraine, as it is used in the [production of biodiesel and for the generation of electricity and heating](#), a relevant quality in view of the energy uncertainty faced by Europe.

The most important transitory crop in the department is cassava. According to the PIDARET, this crop has gained importance, given that in 2018 it represented 22% of the transitory crops, increasing to 42.9% in 2022. By 2018, there were 36,527 hectares of the crop, with a production of 241,576 tons representing 10% of national production. In that year, the crop was concentrated in the economic and social development zones (ZODES) of Dique and Montes de María. Cassava on the Caribbean coast is identified as a crop with [high potential](#), given that it is the food base of many communities and because of its use in starch-based products for daily use. This has led to initiatives such as the "Yucca País", a plan which [began](#) in 2021 and aims to make the crop a development pole in different regions of the country, including Córdoba, Sucre and Bolívar. So far, [benefits](#) such as high quality seeds, infrastructure for rapid seed multiplication and chip drying, and a national [meeting](#) of actors in the cassava value chain have been [delivered](#).

However, the crop faces a variety of challenges. In December 2020, 400 growers in the Carmen de Bolívar region reported [losses](#) of up to 800 million pesos due to crop damage caused by the winter season. On the other hand, cassava is [traded](#) at low prices due to it being one of the most prevalent crops, which means little profit for the grower.

Since 2018, rice has surpassed corn as the second most important transitory crop in the department, going from 11% in 2018 to 18.9% of the transitory crops in 2022. According to the PIDARET, rice is mainly grown in La Mojana, on 25,968 hectares. However, in the first half of 2022, there was a [decrease](#) in crop production, due to high input costs like urea, as a result of the war in Ukraine. On the other hand, according to the Departmental Development Plan, another challenge the crop is facing is the lack of irrigation districts, as only one exists in María La Baja. 6,600 hectares receive irrigation, 3,326 hectares are used for drainage, and both are shared by oil palm and rice crops, among others. The rest of the crops depend on climatic conditions and have [a high vulnerability](#) to flooding in the Mojana region. This situation increases uncertainty for growers, as well as the risk of incurring significant monetary losses and even the total loss of the crop.

The sources mentioned that, apart from the aforementioned crops, cocoa is an incipient crop with great potential, especially in the south of the department. Cocoa has become an [alternative](#) to the cultivation of illicit crops, which is why local authorities have promoted the project "[Productive and Technological Strengthening of Cocoa Agroforestry Systems](#)". The project includes financial, technical, and business support to help farmers increase their productivity and profitability. In addition, the Departmental Development Plan states that cocoa is a crop with great potential for [agroindustrial transformation](#) of the chocolate produced in the region into fine chocolates, which, together with [rising prices](#), represents an opportunity for growers.

A challenge shared by all the crops is the lack of road infrastructure. According to the people interviewed, due to the size of the department and the lack of connectivity, the municipalities in southern Bolívar are 10 hours away from Cartagena. This means that certain products have to be transported through other departments, which increases transportation costs and limits the development of the countryside in the south of the department.

## LIVESTOCK SECTOR

According to the [2020-2023 Departmental Agricultural Extension Plan](#), by 2016 Bolívar had an area available for livestock of 401,658 hectares and a grazing area of 981,925 hectares. For the [2023 livestock census](#), Bolívar concentrates 5% of the country's cattle herd, 10% of the buffalo herd, 6.1% of the equine herd and 1.8% of the sheep herd. Some of the challenges these actuates are facing are access to public utilities, especially electricity,

and low technological development. According to the Departmental Development Plan, the southern part of the department, where these activities are carried out, lacks electricity service coverage. In addition to having a negative effect on the quality of life of the inhabitants and the territory's competitiveness, this hinders the use of technology in livestock farming.

On the other hand, there are a variety of opportunities for the development of the sector. According to the PIDARET, there is an important impetus for the collective organization of communities in the department's rural areas, through territorial entities that promote rural development and forms of community organizations. Increased collective action will allow farmers in the livestock sector to attract attention to their problems. In addition, this type of organization will improve the sector's competitiveness.

Artisanal and industrial fishing is also carried out in the department. Artisanal fishing is carried out near the [Canal del Dique system](#) and by riverside communities. However, this activity has been negatively affected by the [sedimentation of the Magdalena River](#) and the deterioration of the Canal.

## TOURISM SECTOR

The commerce, hotels and repair sector was the department's most important economic activity in 2022, representing [17.8%](#) of its departmental GDP. The crown jewel of tourism in Bolívar is its capital. Cartagena has a variety of [tourist attractions](#), such as the Walled City, the Castle of San Felipe de Barajas, the Getsemaní neighborhood, Bocagrande beach, Rosario Islands, Barú Island, Playa Blanca and Tierra Bomba, among others. According to the Cartagena Tourism Corporation (Corpoturismo), Cartagena [received](#) 3,700,000 visitors in 2022 and as of July 2023 the city has [received](#) 1,810,000 visitors, of which 81% were domestic and 19% international. The city has experienced a significant increase in tourists, especially international tourists, with 39% more compared to the same period of 2022. On the other hand, according to [Cartagena Cómo Vamos](#), by April 2023, the Accommodation and Food Services branch will employ 10% of the city's employed, which is higher than the national average (7%). This figure shows the importance of the sector for Cartagena's economy.

A cultural and historical tourism initiative that has recently gained importance in Cartagena are the companies that offer Free Tours ([Nexperience](#), [GuruWalk](#) or [Beyond Colombia](#), among others). These consist of gathering a considerable group of national and international tourists to make a tour, which is paid voluntarily with tips. This type of initiative makes tourism more flexible and accessible, without becoming informal. However, one challenge facing these initiatives is bilingualism. According to calculations by Colombia Risk Analysis, based on data from the ICFES English tests of 2022, 76% of people from the department have basic English, while only 2% have upper-intermediate English. This evidences the need to promote and strengthen the learning of English. This would allow a better service to international tourists, increasing the likelihood of higher spending by said tourists.

Likewise, the Airbnb platform has had a significant [boom](#) in the city, especially in the neighborhoods of Torices, El Espinal, Canapote and Daniel Lemaitre due to their strategic location between the airport and the Historic Center. This modality facilitates lodging for tourists and increases profits for tenants. However, it has also resulted in rising rental costs in the city -as has taken place in [Medellín](#)-, prioritizing renting for foreign tourists, and displacing the local population.

Tourism in Cartagena faces a variety of challenges. The sources mentioned that the city lacks new tourist attractions, so foreign tourists on average do not want to spend more than four days in the city. Secondly, the sources consider that the Walled City is saturated and cannot cope with the demand. Another challenge facing the city is sex tourism, which is on the rise. It involves [criminal gangs](#), [drug trafficking](#) and even the [sexual exploitation of minors](#). A fourth challenge is informal labor. According to the DANE, by July 2023, the departmental capital had an informality rate of [55.6%](#). High informality leads to increased inequality and lower socioeconomic development, as people depend on lower incomes and lack labor protections.

Recently, Cartagena has been the center of controversy due to reports of exorbitant charges to tourists, especially foreign tourists. The first complaint and the one that brought attention to the problem was in August 2022, when a couple of Ecuadorian tourists in Playa Blanca [reported](#) that they were charged US\$600 for two mojarras and four beers. Since then, there have been reports of exorbitant prices in [restaurants](#), [services](#) and [meals](#). Foreigner scams and consumer abuses negatively affect tourism, [damaging the image](#) of the city and informal workers. This is likely to result in [fewer visitors](#) and fewer purchases of products or services provided by informal workers.

Given this panorama, city-region initiatives have arisen in Bolívar to promote and diversify tourism to other territories in the department, such as [Mompox](#), [Montes de María](#) and [San Basilio de Palenque](#), the latter having [been declared a](#) World Heritage Site in 2008. In these places, nature, cultural, bird watching, and community tourism are practiced. Although these types of initiatives have the potential to contribute to the socioeconomic development of the territories, they are hampered by difficult road access.

In 2022, Cartagena received [7,211,274](#) passengers through Rafael Núñez International Airport. This represents a very significant increase over 2019, when the airport received 5,773,774 passengers. Given the importance of the airport for the city and tourism, the [Cartagena and Bolivar Agenda](#) contemplates the expansion of the existing airport and the new Cartagena - Bayunco airport as two of the most important initiatives to increase regional and international connectivity in the department. According to the Agenda, the Rafael Núñez airport expansion project will have an additional capacity of two million passengers per year. In December 2023, Termotécnica Coindustrial S.A.S. [won](#) the bid for the airport expansion [project](#), which starts on March 1, 2024 and runs until mid-2032. The works are expected to generate [13,741](#) jobs.

On the other hand, the new Cartagena - Bayunco airport initiative seeks to meet the passenger demand for the next 50 years. As part of the 12 billion investment in airports, Gustavo Petro's government announced an investment of USD 781 million (COP [3,08](#)) billion for the construction of the new project. The concession is expected to be [awarded](#) before the end of Petro's term. It is likely that the expansion of the existing airport and the construction of a new airport will be an economic stimulus for the city, generating jobs both for the construction of the projects and for their operation in the future. For tourism, greater airport capacity implies an increase in the number of tourists and greater competitiveness for the city, which makes it more likely to be the center of regional connectivity. However, it is necessary to highlight that these projects will not generate benefits for tourism in the immediate future, with the expansion of the current airport [projected](#) for 5 to 6 years, and the new one for 30 years.

According to sources, another challenge facing the sector is the low level of bilingualism. Low English proficiency on the part of tourism service providers makes it difficult to serve visitors, which is likely to affect the length of their stay in the territory and the capacity of local communities to receive foreign tourists.

## EXTRACTIVE SECTOR

In 2022, mining and quarrying accounted for [2.8% of the departmental GDP](#). The department's mining activities are concentrated in the south of the department. As of August 2023, there were [328](#) active mining titles of [limestone](#), silver, gold, sand, gravel, clay, and rock. According to the Departmental Development Plan, mining is concentrated in the south of the department and is characterized by small-scale mining, with little technical assistance and little implementation of techniques or technologies in the exploitation stage. These factors limit the sector's productivity and competitiveness.

As of July 2023, Bolívar ranked as the tenth department with the highest accumulated oil production and the eighth department with the highest proven oil reserves in 2022, according to the [National Hydrocarbons Agency \(ANH\)](#). Due to the extractive sector, in 2021 the department [received](#) 507,831 million pesos, which accounted for 5.32% of the national total. The resources have been used for transportation infrastructure projects,



construction of sanitary units, elaboration of cadastral studies, optimization of aqueduct systems and construction of sports fields, among others.

Between 2018 and 2022, [1,052](#) initiatives financed with resources from the General Royalties System (SGR) have been prioritized in the seven municipalities that make up the subregion of southern Bolívar, [prioritized](#) as PDET territories following the 2016 Peace Agreement. The initiatives have focused on rural and early childhood education, economic reactivation, agricultural production, coverage of public services and peace building. It is clear that SGR resources have contributed to Bolívar's socioeconomic progress, providing it with access to greater funding to address its challenges and needs.

The department has one of the largest refineries in the country, [Reficar](#). After a long construction process mired in [controversy](#) that [culminated](#) in 2016, the refinery currently has a production [capacity](#) of 210 thousand barrels per day, which it transforms into the cleanest fuels in the history of Colombia. This means that the department not only exports crude oil, but also transforms it, generating greater added value. Additionally, as one of the largest refineries in Colombia, it is of paramount importance for the country's energy security, reducing the country's dependence on refined oil imports. Furthermore, lower oil [imports](#) allow the country to improve its trade balance.

## CONSTRUCTION AND REAL ESTATE SECTOR

According to the Departmental Economic Profile of the Ministry of Tourism, Industry and Commerce, by December 2022, construction and real estate activities represented 7.7% and 5.2% of the departmental GDP. By the third semester of 2023, the construction sector experienced a [sharp decline](#) at the national level, with a drop of -8% in construction, -0.5% in concrete production, -65.9% in new units and -44.6% in housing sales. Similarly, Bolívar [experienced](#) a -52.7% drop in housing sales and -35% in housing starts so far this year. This implies a significant loss of employment in the department, something that had raised alarms since 2022, when [15](#) companies in the sector begun insolvency proceedings.

Nevertheless, the department has great potential for the development of the sector. First of all, the importance of Bolívar and its capital as a tourist center that receives more and more [international](#) visitors each year, creates the opportunity for the development of investment projects rather than residential projects. This type of unit is usually characterized by having few square meters and only one room. They are homes intended for vacation use, which are rented out when the owners are not using them. These units are geared towards tourism, taking advantage of platforms such as Airbnb to generate income. Secondly, cement companies such as Argos and [Cemento País](#) are located in the department, which means that the sector can obtain some of the materials needed for its activity locally. This implies a reduction in transportation costs.

## TECHNOLOGY SECTOR

According to the Departmental Economic Profile, by December 2022, scientific and technical activities represented 6.5% of the departmental GDP. According to sources, actors in the department are seeking to boost this sector through initiatives such as the [University-Enterprise-State Committee](#) (CUEE). The CUEE is a space that seeks to link companies, universities and government institutions for the creation of agendas in the area of Science, Technology and Innovation. Similarly, the Cartagena Chamber of Commerce has an [Entrepreneurship and Innovation Department](#) to promote economic development through innovation.

Sources interviewed believe there is great potential in the development of industries such as Business Process Outsourcing (BPO). According to ProColombia, the BPO sector generated [20 thousand](#) new jobs throughout the country in 2020, a number that according to the Colombian BPO Association had risen to [752,500 jobs](#) by 2023. According to GEIH-MARO (Colombia Productiva), by 2021 there were 13,000 people employed in the BPO and KPO sectors in the department. Also, according to sources, there are currently 19 BPO companies that generate

5,870 jobs, the largest being Lean Solutions Group. Additionally, this sector tends to [employ young people](#) between 18 and 29 years of age, which represents an opportunity for a sector of the population that tends to have [difficulties](#) in finding employment. According to sources the department needs investment in areas like bilingualism and higher education for the development of this type of industry.

## MANUFACTURING SECTOR

Manufacturing is the second most important sector of Bolívar's economy, accounting for [17.2%](#) of departmental GDP in 2022 and [8.2%](#) of jobs in the July-August 2023 quarter. It is concentrated in the Mamonal industrial zone, where the Reficar refinery, the Cartagena Container Terminal (CONTECAR) and Cementos ARGOS are located, making it one of the most important industrial zones in Colombia. The manufacturing industry is of paramount importance, as it involves the transformation of raw materials and added value, which implies higher income.

One of the most important industries in the department is the petrochemical-plastic industry. According to [Cartagena's plastic petrochemical cluster](#), a [variety of companies](#) participate in this activity, such as Essentia, Cabot, Ecopetrol, Reficar, Yara, Contecar, Surtigas, Vestolit, Andercol, Dow, AmSty, Ingecol and Ajoever, among others. Due to the nature of the industry, it is closely [related](#) to the Cartagena Refinery. [Petrochemical products](#) include plastics, rubbers, solvents, fertilizers, detergents, textiles, paints, oil and related goods, and gas and related goods. The cluster has managed to consolidate its position as the leading producer and exporter of petrochemical products in Colombia, accounting for [81.5%](#) of petrochemical exports. Another important project promoted by the cluster is green hydrogen, [acquiring](#) equipment for the generation of green hydrogen from 2019. In addition, the cluster has an emphasis on sustainability, with organic waste composting and water footprint management [projects](#). It is likely that this emphasis, which resonates with the vision of the current government, will allow the cluster to continue to operate without further friction with the Executive.

The second most important industry is metal mechanics industry, which contributed [23%](#) of the department's added value between 2010 and 2014. It also accounts for a large portion of the sector at the national level, contributing 9.3% of employment and 7.1% of the total number of companies engaged in this activity at the national level. The sector's products include iron and non-alloy steel, profiles and other alloy steel, and bars. This sector is closely [related](#) to the city's nautical cluster, since it produces materials for repairing or manufacturing boats, such as fibers and metals used by shipyards.

Cartagena has the most important shipyard in Colombia, COTECMAR. This shipyard has [capacity](#) for the construction, repair and maintenance of vessels. The shipyard [builds](#) military and coast guard vessels, work ships, and social assistance and dual-use vessels. According to the experts consulted, [promoting](#) the sophistication of the shipyard industry is one of the most important initiatives from the private sector. The aim is to improve ship design, construction and maintenance capabilities in order to [turn](#) Colombia into a hub for international ship repair. If successful, it has the potential to position the national shipyard industry as a regional benchmark, where national and international vessels receive repairs. In addition, COTECMAR [provides](#) its services to individuals as well as to the National Navy and institutional vessels. Therefore, there is a close relationship with the defense sector, which means that Colombia can position itself as a regional power in the production of vessels of all types, including those for military purposes.

The settlement, development and growth of these industries are evidence of the potential and relevance of the manufacturing sector. However, this industrial development is not widespread, and is concentrated in Cartagena. The same geographical extension, the lack of connectivity and the complex security situation in Bolívar make it difficult for industry to develop in the rest of the department, leaving the other municipalities vulnerable and dependent on the primary sector.

## PORT-LOGISTICS SECTOR

Cartagena has one of the most important ports in Colombia, and the [largest](#) on the Caribbean coast. The Port of Cartagena Group (hereinafter the Port) [consists](#) of four companies: Contecar, Compañía Estibadora Colombiana SAS, Sociedad Portuaria Operadora Internacional S.A. and GPC TUGS S.A.S. The Bay of Cartagena has a privileged geographical position, which has allowed the Port to become increasingly important, mobilizing [3,140,710](#) containers (TEUs) in 2022 and serving 3,393 vessels in the same year, of the barge, cargo, container, tug, roll-on/roll-off and tourism types. Additionally, the port plays a very important role in the country's foreign trade, importing [10.2](#) million tons in 2022 and exporting close to 10.6 million tons, which represents 24% of the country's imports and 11% of its exports.

According to sources interviewed, the port logistics sector is one of the sectors with the greatest potential in the department. At [present](#), it is the main port area in Colombia and the fourth most important in Latin America in terms of container movement. The Port has more than 60% of the foreign trade containerized cargo in the country, more than 50% of the foreign trade procedures and 93% of the international transit. Port connections with more than 596 maritime terminals in 136 countries allow the Port to become a logistics giant, especially due to its proximity to the Panama Canal.

The Colombian Caribbean has [45](#) of the 121 free trade zones in the country. Of these, [18](#) are located in Bolívar and generate 18,967 jobs. The free trade zones are important for attracting investment and the establishment of private enterprise because of their significant tax incentives. Likewise, these tax incentives make the department an ideal zone for exporting and importing foreign goods.

However, the experts identified an important challenge for the development of the Port and the Port-logistics sector. In October 2022, the now former Mayor William Dau [revoked](#) the resolution by which the public-private alliance of the Port Corridor had been awarded, [arguing](#) that the tolls necessary to [finance](#) the corridor would only benefit certain individuals and would affect the majority of Cartagena's residents during the [30 years](#) of its operation. The [initiative](#) sought to design, build, maintain and operate for 30 years, the new Port Corridor of Cartagena of more than [66 kilometers](#), which would allow more efficient and effective operations in the port and industrial area of the city. The repeal of the project has left the Quinta Avenida de Manga (current name of the road) without a future plan and has exposed the city to legal risks, since the firm that as going to be in charge of the project (KMA), filed a injunction and a criminal complaint against the former mayor of Cartagena, William Dau. With this decision, the future of the Corridor has been left in doubt, which discourages the growth of the industry and the Port in the city.

## RENEWABLE ENERGY SECTOR

The Caribbean coast has great potential for the development of renewable energies. It has the [highest solar radiation](#) and the [best wind regime](#) in the country. For these reasons, sources interviewed consider Bolívar to be ideal for wind and photovoltaic farms. Currently, the department has [four solar farms](#): Celsia Solar Bolívar and the Tucanes Solar Park in the municipality of Santa Rosa de Lima, the Bayunca 1 Solar Plant in the Province of Cartagena, and the Canal del Dique Solar Park in Arjona. Likewise, the [Cartagena Chamber of Commerce](#) and [Invest in Cartagena](#) seek to position Bolívar as a center for the development of offshore wind energy projects, for which the Government of Gustavo Petro is about to start [assigning](#) blocks on the coast of Atlántico, Sucre, Magdalena and Bolívar.

The generation of energy from renewable sources is of special importance for Bolívar because it has some of the highest electricity costs in the country, a problem experienced by the region in general. This is evident in the increase experienced by Cartagena in terms of electricity prices in 2022, being the fourth city with the highest increase ([35.88%](#)) in the country. Additionally, it is likely that electricity prices in the department will be pressured

upwards throughout 2024 due to the [El Niño phenomenon](#). Therefore, the generation of renewable energy in the department would reduce the high electricity rates and ease [social discontent](#) related to high charges.

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN BOLÍVAR:

Bolívar is made up of 46 municipalities. Taking into account the information available at the municipal level, the departmental context and the number of municipalities, we found that the most and least risky municipalities in Bolivar are:

MUNICIPALITY WITH THE LOWEST RISK IN BOLÍVAR

The municipality with the lowest risk in the department of Bolivar is its capital, Cartagena. It is located in the north of the department. It borders the municipalities of Santa Catalina to the north, Clemencia, Santa Rosa, Turbaco and Turbana to the east, the department of Sucre to the south and the Caribbean Sea to the west.

The data collected suggests that the municipality has a high risk in the security category. During 2021, with [a population of 1,043,926 inhabitants](#), Cartagena had a rate of [21 homicides per 100,000 inhabitants](#) and was the eighth municipality with the highest rate of extortion ([12 per 100,000 inhabitants](#)). There is a law enforcement presence throughout the department, and Cartagena has not been as hard hit by the armed conflict as the rest of the department. [The city's security problems](#), in addition to homicides and extortion, revolve around theft, gangs, micro trafficking, and prostitution, which affect the development of the business sector and limit the attraction of new investment to one of the country's tourism capitals. It is important to mention that, although the city had no record in variables such as kidnappings, this does not mean that they do not occur. Lack of access to institutions, lack of connectivity and intimidation are factors that should be considered in the absence of information on these issues. Thus, due to a possible underreporting of variables, the reality in the territories may be different.

According to the data collected, Cartagena is the municipality with the highest political risk in Bolivar (moderate risk). During 2021, it was the municipality with the most victims for [electoral crimes](#) (along with the municipality of Arjona), for threats against human rights defenders and public officials ([158](#)), for crimes of the improper conclusion of contracts ([33](#)) and for crimes of abuse of authority by arbitrary or unjust act ([238](#)). These crimes show that political instability has a negative effect on the public services, and that corruption dynamics can take place in the municipality. In addition, Cartagena has been characterized by high political instability, having had [12 mayors](#) in 10 years before the outgoing mayor William Dau finished his term. For the business sector, this probably means a lack of contractual guarantees and an increase to the reputational and legal risks of contracting with local authorities.

In the economic category, the opposite is true with regard to the previous category. Cartagena is the municipality with the lowest economic risk in Bolivar (very low risk). For 2021, partly because it is the capital of the department and one of the most important tourist centers in the country, it was the municipality with the highest human capital. [73.68%](#) of the population had higher education studies. This suggests that most of the municipality's labor force is specialized, which increases the city's attractiveness to investors or entrepreneurs in productive sectors with higher added value. It was also the municipality that contributed the most to the departmental GDP with [66.04%](#). Cartagena's economy revolves around tourism (which moves other sectors such as commerce, infrastructure, transportation, and the rubber industry) and port activity. The high level of human capital and the potential of the local economy make Cartagena an attractive municipality for companies and industries seeking to invest and expand their operations in these sectors.

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK BY DIMENSION		
CATEGORY	LOWEST RISK	HIGHEST RISK
Security	Arroyohondo	San Pablo
Politics	Arroyohondo	Cartagena
Economy	Cartagena	San Cristóbal
Institutions	Cartagena	Cicuco
Society	Cartagena	Montecristo
Environment	Arenal	Cartagena

Cartagena is also the municipality with the lowest institutional risk (very low risk). At the departmental level, it was the municipality with the best score in the 2021 Municipal Performance Measurement ([71 out of 100](#)) and was the sixth municipality with the best result in the 2021 Digital Government Index ([with a score of 69 out of 100](#)). This suggests efficient institutions with a high level of ICT integration, which is positive for businesses as it implies greater agility in carrying out procedures.

The municipality has a very low social risk. It has the lowest population in poverty ([20%](#)), according to the 2021 Multidimensional Poverty Measurement of the DANE. It is important to clarify, however, that this variable is a measurement following the 2018 census, so it does not take into account the situation generated after the pandemic. In other words, the figure will most likely vary or may have increased, given that [the population in poverty condition](#) during 2019 (26.9%), 2020 (28.1%) and 2021 (26.8%) at the departmental level was well above the national total in the three years. The municipality has [health insurance](#) and full [education coverage](#). However, it is the seventh municipality with the highest [intra-annual school](#) dropout rate (1.9%). This suggests that in Cartagena, the population has a better welfare condition than others in the department, which implies a lower risk of clashes between communities and companies. Likewise, this means there is a decrease in the risk of communities seeking solutions to their needs through demands to the business sector.

Cartagena is the municipality with the highest environmental risk (moderate risk). During 2021, it was the municipality with the highest number of crimes for illegal exploitation of renewable natural resources ([22](#)), damage to natural resources and ecocide ([15](#)). In addition, there was [one case](#) of illegal exploitation of mining deposits and other materials, and [one](#) case of environmental contamination. These figures show that there are damages to the environment that have repercussions on people's health, the use of natural resources and the sustainability of economic activities.

#### MUNICIPALITY WITH THE HIGHEST RISK IN BOLÍVAR

The municipality with the highest risk in the department of Bolívar is Montecristo. It is located in the southwestern part of the department. It borders the municipalities of San Jacinto del Cauca to the northwest, Achi to the north, Tiquisio to the northeast, Rio Viejo, Arenal and Morales to the east, Santa Rosa del sur to the south and Antioquia to the west.

The data collected suggests that it is the municipality with the second-highest risk in the security category (very high risk). In 2021, with [a population of more than 17,000 inhabitants](#), Montecristo had the highest homicide rate in the department ([84 homicides per 100,000 inhabitants](#)) and recorded an extortion rate of [6 per 100,000](#) inhabitants. There was [one social leader murdered](#), and it is the fifth municipality with the most hectares of coca in the department ([688ha](#)). The [First Division of the Army](#) and the [National Navy](#) are present in the department, which provides a certain degree of guarantees to the communities and the business sector. However, as explained in the security category for the department of Bolivar, armed conflict has hit the south of the department the hardest in the past, which has limited its development and is an obstacle to the arrival of investment and business in this territory.

According to data collected and available at the municipal level, Montecristo has a low political risk. During 2021, it presented [one victim](#) for crimes of constitutional and legal regime, [one](#) for threats against human rights defenders and public officials and [one](#) for crimes of abuse of authority by arbitrary or unjust act. This would allow inferring that the municipality has relative political stability, with some impacts to the public service, which probably presents certain benefits for the business sector in the event of contracting with local authorities. It is important to mention that the lack of records of other crimes in this category does not mean that they do not occur, but rather that people do not always report them, due to the lack of access to institutions or even fear. Regarding the economic category, the municipality has a moderate risk level. In 2021, Montecristo had no population with higher education, which suggests that most of the municipality's labor force is unskilled. This

limits the attractiveness of the territory to investors or entrepreneurs in productive sectors with higher added value. On the other hand, Montecristo had a participation in the departmental GDP of [0.58%](#). Similar to the rest of the department, the municipality depends on the mining and agricultural sectors. It is important to mention that the lack of information at the municipal level on variables such as banking and business fabric results in a limited analysis and does not fully reflect the reality of the municipality.

Montecristo has a very high institutional risk according to available data. Of the 46 municipalities, it ranked 31st in the [2021 Municipal Performance Measurement](#) (with a score of 27 out of 100) and was the tenth with the lowest score in the [2021 Digital Government Index](#) (44 out of 100). This suggests that local institutions have a low level of efficiency and lack greater ICT integration. For the business sector, this implies longer bureaucratic processes that increase time and delays in the development of their activities.

Montecristo is the municipality with the highest social risk (very high risk). 70% of the population of Montecristo is in poverty, according to the [Multidimensional Poverty Measurement](#) of the DANE. It is important to mention, however, that this variable is a measurement following the last census of 2018, so it does not take into account the situation generated after the pandemic. In other words, the figure will most likely remain relatively similar or has risen, taking into account that at the departmental level the population in poverty condition during 2019 (26.9%), 2020 (28.1%) and 2021 (26.8%) was well above the national total in the three years. Similarly, it is the municipality with the lowest health insurance ([52.6%](#)) and education coverage ([76.5%](#)), and it is the fourth municipality with the highest intra-annual dropout rate ([2.5%](#)). This suggests that in Montecristo the population has a lower welfare condition than in other municipalities, which implies a higher risk of clashes between communities and companies. Likewise, there is an increased risk that the communities will try to get the companies to solve their needs and demands in the absence of the State.

Montecristo has a low environmental risk according to the data available. During 2021, it was the municipality with the second highest number of cases of illegal exploitation of mining deposits ([five](#)). Although this result suggests that there is a low level of environmental harm by the people and productive activities in the municipality, the fact that there are no records does not necessarily imply that these situations do not occur. Conditions of distance, lack of access or intimidation may cause underreporting of this information at the municipal level.



**ATLÁNTICO:**

According to our [Subnational Risk Index 2022](#) (2022 SRI), of the 32 departments, Atlántico is the sixth department with the lowest risk for investment in the country. As with the other departments, it is necessary to break down this result and analyze the behavior it had within each category that makes up the SRI to understand the opportunities and challenges that the business sector and investors interested in Atlántico have.



DEPARTAMENTAL RISK INDEX OF ATLÁNTICO

		DIMENSION					
RANKING	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
1	Suan	0.00	0,00	80.10	51.39	49.39	2.27
2	Puerto Colombia	17.61	1.59	81.96	30.19	36.15	17.05
3	Santo Tomás	1.23	0.00	99.62	40.45	48.26	14.77
4	Sabanagrande	8.98	0.12	99.53	45.17	46.81	0.00
5	Barranquilla	74.20	80.00	0.00	0.00	16.19	32.95
6	Tubará	6.27	0.12	99.83	31.28	72.53	18.18
7	Galapa	11.16	4.80	98.38	43.03	61.81	4.55
8	Soledad	31.19	14.98	86.00	48.55	35.69	6.82
9	Candelaria	2.29	3.33	99.89	58.89	52.93	25.00
10	Baranoa	4.70	1.83	98.83	48.05	47.53	50.00
11	Campo de La Cruz	0.00	0.00	99.82	85.09	49.72	4.55
12	Polonuevo	6.04	3.82	99.78	62.61	54.49	14.77
13	Palmar de Varela	7.61	13.33	99.74	61.21	52.73	2.27
14	Usiacurí	8.99	0.00	99.93	72.55	56.11	4.55
15	Ponedera	7.65	0.24	99.74	62.26	71.99	4.55
16	Malambo	24.83	1.71	96.59	60.11	54.64	4.55
17	Repelón	8.41	0.49	99.71	77.13	61.61	0.00
18	Santa Lucía	0.00	0.24	99.90	100.00	54.90	0.00
19	Piojó	33.33	0.00	100.00	50.17	75.90	4.55
20	Manatí	18.36	15.41	99.80	65.16	66.22	0.00
21	Sabanalarga	26.90	8.33	93.62	82.57	41.32	28.41
22	Juan de Acosta	8.65	0.61	99.75	88.62	63.13	31.82
23	Luruaco	14.29	3.82	99.73	72.00	69.28	38.64

SECURITY:

According to our 2022 SRI, Atlántico has a moderate risk in the security category and was the sixteenth department with the highest security risk. With a population of more than [2.7 million people](#), in 2021 it had a [homicide](#) rate of [26.2 homicides per 100,000 inhabitants](#), a [kidnapping](#) rate of [0.3 per 100,000 inhabitants](#) and

an extortion rate of [8.4 extortions per 100,000 inhabitants](#). Additionally, in 2021, Atlántico did not register any [coca cultivation](#). The department has a permanent presence of the [Second Brigade of the National Army](#) and the [National Navy](#), which provides certain security guarantees to the communities and the private sector.

Despite these figures, several armed groups, such as the [Clan del Golfo](#) and the ELN, and organized crime organizations, such as [Los Rastrojos, Los Vega, Los Costeños, and Los Papalopez](#), are present in the department and are involved in drug trafficking, micro-trafficking, extortion, and illegal mining. First, this significantly increases the risk to the physical integrity of employees and investors, forcing companies to make additional investments in security measures. The increased risk creates obstacles to competitiveness by requiring more expensive insurance due to the risk associated with the presence of armed groups in the area. These implications underscore the importance of companies strategically addressing security challenges and taking steps to protect their personnel and assets in violence-affected environments.

Atlántico faces a major problem related to underreporting, especially in cases of extortion. According to sources, this phenomenon is greater than what is reflected in the data, as those affected fear reprisals from criminal gangs and do not report. The underreporting of crimes poses significant challenges for the formulation of effective public policies to combat crime. It is important to note that, according to sources, extortion mainly affects traders and small businesses in the department, highlighting the need for police and judicial authorities to address this issue comprehensively with investigations and prosecutions of those responsible. In the department of Atlántico, despite an increase in captures for extortion in 2023 compared to 2022, attacks continue to affect security. According to [authorities](#), extortion complaints in Atlántico reached 1,391 between January and October 2023, more than double that of the same period in 2022. Barranquilla leads with 897 complaints, followed by Soledad and Malambo. Nationally, 8,553 cases were reported in the same period.

An example of this is that at the beginning of 2023 there was a ["plan pistola"](#) against merchants for non-payment of extortion in Barranquilla by the Los Costeños gang. Despite the accompaniment of the Army and the Police through the strategy of "blindaje local", many merchants decided to close their businesses, which entails a loss of productivity for the city and a disincentive for entrepreneurs and investors to settle in the city.

The biannual [2022-2 Forced Displacement](#) report revealed that in the second half of the year, there were 252 victims of forced displacement in the department of Atlántico. In addition, the [Ombudsman's Office](#) reported 31 alerts in 2022 warning about the risk of recruitment, use and use of children and adolescents by armed groups, highlighting the worrying situation in the departments of Córdoba and Atlántico in the Caribbean Region. This raises concerns about the security and well-being of the population.

Atlántico is facing a growing problem related to massacres (i.e. homicide of more than three people simultaneously). According to the [Indepaz](#) report, in 2021 there were three massacres in the department, in 2022 it increased to five and nine in 2023. This upsurge in violence has repercussions on the perception of security in Barranquilla and Atlántico. Although these massacres do not target or have a direct impact on the city's private sector, they are a symptom of a deterioration in the department's security, increasing the risks. In addition, violence negatively affects the interest of companies that seek to invest in the department, which may influence economic growth and business opportunities in Atlántico. According to sources interviewed, one of the explanations for the increase in insecurity, massacres and associated crimes is the deficit in specialized investigative manpower and intelligence operations, something [emphasized](#) by former mayor of Barranquilla Jaime Pumarejo. This implies an increase in impunity and loss of confidence in the security forces.

## ECONOMY:

In 2022, according to the [Departmental Economic Profile of Atlántico](#) of the Ministry of Commerce, Industry and Tourism, the sector of greatest importance for the departmental GDP was commerce, hotels and repair (21.4%), followed by manufacturing industries (16.4%), public administration and defense (14.4%) in third place, and

duties and taxes (11.4%) in fourth place. Other sectors that also contribute significantly to departmental GDP are scientific and technical activities (6.8%) and real estate (6%). This means that the department has a diversified economy, with the particularity of an important manufacturing industry, which generates added value from the transformation of raw materials.

According to the 2022 SRI, Atlántico is the eighth department at the national level and the third in the Caribbean with the lowest economic risk. It is the tenth department at the national level and the first in the Region with the highest banking penetration ([48%](#)), above the national average (42%), which shows a developed financial system that contributes to the generation of formal employment and boosts the local economy.

According to DANE data, in 2021 Atlántico had 445 companies generating formal employment per 10 thousand inhabitants. Despite the strong business fabric in Atlántico, there are high levels of informality, with the capital having an informality of [60%](#) in 2021. In [October 2023](#), the Chamber of Commerce of Barranquilla stated that according to DANE data, in the June-August 2023 quarter, informality in the Metropolitan Area (MA) of Barranquilla dropped to 54.0%, its lowest level since joint data has been kept. Although the figure was lower than the national average of 56.0%, the Barranquilla MA has a much higher labor informality than the average of the 23 main cities in the country (42.9%). Among the top five cities in the country, Barranquilla has the highest level of informality. According to sources, one of the sectors most affected by informality is urban transportation, which implies lower revenues for public transportation systems forcing the city to assume the operational budget deficit. It also increases the risk of road accidents and the disruption of public space.

Based on the Economic and Social Document of the Department of Atlántico 2021, from the [Chamber of Commerce of Barranquilla](#), the departmental economy suffered a contraction of -5.8% in 2020 due to the Covid-19 pandemic. During the same period, according to the [DANE](#), unemployment experienced a significant increase, from 7.8% in 2019 to 11.3% in 2020 and 14.2% in 2021. However, the resilience of its economy has become evident, as unemployment decreased from [14.2%](#) in 2021 to [10.7%](#) in 2022. This reduction in unemployment not only suggests an increase in consumption, but also greater economic stability in the department due to industry and commerce.

In the [2023 Competitiveness Index](#), Atlántico obtained a score of 6.31, placing it in third place in the ranking and as the best rated department in the Caribbean. These results indicate that there is a positive investment environment for the private sector, promoting good business practices, facilitating access to international markets and maintaining efficient operating costs. The Index also highlights the good coverage of public utilities, with second place nationally, and the good condition of the department's primary road network, ranking third nationally, factors that contribute to its competitive position, cost reduction and attraction of both local and foreign investment.

The sources interviewed mentioned that a new bet of the department is [nearshoring](#), a business practice in which a company subcontracts or outsources services or processes. This initiative has several advantages, such as the strengthening of the local business fabric, the promotion of specialized education, opportunities for language academies, the increase of foreign currency inflows and the expansion into international markets. It also boosts investment in infrastructure and information and communications technology. Faced with this opportunity, the department has another attraction: its [nine free trade zones](#), including 3 Permanent Free Trade Zones and 6 Special Permanent Free Trade Zones. These zones offer tax incentives, advanced logistics infrastructure and contribute to the generation of employment in the department.

The [port area of Barranquilla](#) (hereinafter the Port of Barranquilla or the Port), which houses seven public ports, plays a crucial role in maximizing the economic potential of the department. These ports are responsible for the mobilization of 11% of the cargo in the Caribbean region. According to the [Ministry of Transportation](#), in 2022, the Port recorded traffic of 11,772,646 tons and had a 7.9% share of foreign trade mobilized in the country's port

areas. The Port of Barranquilla represents an opportunity to strengthen international trade, diversify the country's trade partners and boost the transportation and logistics sector. In addition, its impact extends to the generation of about [23 thousand](#) direct [jobs](#) in port activities and subsequent logistics activities, such as customs agents, logistics agents and shipping agents. According to [Lucas Ariza](#), the director of Asoportuaria, the port area of Barranquilla was responsible for 5% of the GDP of the city and 3.3% of the GDP of the department of Atlántico in 2022. Another sector that benefits from the Port is the machinery sector, due to the sale of these products and technical maintenance service.

### INSTITUTIONALITY:

According to our 2022 SRI, Atlántico has a moderate institutional risk. In 2021, it obtained a score of 74.3 out of 100 in the [Departmental Performance Measure](#). This suggests that the implementation of its Land Use Plan (POT) and the fulfillment of goals related to budget execution are progressing satisfactorily. The department scored 75.3 out of 100 in the [Digital Government Index](#), which suggests that its institutions have a good level of integration of Information and Communication Technologies, simplifying administrative procedures and constituting a crucial element for the promotion of business operations.

Atlántico also stands out for being the thirteenth best-ranked department in the National Anti-Corruption Index, with a score of [80 out of 100](#). This suggests that the department has the means to fight and prevent corruption. Similarly, the Index suggests that public resources are used to address the difficulties affecting the department. As budget execution and departmental performance increase, the private sector's confidence in local institutions will increase, and with it the level of participation in public procurement. However, according to sources interviewed, there is still a long way to go in terms of open government standards in public procurement. In January 2021, the Society of Engineers of the Atlántico [questioned](#) a millionaire contract of the governor's office for the execution of 114 works in 23 municipalities, when the tender was put out in March 2020 and discarded in May. The inter-administrative contracts signed by the governor's office generated concerns about the lack of plurality of bidders and effects on small and medium-sized businesses. Public law experts have questioned the contracting processes and suggest that there should be a better implementation of Law 80 governing public procurement.

### SOCIETY:

Atlántico is the second department with the lowest social risk, according to the 2022 SRI. From 2021 to 2022, the department reduced the percentage of people living in poverty from 15.5% to [10.2%](#). By 2021, [97.4%](#) of its population was insured in the health system, and it was the ninth department in the country and the first in the Caribbean with the lowest housing deficit, with [29%](#) of homes with structural deficiencies and requiring improvement. [91.4%](#) of people have access to education and is the second department with the lowest school dropout rate ([1.7%](#)). These figures suggest an improvement in the living conditions of families, which probably reduces the likelihood that communities will look to the business sector to supply the needs that the State does not provide. On the contrary, they see the private sector as an actor that generates socioeconomic development.

According to DANE data, in 2021, [60.7%](#) of households in Atlántico had Internet connection. This implies opportunities for working from home, digital entrepreneurship and to expand networks of virtual advertising campaigns. Similarly, this situation is conducive to promoting virtual education. Despite this, one of the most important impediments for the digital economy to thrive in the Atlántico are the high energy rates.

The increase in [energy rates in the Caribbean region](#), especially in Atlántico, is attributed to several factors. One of them is the increase in prices to energy generators and [energy losses](#) due to theft or alteration of meters. The increase in prices, which are [much more expensive](#) than in the interior of the country, has generated unrest among users, giving rise to protests and [conflict](#) situations, such as the cutting of services and the burning of tires as a sign of discontent. The increase in energy prices in the stock market, [partly due to environmental impacts](#), has also increased costs for consumers nationwide. The Comptroller General's Office is concerned about the

increase in energy tariffs and the possibility that this may affect companies exposed to the energy exchange without long-term contracts.

The implications for businesses are considerable. The high cost of energy affects low-income communities as well as middle- and upper-income inhabitants. Companies in various sectors are negatively affected, experiencing a decrease in their competitiveness due to high production costs. Some entrepreneurs and individuals we contacted for this report emphasize that high energy prices in the Caribbean diminish their competitiveness and limit their ability to take advantage of opportunities in the context of globalization changes.

Another issue that influences the welfare of society and contributes to productivity is the good supply of basic sanitation. According to the [National Planning Department](#), Atlántico has the second best water, sewage and sanitation service at the national level, with an index of 91.6 out of 100 in the Departmental Plans Index for Business Management of Water and Sanitation Services (IPDA). The department achieved a perfect score of 100 in institutional capacity, standing out as the best in the country in this aspect. Atlántico has made [significant investments](#), with its own financing and that of the Ministry of Housing, to improve basic sanitation services, with a plan that includes important environmental projects, such as those related to the Magdalena River, the Guájaro reservoir and the Caribbean Sea.

Improving the quality of utilities is a key factor for economic development, since an efficient supply of water and basic sanitation directly benefits businesses and contributes to the general well-being of the community. In addition, the implementation of important infrastructure projects creates opportunities for the participation of the business sector in initiatives that promote sustainable development and economic reactivation in the region.

## ROAD INFRASTRUCTURE:

The road network and the exit to the Caribbean Sea are of utmost importance to understand the economic development of the Atlántico. According to the [2020 - 2023 Departmental Development Plan](#), the extension of the department's road network is 1,129 km, of which 338.95 kilometers are primary roads, 606 kilometers are secondary roads and 356.26 kilometers are tertiary roads. Regarding the condition of the road network, the Departmental Development Plan suggests that 59.2% of the secondary roads and 16% of the tertiary roads are in good condition. According to the [INVIAS](#) report on the [condition of the road network](#), for the second half of 2022, 25% of the paved roads in Atlántico are in very good condition, 11.31% are in good condition and 5.2% are in fair condition. Meanwhile, of the unpaved road network, 2% is in good condition, 3% in fair condition, 26% in bad condition and 25% in very bad condition.

One of the most important roads in the department is the Via al Mar, which connects Barranquilla and Cartagena. [According to sources from the Minister of Transportation](#), most of the cargo trips of two-axle trucks were made between locations that have medium and short distances, such as the section that connects Barranquilla with Cartagena. However, the section of El Morro, Tubará collapsed due to weather conditions. As of [November 2023](#), repairs were underway in that section and according to INVIAS, reconstruction will begin once the studies and designs are approved, which could take two to three months, projecting a start in early 2024. The Vía al Mar is one of the concessions that make up the road network of the Region, together with the Ruta Caribe and the Circunvalar de La Prosperidad. [These projects](#) allow the connection between Cartagena and Barranquilla, improve the urban and tourist development, besides speeding up the mobilization to the port area and being a logistic corridor of the Caribbean Region.

However, the Papiros toll, located in the Cartagena-Barranquilla-Circunvalar de La Prosperidad corridor, has generated demonstrations by the population, who created the “Comité No al Peaje” and have managed to [suspend the charge for vehicles of categories I and II](#), i.e. for the passage of private vehicles and public transport. This measure [will apply until February 15, 2024](#). This reduces travel times for the community, reduces public transportation operating costs, and at the same time strengthens tourism and economic development in the area



of influence. As a result of this suspension, a technical commission was established with the [technical study developed by the Atlántico university](#), which highlights the dysfunctionality of the design, the effects on mobility and its almost exclusive control for the toll collection. This directly affects Puerto Colombia, the municipality that has the most protection in terms of tourism in Atlántico and the most interaction with Barranquilla, which may affect the competitiveness of the department.

USD 3 million (COP [12 billion](#)) Colombian pesos will be invested in the secondary roads of Atlántico to rehabilitate and maintain 20 kilometers of roads, which is equivalent to only 3.3% of the total secondary road network. This implies a disconnection within the department that increases costs for producers, especially within the agricultural and livestock sector, as well as perishable products that may be negatively affected by long distances and high temperatures. This situation becomes worse during the winter season, as the streams that form affect the structure and asphalt surface of these roads.

The Barranquilla to Buenaventura train project, promoted by President Gustavo Petro, [has been under development for more than 10 years](#), under the purview of the National Infrastructure Agency (ANI) and the National Development Finance (FDN). The proposal seeks to connect these two major cities via a train on the Pacific, taking advantage of existing railroad tracks in planned stages. [The project is currently in the technical structuring phase, and is expected to be developed in stages, taking advantage of the existing railroad tracks.](#) Although meetings have been held between ANI and potential stakeholders, specific participants in the megaproject have not yet been defined.

Petro's government has prioritized the railway mode in the National Development Plan, backed by the existence of a railway law. In addition, the president is [seeking the backing of the Chinese regime](#) for rail interconnection in Colombia, exploring a network that would connect not only Buenaventura and Barranquilla, but also other ports in the Caribbean and Pacific.

Regarding the specific line from Buenaventura to Barranquilla, the former Minister of Transportation, Guillermo Reyes, has stated that [more than 10 meetings have been held with interested parties](#), but concrete details about the contractors of the project are not yet known. The proposal seeks to be a complement to the Panama Canal, improving the connectivity of the regions and, according to estimates, the project [could cost](#) between USD 164 billion and 178 billion (COP 650 billion and COP 700 billion), according to the Colombian Chamber of Infrastructure.

## ENVIRONMENT:

According to the 2022 SRI, Atlántico has a moderate environmental risk. This is largely due to environmental crimes, such as [illegal trafficking of fauna and flora](#), [deforestation](#) and [loss of mangrove forest cover](#). Similarly, pollution from industrial activities is also a risk factor. In 2021, Atlántico was the seventh department with the highest number of cases of illegal exploitation of renewable natural resources ([65](#)) and eleventh with the highest number of cases of environmental contamination ([five](#)). There were [nine](#) cases of illegal exploitation of mining deposits and other materials, and [there was no record](#) of damage to natural resources or ecocide.

According to the IDEAM, Atlántico stands out for its small amount of natural forests, representing only [1.4%](#) of its territory. This means that Atlántico must recover and reforest to improve its environmental performance, but it does not affect the department's attractiveness for investment. In addition, in 2022 deforestation was recorded at 27 hectares, an increase of [13 hectares](#) over the previous year, an insignificant increase compared to other departments where massive deforestation takes place, such as Caquetá or Guaviare. [Luis Carlos Gutiérrez](#), director of the Colombian Caribbean Biodiversity Group, mentioned that some studies point to astonishingly high deforestation rates, reaching 90% and 95%. This phenomenon, driven mainly by activities such as cattle ranching and agriculture, together with problems in land use, has profound implications, such as the impact on supply chains, the deterioration of the reputational image of companies and drastic changes in ecosystems, including the loss of species.

## POLITICS:

According to the 2022 SRI, Atlántico has a moderate political risk. It is the third department in the Pacific Region with the lowest risk in this category, after Sucre and the Archipelago of San Andres and Providencia. From 2008 to 2021, the department had four governors. During 2021, there were six victims recorded for electoral crimes, [73](#) for threats against human defenders and public officials, [20](#) for crimes of improper conclusion of contracts, [259](#) for crimes of abuse of authority by arbitrary or unjust act and [there were no](#) victims [recorded](#) for crimes of constitutional and legal regime. These figures suggest that the department is politically stable, which reduces the risks that could affect companies in their dealings with local authorities.

Sources pointed out that a peculiar characteristic of politics in Atlántico and the Caribbean region in general is the presence of political clans (groups of people who, for the most part, maintain family or friendly ties and work together in the political arena with the purpose of achieving common objectives). In the case of the Atlántico, the Char clan stands out. Current mayor Alejandro Char won a [third term](#) as mayor of the city with an ample majority of 63% of the votes despite his brother, [Arturo Char](#), being under investigation for vote buying. In addition, the Char clan gave its support to Eduardo Verano, candidate for governor, who also repeated for the third time as governor of the department and [won the elections with 48% of the votes](#).

Regarding the worldview of a "Caribbean Region", the experts interviewed expressed that there are efforts promoted by entities such as the [Rap Caribe](#), Fedesarrollo and working groups among the competitiveness commissions for a shared vision. The RAP Caribe is preparing a strategic plan to promote development in the Region, according to Amylkar Acosta, manager of the RAP Caribe, who highlighted the socialization of the preliminary version of the plan through workshops. The document is based on the Sustainable Development Goals, the energy transition and the productive transformation strategy, with the aim of turning the Region into the country's energy hub, focusing on projects such as the green hydrogen cluster. In addition, work is being done to identify and prioritize projects that have a regional reach, with a focus on economic and social development.

However, it is recognized that there is still a considerable way to go in this regard. It is important to highlight that this shared vision on which progress has been made applies to the departments of Atlántico, Sucre, Bolívar and Córdoba. However, the situation is different in La Guajira and San Andrés, due to the particularities of these two departments that have hindered regional integration. In La Guajira, the indigenous communities have a significant weight and maintain traditions of government that sometimes differ from those of other departments in the region. In the case of the Archipelago, the main challenge lies in the formulation of policies from the center of the country without adequately considering its insular condition.

## INVESTMENT OUTLOOK IN ATLÁNTICO:

### AGRICULTURAL SECTOR

In 2022, the sector represented [1.3% of the departmental GDP](#). In 2022, permanent crops, in order of prevalence, were: mango, guava, banana, plantain, lemon, orange, plum, papaya, oil palm, cashew and banana. In order of prevalence, the following were also found in transitory crops: cassava, corn, melon, rice and watermelon.

The mango producing sector in Atlántico plays a crucial role in the departmental economy. With favorable climatic conditions, the department has consolidated a dynamic industry, supplying both local and international markets. However, according to [municipal agricultural assessments](#), mango production in the Atlántico decreased from 160,843 tons in 2021 to 137,704 tons in 2022. This implies an impact on economic growth and increased risks to the financial stability of producers. The reduction in harvests will probably result in an increase in contractual risks due to non-compliance with contracts and less employment generation.

Mango production offers opportunities for sectors such as transportation, agro-inputs, commerce and tourism. The latter benefits from the [Mango Festival](#). In this festival, activities are carried out for planting, harvesting and

transformation of mango into various products such as sweets, sauces, cookies and cakes, accompanied by cultural offerings such as folkloric and musical performances open to the public. This type of space is an opportunity for entrepreneurs, the relationship between producers and opens spaces for the development of strategies such as clusters as other departments do with their flagship crops, such as Valle de Cauca with sugar cane or Antioquia with coffee and flowers.

On the other hand, some of the challenges for the production of this fruit are climate variability, which can negatively affect yields and crop quality, exacerbated by the El Niño and [La Niña](#) phenomena. Efficient water management in a region prone to periods of drought is another major challenge that demands sustainable irrigation practices. In addition, pests represent a constant threat, demanding [integrated control approaches](#). The need to implement modern agricultural technologies and sustainable practices is essential to optimize productivity and minimize environmental impacts. Lack of access to finance and the need for farmer training are also challenges to overcome to ensure the long-term viability and competitiveness of the sector.

The guava crop is the second most produced permanent crop in the department, which, together with Santander and Boyacá, generates [70%](#) of the country's [production](#). According to [municipal agricultural assessments](#), 557 hectares were planted in 2021. This offers opportunities, such as the production of processed foods like snacks, food supplements, jams or beverages. Some of the challenges are financing, the effects of climate change and pests, such as the [white spot](#) that affected guava production throughout the country in 2019.

Cassava is the most important transitory crop for the department. However, production has decreased. According to [municipal agricultural assessments](#), there was a planted area of 5,412 hectares, with a production of 48,379 tons in 2021, while the planted area was 5,203 hectares and a production of 41,121 tons in 2022. It is likely that the reduction in production, as with other foods, will be due to the effects of the La Niña phenomenon between 2021 and 2022. In the case of corn, the second most produced transitory crop in the Atlantic, production in 2022 was 10,686 tons. These crops offer the opportunity to manufacture higher value-added products such as cassava and corn-based flour, premixes for typical products, beverages, and even [accessories](#), among other products.

According to the [2020-2023 Departmental Development Plan](#), agribusiness in the department does not have a specific policy to take advantage of local products and land use. This limits planning, hinders the development of the productive vocation of the land and implies an increase in the opportunity cost, as well as production costs in the long term. According to the Information System for Rural Agricultural Planning ([SIPRA](#)) only [17,308](#) hectares were used for agricultural purposes in 2019, a low percentage compared to the 279,180 hectares in the department's agricultural frontier. In addition, the hectares used for agricultural activities were negatively affected by the lack of water due to climate change and low investment in irrigation systems, delaying the planting, harvesting and production process. This leads to incorrect land use, delays in the development of the department's economy, disincentives to investment, and the need for training and investment in infrastructure.

Despite the absence of an agro-industrial policy, Atlántico's government has invested USD 19.4 million (COP [77 billion](#)) in the districts of Repelón, Suan and Santa Lucía. These funds have been directed to oil palm and Tahitian lemon crops, benefiting more than 27 families. These families were provided with technical assistance and financing through credits granted by the Agrarian Bank. This implies improvements in the quality of life of the producers, investment in infrastructure, facilities for public-private partnerships, and improved access to credit. In addition, at the beginning of 2023, the government [invested resources](#) in science, technology, and innovation, strengthening the capacities of the agroindustrial sector. This program benefited 82 companies through training in innovation that allows them to have a more sophisticated and advanced production. This shows that Atlántico recognizes the role of the companies, promotes employment, innovation and productivity, and a joint work environment with the companies encourages the arrival of investment and improves the competitiveness of the department.

The agroindustrial sector in Atlántico has a series of challenges and opportunities. On the one hand, its agricultural diversity offers opportunities for product diversification and the capture of growing national and international markets. The implementation of modern technologies and sustainable practices offers improvements in efficiency and quality. The development of the sector also increases the demand for human capital, which is an opportunity for the education sector, particularly at the technical and professional levels. However, the lack of a clear agroindustrial policy is a challenge, as is the need to address extreme weather events and efficiently manage water resources. Overcoming these challenges through access to financing and technical training for farmers will capitalize on opportunities, thereby strengthening the role of the agribusiness sector. Likewise, the success of the sector generates opportunities to provide food security for the department and the country.

## LIVESTOCK SECTOR

According to the [2020-2023 Departmental Agricultural Extension Plan](#), the department has a cattle, swine, goats, buffalo, sheep, poultry, and beekeeping. Cattle and swine production are the main focuses in terms of livestock inventory. Atlántico accounts for 4.6% of the national total in head of cattle and 0.1% in head of swine.

In the latest [2022 DANE livestock activity characterization](#), the number of head of cattle in the was between 250,001 and 500,000. This figure, in the breeding and reproduction phase, offers opportunities for companies specialized in animal genetics that have the opportunity to offer genetic improvement services to optimize cattle productivity. Livestock production also has an impact on employment generation and creates opportunities for the manufacture of processed products such as sausages, dairy products, and the development of leather-based textiles. Similarly, the implementation of livestock waste management systems would allow the generation of biofuels or organic fertilizers. Another opportunity exists for companies that provide veterinary services and offer bovine care products. In addition, the adoption of innovative technologies, the improvement of animal welfare practices, and the exploration of international markets are strategic areas that the private sector can take advantage of to boost its participation and contribute to the sustainable growth of livestock production in the department.

On the other hand, cattle production in Atlántico faces several challenges. There is a need to strengthen [animal health](#) programs to prevent and control diseases, which is essential to ensure cattle health and meat quality. In addition, there is also a need to improve livestock management, feeding and breeding practices to increase productivity and efficiency in the sector. Proper management of resources such as water and land, together with strategies to address the impacts of climate change, are also important challenges to ensure sustainable development in cattle production in the department. This is especially true given the worsening of the El Niño phenomenon and the loss of production due to [droughts](#) and [fires](#).

According to [PorkColombia](#), Atlántico had 191,333 pigs in 2022, which gives it the sixth place with the highest participation in the national total (3.46%). The report highlights a notable growth in production capacity and infrastructure in the pork chain, especially in the municipality of Malambo due to the acquisition of a pig farm that facilitates the commercialization of animals. This scenario creates opportunities for veterinary services companies, construction of specialized facilities, meat processing, and energy generation, especially for the production of biogas from animal waste.

Pig farming in the department of Atlántico faces several challenges that represent significant risks to its development. Among the main challenges are the need to improve infrastructure to ensure optimal conditions for raising and handling pigs, as well as [sanitary control](#) to prevent diseases and maintain high quality standards. In addition, stable input prices, market volatility, and fluctuations in production costs represent financial risks for producers. Foreign competition, changes in government regulations, and environmental impacts also pose significant challenges to the sustainability and competitiveness of pig farming in the department.

According to the final report of the [National Aquaculture and Fisheries Authority](#) (UNAP), by 2022, Atlántico had 337 aquaculture farmers, 88.7% of which are subsistence farmers and 55% of which operate in public water bodies. The percentage of subsistence aquaculture implies low productivity and inefficiencies in the value chain, which reduces its competitiveness. In addition, this type of production often has difficulties in accessing markets, which limits its growth opportunities. However, the UNAP report also highlights that Atlántico is one of the departments that has invested the most in the formalization and training of fish farmers, of which 300 are in the process of formalization.

In terms of the opportunities offered by the fish farming sector in Atlántico, there is an opportunity to expand production to satisfy both local and international demand. The diversification of cultivated species, with the inclusion of more commercial varieties adapted to local conditions, emerges as a driver to increase supply and strengthen the competitiveness of the sector. In addition, the process of formalizing fish farming is also a strategic opportunity to establish closer relations with the government and plan strategies to modernize farming processes. Sustainable environmental management is revealed as an essential component for the long-term development of the sector, highlighting the relevance of the academic offer focused on [sustainable fisheries](#) issues, which creates promising prospects for specialized training centers.

Subsistence fish farming in Atlántico faces [significant challenges](#). The limited availability of financial and technological resources, together with poor infrastructure and access to quality inputs, make it difficult to improve farming practices and production efficiency. Vulnerability to environmental factors and lack of access to agricultural technical training also pose challenges, affecting productivity and local food security. Overcoming these obstacles will require comprehensive approaches to strengthen infrastructure, improve access to resources and provide technical advice on subsistence fish farming in the department. In addition, it is important that formalization and management processes continue, as this will allow for better planning and efficiency in fish farming.

## TOURISM SECTOR

The tourism sector in the Atlántico is a driver of economic development and a source of employment. The Governor's Office of Atlántico has promoted [tourism infrastructure projects](#) such as the construction of the Nautical Sports Center, the Sazón Atlántico Market, the International Gastronomic Center and the development of the Country and Sabanilla II beaches. Similarly, the government has invested in the construction of the [departmental tourism sector plan](#), which aims to [promote](#) the municipalities with a tourist vocation. For this, the formation and training of tourism service providers and associates of the sector is fundamental. The creation and implementation of the first Departmental Tourism Council of Atlántico is also a tool to promote institutional actions and policies related to the development and competitiveness of the sector in the department, as well as the creation of specialized tourism guides.

The Government of the Atlántico is working on the construction of the [2022-2026 Atlántico Tourism Sector Plan](#), which will be the road map to continue promoting gastronomy, culture, nautical sports, ecotourism and all the potential of the municipalities. The existence of a sector plan in the short term facilitates planning, encourages the expansion of business operations, serves as a stimulus for the strengthening of relations in the business network and creates spaces for communication between the public and private sectors. In the long term, this sector plan also serves to monitor compliance with the objectives of the Departmental Tourism Council, reducing the risk of corruption or abandonment of the project.

According to the [Chamber of Commerce of Barranquilla](#), 15,306 companies operate in the department in the tourism sector, generating about 173,069 jobs. On the other hand, the Ministry of Commerce, Industry and Tourism indicated that in 2022, 84,700 non-residents visited the department, which corresponds to an increase of 48% compared to the 57,238 recorded in 2021. This implies a greater interest in the department's tourism offer, improved productivity, higher tax collection and pressure on tourism infrastructure. However, as of June

2023, the department recorded a lower share of international passenger arrivals compared to the same period in 2022. This suggests that the tourism offer should be diversified, as well as increasing the presence in international fairs and events where the diverse experiences available are highlighted. This goes hand in hand with constant innovation and the study of changing traveler trends, as well as addressing the need for more training in bilingualism and customer service.

Regarding bilingualism, according to calculations by Colombia Risk Analysis, based on data from the ICFES English tests of 2022, 63% of the people of Atlántico have basic English, while only 5% have upper-intermediate English. This shows the need to promote and strengthen the learning of English. This would allow better service to international tourists and thus increase the likelihood of a higher return on spending by these tourists. Regarding customer service, promoting training programs and university programs related to tourism becomes a key point for strengthening the sector and related industries. In addition, vigilance regarding respect for consumer rights is also fundamental, as there have been cases of [excessive charges](#), which discourage tourism, deteriorate the country's image, and reduce the confidence and competitiveness of the department.

[Gilberto Salcedo](#), vice president of Tourism of PROCOLOMBIA, said that Barranquilla and Atlántico have an excellent opportunity with the diversification of destinations strategy launched by that entity and the prioritization in the international promotion of products such as nature, cultural and community tourism with a focus on inclusion, sustainability and diversity. This reflects the potential of the department. Another challenge for the sector is to develop a complete offer that encourages business tourists to extend their stay and boost the economy by providing attractive leisure and entertainment activities. Another challenge is to strengthen the TEN cluster (Tourism, Entertainment and Business) focused on small businesses, since 96% of tourism companies are small and medium sized businesses.

Barranquilla, known as the [cradle of commercial aviation in Colombia](#), has experienced significant advances in its airport infrastructure. The Ernesto Cortissoz Airport, considered vital for the development of Atlántico, is undergoing a modernization process that seeks to consolidate it as one of the most important air terminals in the country. The airport's importance is not only limited to its connectivity function, but also translates into a positive impact for the private sector. The demand for goods and services associated with aeronautical development, passenger transportation, cargo and tourism has increased significantly.

Despite these advances, the process of [corporate reorganization](#) of the airport concessionaire, announced by the Superintendence of Corporations, shows economic challenges arising from the pandemic and delays in the [modernization](#) works of [the airport](#). These problems, added to the uncertainty generated by the recommendation to liquidate the concessionaire's contract, raise [questions](#) about Barranquilla's capacity to host ambitious projects, such as the proposal to host the Formula 1, which was [not](#) finally [granted by the FIA](#).

The Caribbean, which includes Barranquilla, is presented as a pole of development with mega infrastructure projects. However, the successful completion of the works at the Ernesto Cortissoz Airport is a critical factor to ensure competitiveness and to carry out emblematic projects, facing financial and operational challenges.

## REAL ESTATE SECTOR

Until 2022, the real estate sector [presented sustained growth](#) in Atlántico. Real estate activities had a [6%](#) share in the department's GDP in 2022. In 2022, Atlántico ranked third nationally in [new housing sales](#) in the first quarter, which totaled 13,307 units, with a growth of 28% compared to the same period of 2021. Of these, 6,783 were Social Interest Housing (VIS) and 4,325 Priority Interest Housing (VIP). These results make the department the second at the national level with the [highest growth in sales](#), with 30.7%, and with a 12% share in the total marketed in the country. The data from that time reflected an appetite for investment and represented an opportunity for advertising companies, which promote real estate through social networks. According to [CAMACOL data](#), in 2023 the sector had eight months of deceleration and then three months in which a slight



rebound in sales was recorded. [Fedesarrollo's survey on the Consumer Confidence Index \(ICC\)](#) gives Barranquilla a good score, especially in the willingness to buy homes, giving it in second place compared to other Colombian cities.

Between 2015-2022, the business stock of real estate activities grew by [9.3%](#), equivalent to 3,145 units. This is essential to maintain an efficient operation and meet market demand. Similarly, there was an increase in the demand for [rental housing](#), with 243 thousand households in Barranquilla choosing the rental modality in 2022, which represents an increase of 3% compared to 2021. The rental demand is also an opportunity for new business models such as Airbnb that also encourage tourism and business relocations or digital nomads seeking to change their place of work for seasons.

The Governor's Office of Atlántico has promoted the complementary subsidy ["Housing for the People"](#) whose objective is to benefit the people of Atlántico who want to acquire their own home through the purchase of Priority Social Interest Housing. Of the 2,700 subsidies granted in 2023, 1,000 have been delivered in Soledad, 500 in Barranquilla and 1,200 in other municipalities. This kind of subsidy programs, as [studies on similar subsidies](#) have shown, expand access to housing and improve the quality of life of the beneficiary population. The governor's office also supports the [Social Housing Real Estate Fair](#). This promotes investment, employment, competitiveness and social development. The government's interest in the sector implies an articulated work and is a vote of confidence for the construction and real estate entrepreneurs.

One of the most significant challenges the real estate sector faces is sustained growth, despite the obstacles caused by national policies that have negatively impacted its performance, such as the [delay in the implementation](#) of the "Mi casa ya" [subsidy](#). It is essential that industry players work together with government authorities to seek solutions that promote stability and sustainable growth. Therefore, another challenge is to preserve an articulated relationship between the real estate sector and the government plan in Barranquilla and the department. It is very likely that [Alejandro Char and Eduardo Verano](#) generate continuity to the real estate policies of their predecessors.

## MANUFACTURING SECTOR

The manufacturing sector plays a key role in the economy of Atlántico. In 2022, it was the second-largest contributor to the departmental GDP ([16.4%](#)). As of November 2022, according to the [Chamber of Commerce of Barranquilla](#), there was a 14% growth in industrial production, which is mostly concentrated in food and beverages (37%), chemicals (25%), non-metallic minerals (10%) and metal products (10%). Moreover, this boom was not limited to the domestic market, as local industry experienced a 50% increase in industrial exports, generating around USD 2,077 million in foreign currency.

The manufacturing sector in Atlántico presents a range of promising opportunities, one of which is the transformation of agricultural production in the Region. Investment in technology and automation in [different sectors](#) such as metalworking, chemicals, mass consumption, energy and gas transportation, fenestration production and processed food manufacturing also present opportunities for technology companies. According to a [study](#) by the Chamber of Commerce of Barranquilla, in 2022 there were more than 76,300 entrepreneurs that make up the business fabric of Atlántico and that together generated almost 370,000 jobs in the territory. It is of vital importance that the Department promotes the establishment of the manufacturing sector in Barranquilla and its surroundings to take advantage of existing trade agreements with Europe and the United States, [as it has been doing](#). According to a study by the [Think Tank of the EIA University](#), Atlántico's foreign sales recorded an annual growth of 14.6% in the U.S. market and 6.3% in the European Union between 2012 and 2022.

One of the most significant challenges facing the manufacturing sector in Atlántico is the high cost of electricity. As previously mentioned, these high prices increase operating costs, reduce productive efficiency and diminish the attractiveness of investment. In response to this problem, the National Government has convened [discussion](#)

[tables](#) with local and national entities, as well as with the private sector. However, these efforts have been insufficient. Recently, the [Petro Government announced](#) that there will be a reform to public utilities that will seek to reduce the price of electricity for consumers. While this could be a solution for the department, its implementation would begin in the medium to long term. However, at the time of writing this document, the text of the reform to public utilities proposed by the Executive is not yet known.

## PORT-LOGISTICS SECTOR

The development of the department is boosted by the seven ports located in the [port area of Barranquilla](#), which had a cargo movement of [11,772,646 tons](#). This sector has a relevant role in the regional and national economy as it is a point of entry and exit for international trade. The relevance of these ports lies in their capacity to facilitate the exchange of goods, promote connectivity with global markets and generate employment, [445 direct jobs and 600 indirect jobs](#). Their presence acts as a crucial engine for economic development and improved competitiveness in the department, making it an important player in the national and international context.

The ports require regular dredging and maintenance work, which benefits the infrastructure, transportation and machinery sectors. They are part of the dredging and operation of the port during the process. Companies specialized in software also have opportunities, since their products facilitate the logistical control of incoming and outgoing cargo, which is necessary during the dredging process. This relationship between productive sectors favors the generation of employment, both direct and indirect, thus catalyzing the expansion and development of urban areas adjacent to the Port.

Atlántico has [three free trade zones](#), the Industrial Free Trade Zone of Goods and Services of Barranquilla, which had 2,966.3 of total trade movement in 2022, the International Free Trade Zone of Atlántico with 439.4 movements in 2022 and the Special Permanent Free Trade Zone for the Processing of Ororojo Oil, which had 58.3 movements in 2022. The fact that the department has these zones implies investment incentives, facilities for economic diversification, reduction of operating costs, promotion of exports and business collaboration.

The port-logistics sector in the department faces several challenges that require strategic attention. Congestion and operational efficiency at ports can represent obstacles, especially in times of increased demand. The need to modernize and expand port infrastructure to accommodate increasing cargo volumes is a key challenge. In addition, sustainable management of natural resources and mitigation of environmental impacts, such as sedimentation and pollution, are imperative in a port environment. Similarly, global competition demands continuous adaptation to new technologies and the implementation of efficient logistics practices. Finally, security, including cybersecurity, [is also a critical challenge for the industry](#) today.

## RENEWABLE ENERGY SECTOR

The renewable energy sector is emerging as a key driver of progress and development in Atlántico. An outstanding project in this area is the construction of the [Guayepo](#) solar park. This project reported a construction progress of more than [60%](#) and has generated more than 1,500 jobs. In addition, its total construction has an investment of USD 194.3 million (COP 770 billion). The project will lead to a diversification in energy generation, a reduction in greenhouse gas emissions, an increase in energy suppliers and is expected to contribute to the reduction of electricity rates. Another implication is the improvement in the productive efficiency of the department, as well as opportunities for the opening to international markets.

Another significant bet is offshore wind energy. Although the [National Government postponed the first auction](#), it will be held in 2024. On April 21, the final list of companies that will be able to participate in [the auction to be held in August](#) will be announced. This would open investment opportunities for the development of specialized infrastructure, and the transfer of technology and knowledge to the department and the Caribbean in general. This implies social development, employment generation and competitive advantages in the Latin American

market. In addition, it is important to highlight that Atlántico has obtained the best performance at the national level in the environmental sustainability pillar in the [2022 Departmental Competitiveness Index](#). This implies lower production costs, promotion of innovation, and development of sustainable supply chains.

The potential of the sustainable energy sector in Atlántico goes beyond energy generation. According to sources interviewed, the department has a robust industrial sector that has the necessary capabilities to manufacture the infrastructure required for energy collection and transmission. This represents a significant opportunity for the development of local industry, the creation of specialized employment, and also to promote sectors such as the sale and maintenance of machinery. Other sectors would also benefit from the development of the sustainable energy sector.

Regarding the challenges, one of the main ones is the need to establish clear policies and regulations at the departmental level that encourage investment in renewable energy projects. This in order to avoid confusion or disincentives such as taxes on the generation of sustainable energies, as can be interpreted by the tax on [public lighting in Barranquilla](#). The planning and development of adequate transmission and distribution infrastructures to efficiently integrate renewable sources into the local electricity grid is also an important challenge. The education and training of local professionals in renewable technologies are essential factors to boost the industry in Atlántico, as well as identifying financing sources that allow the economic viability of sustainable projects. Overcoming these challenges will help consolidate Atlántico as a benchmark in the use of renewable energies, generating both environmental and economic benefits for the department and the Caribbean in general.

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN ATLÁNTICO:

Atlántico is made up of 23 municipalities. Taking into account the information available at the municipal level, the departmental context and the number of municipalities, we found that the most and least risky municipalities in Atlántico are:

MUNICIPALITY WITH THE LOWEST RISK IN ATLÁNTICO

The municipality with the lowest risk in Atlántico is Suan. It is located in the south of the department, bordering the municipalities of Campo de la Cruz and Santa Lucía to the north, and the departments of Bolívar and Magdalena to the east.

According to the data collected, the municipality has a very low risk in the security category. During 2021, with [a population of more than 12 thousand inhabitants](#), Suan did not register cases of homicides, kidnappings, extortions, massacres or murdered social leaders. The above figures, plus the permanent presence of the [First Division](#) of the National Army in the territory, would suggest that the municipality has a relatively better security panorama than the rest of the department. The absence of coca crops and the apparent lack of armed groups allow the municipality to perform as the safest in the department. However, it is necessary to consider factors such as lack of access to institutions or lack of internet access that limit the registration of database variables. This means that, given a possible under-recording of variables, the reality in the territories may be different.

According to the data collected and available at the municipal level, Suan has a very low political risk. During 2021, there were no records of crimes in this category. This would allow inferring that the municipality has high political stability and that there are no negative impacts to the public service, which decreases the legal and reputational risks for the business sector in case of contracting with local authorities. As in the security category, the fact that

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK BY DIMENSION		
CATEGORY	LOWEST RISK	HIGHEST RISK
Security	Santa Lucía	Barranquilla
Politics	Piojó	Barranquilla
Economy	Barranquilla	Piojó
Institutions	Barranquilla	Santa Lucía
Society	Barranquilla	Piojó
Environment	Manatí	Baranoa

there are no records does not mean that these crimes do not occur, but rather that due to lack of access to institutions or fear, people do not always report them.

Regarding the economic category, Suan was the second municipality (after Barranquilla) with the lowest risk. By 2021, it was the second municipality with the second-highest human capital, with [42.84%](#) of its population having higher education. This indicates that the labor market of the municipality has a good level of specialization, allowing companies to choose to hire local workers and sectors with higher added value to settle in the territory. However, Suan is the second municipality that contributes the least to the departmental GDP, with only [0.20%](#). Suan's economic activity is focused on [agriculture and tourism](#). Its high percentage of human capital plus the potential for technification of the countryside and tourism-related activities make the municipality attractive for companies and industries seeking to invest in these sectors. It is important to mention that the lack of information at the municipal level on variables such as banking and business fabric limits the analysis and does not fully reflect the reality of Suan.

The municipality has a moderate institutional risk based on available data. At the departmental level, it was the tenth municipality with the highest score in the [2021 Municipal Performance Measurement](#) (44 out of 100) and the eighth in the [2021 Digital Government Index](#) (with a score of 73 out of 100). While these scores are not bad, unlike other municipalities in the department, they suggest that there is still room for improvement on the degree of efficiency in local institutions and their ICT integration.

Suan has a low social risk. It is the ninth municipality with the highest population in poverty in the department (44%), according to the DANE's [Multidimensional Poverty Measurement](#). It is important to mention, however, that this variable is a measurement following the last census of 2018, so it does not take into account the situation generated after the pandemic. That is, the figure will most likely remain the same or even have decreased, taking into account that at the departmental level [the population in poverty condition](#) during 2019 (14.9%), 2020 (14.1%) and 2021 (15.5%) was below the national total in the three years. The municipality has a [health insurance coverage](#) of more than 80%, an [education coverage](#) of more than 95% and has one of the lowest [intra-annual school dropout rates](#) according to the data collected. This suggests that in Suan, the population has a better welfare condition than other municipalities in the department, which implies a lower risk of clashes between communities and companies. Likewise, the risk of communities seeking that companies solve their needs and demands to the State decreases.

The municipality of Suan has a very low environmental risk according to available data. During 2021, only one [crime](#) was registered for illegal exploitation of natural resources. However, as we have mentioned, the fact that there are no more records does not necessarily mean that these situations do not occur; situations such as distance, lack of access, or intimidation may cause underreporting of this information at the municipal level.

## MUNICIPALITY WITH THE HIGHEST RISK IN ATLÁNTICO

The municipality with the highest risk in the department of Atlántico is Luruaco. Located in the west of the department. It borders the municipalities of Piojó to the north, Repelón to the south, Sabanalarga to the east and the department of Bolívar to the west.

According to the data collected, the municipality has a moderate risk in the security category. With [a population of more than 30 thousand inhabitants](#), during 2021, Luruaco had the second-highest homicide rate in the department ([36 homicides per 100 thousand inhabitants](#)). There were no reports of kidnappings, massacres, extortion or assassinations of social leaders. There is a permanent presence of the [First Division](#) of the National Army in the territory, which is supposed to reassure the community and the business sector. However, these murders were related to cases of [fights](#) and [riots](#), which increases the risk to the physical integrity of workers and businessmen interested in investing in the territory.

According to data collected and available at the municipal level, Luruaco has a moderate political risk. During 2021, it registered one victim for [threats against human rights defenders and public officials](#) and for crimes of [improper celebration of contracts](#). This would allow inferring that the municipality has relative political stability, with some impacts to the public service, which does not mean that there are no legal or reputational risks for the business sector in case of contracting with local authorities. However, as we have said before. The fact that there are no records of other crimes does not mean that they do not occur, but rather that the lack of access to institutions or even due to fear, people do not always report them.

Regarding the economic category, the municipality has a moderate risk level. In 2021, Luruaco had no record of population with higher education. However, it was the eleventh municipality that contributed the most to the departmental GDP (0.48%). The municipality has an economy focused on [the agricultural sector, the mining sector, and the tourism sector and associated industries](#). It is important to mention that the lack of information at the municipal level on variables such as banking and business fabric makes the analysis limited and does not fully reflect the reality of Luruaco.

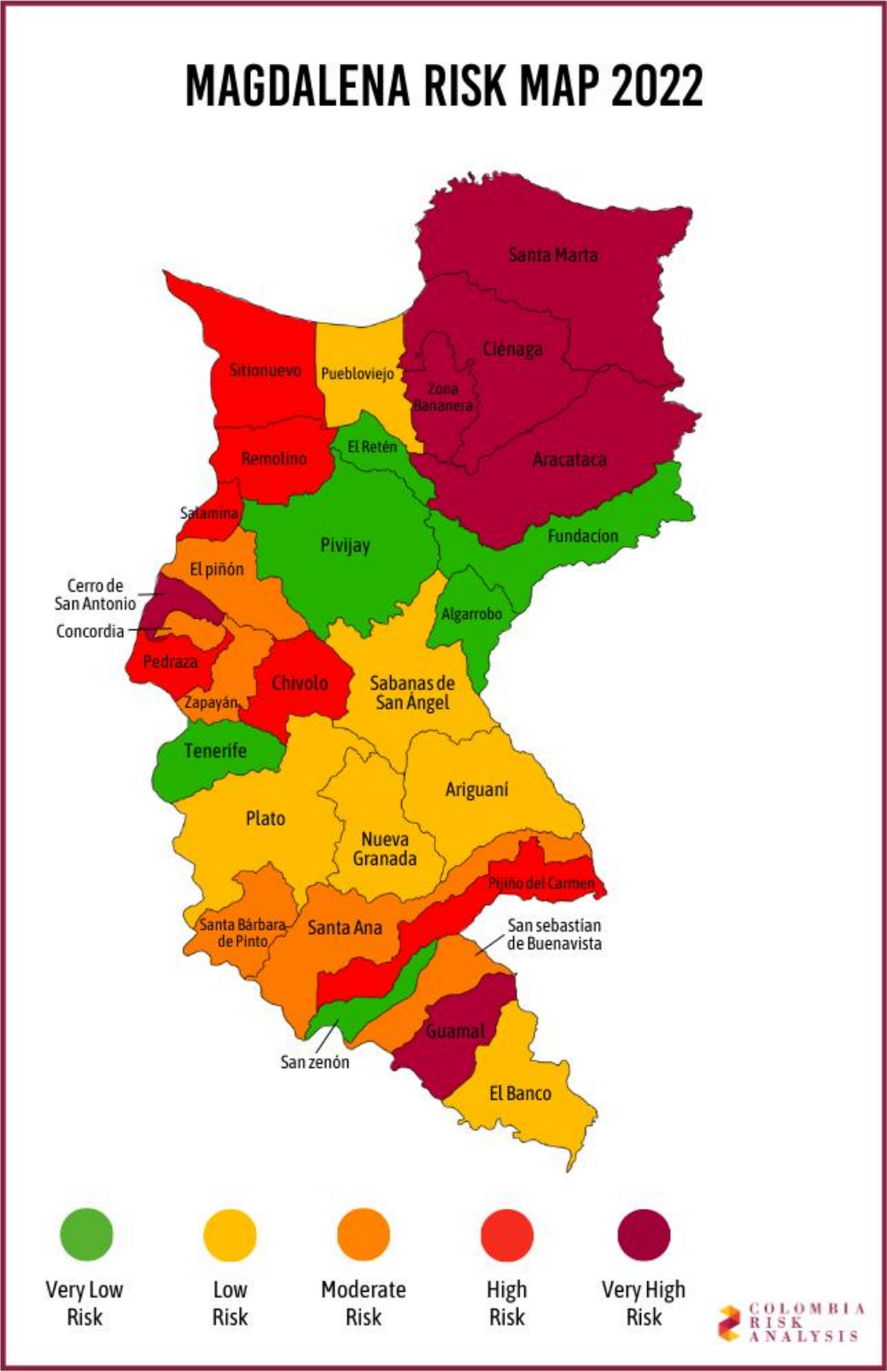
Luruaco is the seventh municipality with the highest institutional risk according to available data. At the departmental level, it was the ninth municipality with the lowest score in the [2021 Municipal Performance Measurement](#) (39 out of 100) and the sixth with the lowest score in the [2021 Digital Government Index](#) (59 out of 100). This suggests that local institutions need to work on improving their efficiency and on greater ICT integration. For the business sector, this implies longer bureaucratic processes that increase time and delays in the development of their activities.

It is the fourth municipality with the highest social risk. It was the second municipality with the second-highest percentage of population in poverty (55%), according to the DANE's [Multidimensional Poverty Measurement](#). It is important to mention, however, that this variable is a measurement following the last census of 2018, so it does not take into account the situation generated after the pandemic. In other words, the figure will most likely remain the same or even have decreased, taking into account that at the departmental level [the population in poverty condition](#) during 2019 (14.9%), 2020 (14.1%) and 2021 (15.5%) was below the national total in the three years. It has a health system insurance of over 70%, education coverage of 90.8%, but it is the fourth municipality with the highest intra-annual dropout rate (4%). This suggests that in Luruaco the population has a lower welfare condition than other municipalities in the department, which implies a higher risk of clashes between communities and companies. Likewise, the risk of communities seeking that companies solve their needs and demands to the State increases.

Luruaco has a moderate environmental risk according to the available data. During 2021, [six cases](#) were recorded for crimes of illegal exploitation of renewable natural resources and [two cases](#) for the crime of illegal exploitation of mining deposits. This level of environmental risk presents an additional concern for companies seeking to expand into the municipality. And as mentioned above, the fact that there are no records for the other crimes in this category does not imply that these situations do not occur. Conditions of distance, lack of access or intimidation may cause underreporting of this information at the municipal level.

MAGDALENA:

According to our [2022 Subnational Risk Index](#) (2022 SRI), Magdalena has a moderate risk in relation to the factors considered for attracting investment to the department. Thus, it is necessary to analyze the behavior within each category that makes up the SRI to understand the opportunities and challenges for the business sector and investors interested in Magdalena.





DEPARTAMENTAL RISK INDEX OF MAGDALENA

RANKING	MUNICIPALITY	D I M E N S I O N					
		SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
1	Algarrobo	1.52	0.46	99.68	17.29	53.26	2.50
2	Fundación	24.65	2.22	96.34	30.47	21.42	5.00
3	Pivijay	8.11	0.26	97.84	31.25	43.14	17.50
4	Tenerife	0.00	0.13	99.76	51.94	44.52	0.00
5	San Zenón	2.06	0.00	99.82	41.28	51.09	2.50
6	El Retén	2.43	0.06	98.55	48.62	55.98	0.00
7	Sabanas de San Ángel	0.00	0.00	99.49	54.70	52.25	0.00
8	El Banco	7.17	0.26	94.89	67.43	39.36	2.50
9	Nueva Granada	2.42	0.13	99.01	57.06	52.50	0.00
10	Plato	8.60	6.93	91.11	45.72	49.79	12.50
11	Ariguaní	10.74	0.00	98.36	54.27	51.25	0,00
12	Pueblo Viejo	10.47	0.00	99.28	39.13	58.02	12.50
13	Santa Bárbara de Pinto	0.00	0.00	99.78	61.91	58.83	0.00
14	Santa Ana	0.98	0.26	99.04	63.12	55.60	2.50
15	San Sebastián de Buenavista	6.18	0.06	99.47	65.06	42.97	9.17
16	Zapayán	10.06	0.00	99.93	47.79	64.56	0.00
17	El Piñón	0.00	0.00	98.41	55.83	66.53	7.50
18	Concordia	0.00	0.00	99.94	61.48	65.24	0.00
19	Pijiño del Carmen	16.20	0.46	99.71	49.23	47.92	12.50
20	Pedraza	11.50	0.00	98.04	75.48	41.77	0.00
21	Sitionuevo	10.68	0.00	98.23	40.37	68.04	17.50
22	Salamina	0.00	0.78	99.83	71.93	61.83	0.00
23	Chibolo	11.32	0.13	99.52	62.33	67.91	2.50
24	Remolino	11.10	0.00	100.00	51.77	84.68	0.00
25	Ciénaga	31.67	15.61	78.46	49.51	53.24	25.00
26	Cerro de San Antonio	13.32	0.00	99.98	70.21	67.06	0.00
27	Zona Bananera	17.26	20.26	90.55	41.43	52.08	38.33
28	Aracataca	29.83	0.19	98.11	57.26	69.49	7.50
29	Guamal	30.63	0.13	99.17	90.32	52.40	0.00
30	Santa Marta	73.79	81.11	0.00	19.63	42.44	97.50

## SECURITY:

According to our 2022 SRI, Magdalena has a moderate security risk. In 2021, with a population of more than [1.4 million people](#), the department did not register [any](#) kidnapping cases and was the ninth department with the lowest rate of extortion ([9 extortions](#) per 100,000 inhabitants). Regarding extortion, sources mentioned that tourist guides, businesses and restaurants are usually among the most affected by this phenomenon, but that they prefer not to report it because they don't believe any actions by the authorities will be taken. Likewise, of the 20 departments that registered coca hectares, Magdalena had the lowest number of hectares ([2.49 ha](#)). This, together with the permanent presence of the [First Division of the Army](#) and the [National Navy](#), implies lower security risks for investment and private enterprise.

Despite the figures in the previous paragraph, the department does have a significant number of homicides, with a rate of [26.6](#) homicides per 100,000 inhabitants. Similarly, [massacres](#) have increased in the last three years, from three massacres in 2021, to four in 2022 and seven in 2023. The [Clan del Golfo](#) is present in the department, and to a lesser extent groups such as the [ELN](#), FARC dissidents and the [Autodefensas Conquistadoras de la Sierra Nevada](#). This poses a high level of risk to rural communities. In these areas, risks to the physical integrity and assets of investors and to the business sector are likely to increase.

On the other hand, the department also experiences urban insecurity, which mainly affects its capital, Santa Marta. In February 2023, the city was included in the [list](#) of the world's most dangerous cities by the Citizens' Council for Public Safety and Criminal Justice, ranking [37th out of 50](#). The inclusion was due to the city's high homicide rate, with 39.28 homicides per 100,000 inhabitants. In addition, the city has experienced a wave of [robberies](#) and acts of [vandalism](#) against commercial establishments. Insecurity in the city has disproportionately affected the [commercial sector](#), with frequent armed [robberies](#). This implies the loss of merchandise and a reduction in sales due to fewer visits to establishments because of insecurity. It is also a disincentive for the creation of more businesses due to the lack of security guarantees, which may affect other sectors, such as tourism and retail, by reducing the supply and variety of products.

## ECONOMY:

According to the [Departmental Economic Profile of Magdalena](#) of the Ministry of Commerce, Industry and Tourism, the main economic activity of the department by December 2022 was public administration and defense, accounting for 25.1% of the departmental GDP. This is followed by: commerce, hotels and repairs with 21.8%, agriculture, livestock and fishing with 20.3%, construction with 5.7%, duties and taxes with 5.6%, real estate activities with 4.8% and manufacturing industries with 4.2%. The data shows that Magdalena has a thriving economy based on tourism and the agricultural sector. Additionally, the department scored 7.15 out of 10 in terms of diversification of the export basket according to the [2023 Departmental Competitiveness Index](#), suggesting that it has a diversified economy. This reduces Magdalena's dependence on a single productive sector, reducing the vulnerability of its economy to domestic or international shocks.

According to the 2022 SRI, Magdalena has a moderate economic risk. It is the fourth department in the Caribbean with the lowest banking penetration and human capital. In 2020, only [40.4%](#) of adults in the department had an active financial product. By 2021, only [31.4%](#) of adults had higher education. A low percentage of human capital results in a poorly specialized labor market and detracts from the competitiveness of the department's workforce, as companies in higher value-added sectors face obstacles to hiring local workers.

Regarding human capital, experts interviewed by Colombia Risk Analysis mentioned that, in addition to the lack of skilled labor, another problem in the labor market is the brain drain. The experts explained that the lack of opportunities has caused many people from Magdalena to go to other cities in the region, such as Cartagena or Barranquilla, or to the interior of the country in search of better opportunities. In response, the business sector has begun to take actions to counteract this phenomenon. For example, experts commented that the company Nutresa allied with the Magdalena University to train all the personnel they were going to hire.

One of the biggest obstacles facing the department in economic terms is its low business fabric, which results in a very high level of informality. By 2021, Magdalena was the seventh department nationally and fourth in the Caribbean with the lowest business fabric, with only 324 companies generating formal employment per 10,000 inhabitants. This has led to Santa Marta being the [fourth city with the highest level of informality](#) (61.3%) for the July-August 2023 quarter. Also, according to the [2020-2023 Departmental Development Plan: Magdalena Renace](#), by 2020 informality in rural areas was 91.9%. Informality increases social vulnerability, with the population depending on higher public spending, it also [increases inequality and reduces productivity](#). On the other hand, informality generates unfair competition for established companies, which operate with higher costs due to them complying with their legal responsibilities.

An important factor for the departmental economy is the Port of Santa Marta and Puerto Nuevo (located in the municipality of Ciénaga). This allows connecting the departmental economy to the international market. Likewise, it also allows the transportation of products from the interior of the country to their international destinations. This makes Magdalena a more attractive department for investors.

### INSTITUTIONALITY:

According to the 2022 SRI, Magdalena has a moderate institutional risk. In 2021, the department scored [67.05](#) out of 100 in the Departmental Performance Measurement, suggesting that there is a good level of implementation of its Territorial Management Plan (POT). In terms of the Digital Government Index, Magdalena obtained a score of [77.2](#) out of 100. This indicates that the department's institutions have achieved a good level of use of ICTs, simplifying administrative processes, a crucial aspect to promote the progress of business activities.

For 2021, according to the National Anti-Corruption Index, the department was the twelfth at the national level and the fourth in the Region with the best score ([80.5](#) out of 100). This means that the department has a good capacity to prevent and fight corruption, which allows a good execution of public resources to address its problems. For the private sector, this implies less reputational and legal risks. It is also an incentive to participate in public-private partnerships.

### SOCIETY:

According to the 2022 SRI, the department has a high social risk. By 2022, [23%](#) of the population was living in poverty. While this represents a significant improvement over 2021 (32.4%), it is still above the national average of 12.9%. By 2021, more than [90%](#) of the population was insured in the health system, [100%](#) of the population had access to education, and it was the fourth department in the country and the region with the lowest school dropout rate ([2.1%](#)). However, in 2021, [almost 60%](#) of the housing in the department had structural deficiencies and required improvements. These figures are factors that reduce the quality of life of the inhabitants, a limiting factor for the productivity of workers.

On the other hand, the department has good coverage of public utilities in the municipal capitals. According to the 2020-2023 Departmental Development Plan, electricity coverage in the municipal capitals is 93.12%, garbage collection coverage is 85.56%, aqueduct coverage is 84.62%, gas coverage is 78.44%, and sewerage coverage is 70.49%. On the other hand, coverage is much lower in rural areas, except for electricity, which has a coverage of 82.13%. Aqueduct coverage is 39.47%, garbage collection 28.94%, gas 27.67%, and sewerage 4.84%.

Despite these figures, the people interviewed by Colombia Risk Analysis mentioned that the lack of water supply and the problems with the sewage system are affecting the quality of life of the people of Magdalena and, therefore, their productive capacity. One example they gave us was that many people have to get up between 2 and 3 o'clock in the morning to fetch water and leave it at home. For the business sector, interruptions in water service and problems with wastewater affect their ability to produce and provide their services, which hinders their growth and is likely to become a disincentive for opening new businesses.

According to the Departmental Development Plan, only 7.4% of homes in the department have fixed internet. The limited availability of internet connection represents a challenge for the business environment. This is evidenced by the difficulty in interacting with customers, the decrease in the efficiency of business operations, such as information and resource management, and the impossibility of conducting market research.

### ROAD INFRASTRUCTURE:

According to the [2020-2023 Departmental Development Plan: Magdalena Renace](#), the department has 6,653 km of road network, of which 709 km are primary roads, 1,135 km are secondary roads and 4,809.6 km are tertiary roads. The road network the department is responsible for has problems in 90.9% of its extension, with paving in need of repair or not paved at all. In the south of the department, it is in the worst condition and, according to sources consulted, there are areas that are impossible to reach due to the lack of tertiary roads.

Secondary and tertiary roads have suffered significant damage during the winter season. [Floods](#) have destroyed roads connecting municipalities and townships. This translates into additional transportation costs, long delivery times, and logistical challenges that reduce the competitiveness of productive activities and discourage investment.

On the other hand, the department is crossed by part of [section three](#) of the Ruta del Sol, connecting Santa Marta with Valledupar to the east, and Carmen de Bolívar in Bolívar to the west. The Ruta del Sol facilitates the connection between Santa Marta and Bogotá, and other capitals such as Valledupar, which allows for more efficient transportation of goods and reduces costs. It also connects the port with the interior of the country, which makes it more competitive. However, recent reports have brought to light the insecurity along the route, with [robberies](#) of cargo drivers. In addition, the road has serious infrastructure problems, with [closed stretches](#) and potholes that cause vehicle breakdowns. This hampers traffic on the road, even preventing transporters [from](#) working at night. It also entails risks to the safety of drivers and their goods, and higher costs due to unforeseen events.

### ENVIRONMENT:

According to the 2022 SRI, Magdalena has a moderate environmental risk. In 2021, the department was the eleventh at the national level and the fifth in the Region with the highest number of cases of illegal exploitation of renewable natural resources ([60](#)), there were [12 cases](#) of illegal exploitation of mining deposits and other minerals, [four](#) cases of damage to natural resources and ecocide, and only [one case](#) of environmental contamination.

The IDEAM [predicted](#) the arrival of El Niño from the second half of 2023 and is [expected](#) to last until the second quarter of 2024. Due to the importance of the agricultural sector for the department, it is likely that the phenomenon will negatively affect its production. Even before the arrival of the phenomenon, different departments in the Region including Magdalena, were already experiencing severe [droughts](#). These caused the [death of cattle](#) in Sabanas, Gulf of Morrosquillo and Montes de María, and forced farmers to sell part of their herds at a much reduced price, seeking to avoid the death of more cattle. This generates significant losses for producers.

The El Niño phenomenon implies uncertainty for the business sector, due to the risks it brings, such as a significant reduction in production, economic losses and damages that will probably take months to be resolved. However, the government of Magdalena has taken [measures](#) to address the problem since June 2023, such as the activation of the Early Warning System, coordination with operational entities and constant monitoring at the most vulnerable points to drought, among others. This shows that government authorities recognize the challenges presented by the El Niño phenomenon and have taken measures to face it, reducing the vulnerability of the sectors.

On the other hand, according to IDEAM figures, the department reduced its deforestation by 364 hectares in 2022. It is likely that the low deforestation in the department is related to few coca hectares, which is usually one of the main drivers of deforestation. However, the El Niño phenomenon has [increased](#) the risk of forest fires in the department. In June, the department experienced a major [forest fire](#) in Isla Salamanca Park, the smoke from which reached Barranquilla, negatively affecting the city's air quality. Due to droughts caused by the phenomenon, the department is likely to see more [forest fires](#).

The La Niña phenomenon has also [been detrimental to](#) the department in the past. Heavy flooding caused by the winter season in the second half of 2022 [caused damages to](#) the departmental capital, causing rivers to overflow, landslides and flash floods. In addition, the city's mobility was reduced, negatively affecting the commercial sector.

## POLITICS:

According to the 2022 SRI, Magdalena has a moderate political risk. From 2008 to 2021, all four elected governors completed their terms. This helps continuity in the implementation of government programs and reduces uncertainty for investment. However, in October 2023, [Carlos Caicedo](#) resigned as governor of Magdalena due to the crisis his Fuerza Ciudadana party was facing in the local elections. Although Caicedo was not the only governor to make this decision in the middle of the campaigns, this sends a bad message to investors and the business sector, as these governors prioritized their political interests over the mandate for which they had been elected.

In 2021, Magdalena political instability had negative effects on the public service that hindered the development of the business sector. It was the seventh department at the national level and second in the Caribbean with the highest number of victims for crimes of constitutional and legal regime ([18](#)), there were [63](#) victims for crimes of abuse of authority by arbitrary or unjust act, [three](#) for electoral crimes, [six](#) for crimes of improper conclusion of contracts, and it was the fourth at the national level and first at the regional level with the highest number of victims for threats against human rights defenders and public officials ([375](#)). Threats against human rights defenders and the murder of social leaders -of which there were [five](#) in 2021, [three](#) in 2022, and [four](#) in 2023-, are negative for the business sector, as leaders act as a communication link with communities. Thus, it is likely that in the absence of such intermediation, conflicts with communities will arise, affecting the development of the business sector and the attraction of new investments in rural areas.

Like other departments, Magdalena was at risk of threats and electoral fraud for the October regional elections. The Electoral Observation Mission [warned](#) about the possible risk of fraud in the municipalities of Ariguani, Pivijay and Nueva Granada. Likewise, by August 2023, the Prosecutor's Office had received seven [complaints](#) for threats to candidates to municipal councils and mayoralties. This implies a high political risk in the department and the violation of political rights of the inhabitants.

According to sources interviewed, politics in Magdalena, as in the Caribbean in general, is characterized by the presence of political clans. These are structures made up of family members and relatives who have an active role in the public and/or private sector. They grant positions and concessions through nepotism and remain in power through clientelistic relationships. These structures obtain profits from public resources. Our sources mentioned that Carlos Caicedo came to the governorship as an *outsider* to the traditional politics of the time, which were [dominated](#) by the Cotes clan. This clan was stained by parapolitics after José Francisco Zúñiga Riascos, husband of Rosa Cotes, [accepted](#) having received [support](#) for his election as mayor of Santa Marta in 2004 from Hernán Giraldo Serna, leader of the 'Frente Resistencia Tayrona' of the self-defense groups. Likewise, other former governors of Magdalena from the Cotes clan, such as Luis Miguel Cotes Habeych and Rosa Cotes de Zúñiga have been [accused](#) by the Prosecutor's Office for alleged corruption in the construction of the Vía de la Prosperidad.

Despite having been elected as a different candidate, the experts believed that Caicedo has adopted practices typical of the traditional political clans. For example, [the failed attempt](#) to promote the candidacy of his sister Carmen Patricia Caicedo for mayor of Santa Marta. Caicedo has also been [involved](#) in corruption allegations in the past. These practices detract from the legitimacy of elections, reduce meritocracy and result in conflicts of interest, factors that reduce the productivity of public institutions. Corruption also implies losses in public spending and lower social investment.

## INVESTMENT OUTLOOK IN MAGDALENA:

### AGRICULTURAL SECTOR

In 2022, agriculture, livestock and fishing were the third most important economic activity in the department, accounting for [20.3%](#) of the departmental GDP. The most important permanent crop in the department is bananas (67.9%), followed by oil palm (13.6%) and mango (6.1%). In terms of transitory crops, cassava is the most important (59%), followed by maize (14.4%) and rice (4.6%). High dependence on a single crop increases the risks of pests and diseases, as well as lower resilience to climate change. It also increases the sector's vulnerability to fluctuations in the international market.

Bananas are the most important crop in the department by a large margin. Its importance [dates back](#) to the 19th century, when it became relevant in the municipality of Ciénaga, being the first export product that attracted foreign investment for the department by the United Fruit Company. Bananas became the first crop to continuously generate foreign exchange. Today, Magdalena continues to be a net producer and exporter of bananas. As of October 2023, bananas accounted for 49.4% of the department's exports, being the main export product. This is possible thanks to the high productivity of the crop and its [technification](#). The latter is probably a consequence of more than a century of banana cultivation and the presence of [seven large companies](#) (Agropecuaria San Gabriel, Agrícola Eufemia, Agrícola Margarita, Bananero El Enano, Banaeva, Canali, and Inversiones Lolita) and 550 small producers by 2019.

However, banana cultivation has been widely criticized by Mongabay Latam and Rutas del Conflicto for its effects on local populations and the environment. As the most important and territorially extensive crop, it has very high water [requirements](#), causing water shortages in the villages of Orihueca and Palomar. In addition, according to the Instituto de Investigaciones Marinas y Costeras (Invemar), the lack of water has affected the [ecological balance](#) of the Ciénaga Grande de Santa Marta, negatively impacting fishing in the Ciénaga, which accounts for 80% of all fishing in the Caribbean.

The second most important permanent crop in the department is oil palm. According to [Fedepalma](#), by 2020 the department produced 9.98% of the national total, in seven oil palm nuclei. Of the 46,739 hectares planted, there were 45,838 in production, generating 15,442 direct and indirect jobs. Like bananas, oil palm is linked to international trade, representing [30.4%](#) of exports as of October 2023. Mongabay Latam and Rutas del Conflicto have also [criticized](#) oil palm production for its significant water requirements, which [affect](#) the Ciénaga Grande. The environmental impacts are likely to generate further protests by part of the population, which decreases incentives for new investment.

The most important transitory crop in the department is cassava. According to the [Plan Integral de Desarrollo Agropecuario y Rural con Enfoque Territorial](#) (PIDARET), there are two varieties of the crop in the department: industrial and fresh consumption. Industrial cassava is transported to Barranquilla and Sincelejo for the production of concentrates for animal feed. Fresh cassava is used by the department for consumption and the production of multiple byproducts, such as arepas, buns, and cassava, among others. The creation and development of agroindustry around cassava would open the doors for the generation of added value to the department, in addition to the technification of the field and the generation of employment. The Ministry of Agriculture is [developing](#) the cassava Country Plan in Magdalena and other departments, whose [second phase](#)



seeks the collaboration of technical, scientific, technological, financial and administrative capacities to promote the development of productive, commercial and transformation capacities in the cassava subsector.

## LIVESTOCK SECTOR

According to the PIDARET, livestock activities occupied 37% of the department's territory, with 1,324,350 million head of livestock by 2018. Likewise, in 2017 livestock activities were concentrated in cattle, sheep, goats, pigs and other species, representing 18.9% of the activity in the Caribbean Region. According to the [2020-2023 Departmental Agricultural Extension Plan](#) (PDEA), dual-purpose cattle ranching is done under an extensive model. By 2020, there were 1,342,637 head of cattle, equivalent to 4.92% of the national total. This activity occurs mainly in the Magdalena Savannas, in the municipalities of Pivjay, Ariguaní, Pijiño del Carmen, Nueva Granada, Santa Ana and Plato. Although the PIDARET highlights cattle ranching as one of the department's most important agroindustrial bets, cattle ranching is not linked to departmental industry and remains in the extraction of raw materials. This implies lower value added and, therefore, lower income for cattle ranchers and the department in general.

Cattle ranching in the department faces a variety of challenges. First, according to the PDEA, there is a [low organizational capacity](#) on the part of cattle ranchers, who do not have an irrigation culture, practice extensive cattle raising, and lack genetic improvement practices. This limits the sector's productivity and negatively affects product quality.

On the other hand, the PIDET and the [Rural Development Agency](#) point to animal health standards as one of the most important constraints to accessing international markets. This means that the sector's products can only be marketed locally and at the national level, which means that the opportunity to reach a wider market and obtain higher profits is being lost. In addition, farmers from the Comité de Ganaderos del Magdalena have [expressed](#) their concern about the new National Government regulations for the reopening of municipal slaughterhouses, which they believe will worsen sanitary conditions due to the lack of quality control and sanitary standards.

Livestock farming in the department is also vulnerable to climatic conditions. In early 2023, the south of the department [suffered from](#) a lack of rainfall, which led to a shortage of pasture and the depletion of animal feed reserves. This resulted in losses for cattle ranchers, who were forced to sell their animals at low prices to avoid losing livestock. On the other hand, cattle ranches near the Magdalena River have suffered significant [flooding](#) due to the increased flow of the river during the winter. This situation has led to the [death](#) of livestock and loss of crops. Although vulnerability to climatic conditions increases uncertainty about the behavior of the sector and its productive capacity, it also generates investment opportunities for livestock technification and the implementation of mitigation and response plans for climatic phenomena.

Another important activity in the department is goat and sheep farming. According to the national livestock census of the Colombian Agricultural Institute ([ICA](#)), Magdalena has 11.7% of the country's sheep population (the third largest in the country and the second largest in the Caribbean) and 3.6% of the goat population (the fourth largest in the country and the third largest in the Caribbean). Both of these assets open up opportunities for attracting investment, local economic development and boosting the department's exports. Beyond the food industry, sheep serve as a supplier for the textile industry, diversifying markets and income for livestock farmers. Likewise, goats have [export](#) potential, given that lamb meat is highly valued in markets such as the Arab countries.

Magdalena has [79,419](#) square meters for aquaculture meat production. The PIDARET describes fishing in the department as mostly artisanal, taking place both on the Caribbean coast and in the Magdalena River. According to the PDEA, the main species are jack mackerel, snapper, amberjack, mullet and sierra. Most of the production is marketed directly by the fishermen and for local consumption, so it plays a very important role in the local economies. In addition, artisanal fishing in the Magdalena River is a historical activity, which is why it was declared

Intangible Cultural Heritage of the Nation in 2022. Due to it being an artisanal fishery, the low level of technification limits its productivity.

## TOURISM SECTOR

In 2022, tourism was the second most important sector in the department, accounting for [21.8%](#) of the departmental GDP. The department has a varied tourism offer, with sun and beach, culture, nature, nautical and religious tourism. [Cultural tourism](#) is very important in the department, with historic towns such as Ciénaga and Aracataca. The latter is of great relevance as the birthplace of the novel literature prize winner Gabriel García Márquez and is said to be the place that [inspired](#) many of his stories and magical realism as a literary genre. Other important tourism sites include the [Sierra Nevada de Santa Marta](#), the [Lost City](#) and the [Tayrona National Natural Park](#), which are characterized by the presence of indigenous population.

The department's most important tourism offer is sun and beach, which is [concentrated](#) in Playa Blanca, Taganga, Bahía Bhengue, Playa Grande, Bahía Concha and tourist activities in Santa Marta. Additionally, Santa Marta is the only city in the country with [Blue Flag](#) certification in two of its beaches ([Playa Blanca and Bello Horizonte](#)), which means that they meet established criteria in terms of quality of services, management, environmental education and information, bathing water and safety. This implies an additional and unique attraction for tourism.

Following the pandemic, Santa Marta achieved a significant recovery in terms of visitors. In 2021, the city received close to [three million tourists](#) which generated [48%](#) of direct jobs in the city. These figures show the importance of tourism for the economic development of Magdalena. The post-pandemic recovery continues, in Easter Week 2023, the departmental capital achieved hotel occupancy [between 60% and 85%](#). However, there [was](#) also a lower influx of tourists arriving by air, which was only compensated by the large number of tourists arriving to the city by land. This is probably due to the suspension of the two most important low-cost airlines in the country, Viva Air and Ultra Air.

Increasing connectivity is one of the most important needs for tourism in the department. The large number of visitors arriving by land highlights the importance of a direct connection with the interior of the country. This is what was supposed to happen with the Ruta del Sol 2, whose construction was [suspended](#) due to the Odebrecht corruption scandal. Recently, it was announced that KMA Construcciones and Ortiz Construcciones y Proyectos would be in charge of [resuming](#) work on a section of Ruta del Sol 2, in order to complete the dual [carriageway](#). By December 2023, the [works had not started](#). On the other hand, experts within the tourism sector also highlighted the importance of expanding the Simón Bolívar Airport in Santa Marta, it being the [fifth](#)-busiest [airport](#) in the country (even above Barranquilla). This project is in the [design](#) stage, in charge of Aertec, for an expansion that will allow the reception of six million passengers per year. Despite the benefits of strengthening road and air connectivity, it is important to mention that these projects are still years away from being completed.

Apart from connectivity, the sector faces other challenges. First, the difficult situation in the provision of public utilities, especially in terms of sewerage and aqueduct. Despite the SSPD [intervening](#) ESSMAR in 2021 -Santa Marta's public utilities company- it has not been able to guarantee coverage and continuity in the provision of water and sewage services. For this reason, the city continues to face a [shortage](#) of drinking water. The water crisis has been extremely detrimental to tourism in the city, as it hinders the operation of commercial establishments. In addition, sources interviewed consider that this crisis has caused tensions with the most vulnerable population, who feel ignored and consider that the measures taken only serve the "cachacos" and tourists.

Regarding the sewage system, Santa Marta is often flooded up to [95%](#) during the winter, with sewage overflowing from the sewage system and contaminating the streets. Other municipalities and townships in the department,

such as [San Luis](#) and [El Banco](#), experience similar problems. The same is happening in El Rodadero (one of Santa Marta's tourist hotspots), with [flooding](#) lasting more than 48 hours. Flooding hinders mobility in the city, reducing sales. In addition, sewage overflowing from the sewage system causes bad odors and [pollution](#), which discourages tourists from spending and has affected [entire neighborhoods](#). All of these factors negatively affect the commercial sector.

On the other hand, insecurity has also been detrimental for the development of tourism and related sectors. [Extortion](#) has negatively affected the commercial sector in the capital, forcing some merchants to close their establishments. In addition, a [wave](#) of robberies and assaults perpetrated by motorcycle criminals has created a perception of insecurity that has caused a reduction in earnings in the tourism sector. The Ombudsman's Office has [warned](#) about the presence of armed groups in the past, such as the Pachencia in the Sierra Nevada de Santa Marta, which threaten the security of the indigenous communities residing there, exercise territorial control, and [extort](#), among other crimes. [This](#) implies risks to the physical integrity of tourists and investors. Although no incidents have been recorded between tourists and armed groups in the Sierra, this is a latent risk that jeopardizes the reputation of the department.

Despite these challenges, Santa Marta has managed to position itself as a major tourist city, and hotel chains have shown interest in investing in the city. According to sources, chains such as Marriott and Hilton have arrived in the city with large investments. The former [opened](#) the Playa Dormida Resort in 2019 and the latter [opened](#) its second hotel in January 2023. The opening of large chain hotels is positive for the city's tourism, as it increases the accommodation capacity, implies high quality services and attracts international tourists. In addition, the establishment of such hotels creates jobs for local workers.

## EXTRACTIVE SECTOR

According to the National Mining Agency, there were [62](#) active mining titles by August 2023, which [mined](#) limestone, gravel, basalt, sand, miscellaneous clays, ferruginous clays, and gold and silver in previous years. On the other hand, the department has [two](#) gas fields and [nine](#) oil producing fields. In 2022, the municipality of Plato in the center of the department [gained](#) importance in oil exploitation, due to the [discovery](#) of a well similar to the Cusiana well, according to Mayor Jaime Peña and Frontera Energy, the company [in charge](#) of extracting the hydrocarbons. Since the discovery, the municipality has [experienced](#) an oil bonanza. This is likely to translate into economic growth and increased budgeting by government entities. However, the bonanza also brings new challenges for the population, such as [higher rates of violence](#), pollution and migration that may be difficult to absorb.

The extractive industry in the department has benefited from the Magdalena River, through which cargo and oil are transported. In the first months of 2021, hydrocarbon barrels transported increased [17%](#) over the same period in the previous year. The same trend continued in 2022, with a [9%](#) increase in the first quarter of the year compared to the same period in 2021. Since then, Ecopetrol has [sought to](#) initiate diesel and motor gasoline transport operations on the river. The Magdalena River allows for greater ease in the transporting of goods, which implies lower costs for the industry. It also connects the Caribbean coast and oil production points with urban centers in the interior of the country.

Between 2016 and 2018, [333](#) projects were financed by resources from the General Royalties System (SGR) in the department. The investment was made in the transportation, sports and recreation, housing city and territory, and education sectors. The resources from the SGR allow the department to make investments to address its social problems. However, there have been recent [warnings](#) about the lack of progress in projects financed by these resources. The Attorney General's Office, through its Special Monitoring Group on Royalties, [identified](#) delays in sewage and water infrastructure projects financed by the SGR, preventing Santa Marta from solving its problems in these categories, which is why it has suffered crises in winter seasons. The same has

happened in [health, education and infrastructure](#), where cost overruns and delays prevent these projects from fulfilling their purpose.

### CONSTRUCTION AND REAL ESTATE SECTOR

The construction sector plus the real estate sector contributed [10.5%](#) of the departmental GDP in 2022. According to Bancolombia Group's construction sector [report](#), the challenges experienced by the sector nationally since [February](#) 2023 have begun to negatively impact the construction industry. This is reflected in a 62.6% decrease in housing sales compared to 2022 and an 8.9% contraction in civil works projects. Sources stated that this slowdown has caused a 30% slowdown compared to sector activity in 2022. This is likely to result in an increase in unemployment and a slowdown in the departmental economy.

According to sources interviewed, construction in the department is mainly for housing, with little investment in commerce and little or no investment in offices. According to CAMACOL Magdalena, between November 2020 and November 2021, construction of 3,517 housing units [was initiated](#), both social interest and non-VIS, in 20 different sites. Likewise, in 2021 there were 40 active and in progress construction sites in the city. Sources commented that the sector generated between 10,000 and 12,000 jobs in 2023, accounting for between 10 and 11% of Santa Marta's jobs, including real estate activities. Given that the construction sector is one of the largest generators of employment by driving jobs along its entire value chain, it is of great importance for the department.

According to sources, the sector obtains certain materials from departmental mines, such as some [aggregates](#) - gravel, sand and rock- and the rest of the materials must be brought in from other departments. This implies higher transportation costs.

Currently, investment housing is the type of project that concentrates the most investment, rather than residential housing. Sources stated that these types of units are usually characterized by a few square meters and a single shared space, to which a room or two connect. These are vacation homes, which are rented when the owners do not use them. These types of units are oriented towards tourism, taking [advantage of](#) platforms like Airbnb to obtain income. This allows owners to generate income from their properties. However, this is likely to lead to an increase in the cost of rents and the cost of living for the local population, as has happened in [Medellin](#) and Bogotá.

### MANUFACTURING SECTOR

The manufacturing industry accounted for [4.2%](#) of Magdalena's GDP in 2022. For 2021, the department's industrial production was concentrated in the processing of vegetable and animal oils and fats (46.6%), other manufacturing industries (43.4%) and the processing of other food products (10%). Likewise, 100% of the personnel employed in industrial activities were employed in these three branches.

The department's agricultural sector is linked to its manufacturing industry, especially in terms of African palm and palm oil extraction through [seven extraction](#) plants, mostly concentrated in the north of the department. The presence of the manufacturing industry in the department implies the transformation of raw materials, which adds value and generates higher profits.

### PORT-LOGISTICS SECTOR

Magdalena has two port areas, Santa Marta and Ciénaga. According to the [Superintendence of Transportation](#), between January and December 2022, Sociedad Portuaria Regional de Santa Marta mobilized 6.8 million tons, including solid bulk, bulk coal, containers, liquid bulk and general cargo. In the same period, the Company

exported 2.1 million tons of cargo, with the main products being coal, boxes and packaging in general, and vegetable oils and fats. Likewise, the Ciénaga port zone mobilized 3.1 million tons, only exporting coal in bulk.

The Port of Santa Marta is a [multipurpose](#) port, with capacity for containers and bulk, general cargo and liquid terminals. Therefore, it has no limitations in terms of cargo capacity or compatibility problems with certain types of vessels. Likewise, the Port [has no restrictions](#) in terms of depth, which allows the entry of deeper draft vessels. Another advantage is its capacity to [handle refrigerated cargo](#) that meets the requirements of the U.S. Food and Drug Administration (FDA), including perishable, refrigerated and frozen products. This allows it to participate in the import and export of large volumes of these products, which makes it one of the most important ports in the Colombian Caribbean.

Puerto Nuevo, located in the municipality of Ciénaga, is a [public service port](#) that specializes in handling and exporting coal by direct ship loading. This port is used to [export](#) coal from the Calenturitas and La Jagua mines in the department of Cesar. However, Prodeco [renouncing](#) its mining contracts in 2021 imply great uncertainty for Puerto Nuevo, as the mines will cease operations. While it [will continue to operate](#) in line with its obligations as a public service port, it is not clear what cargo will take the place of coal, which currently represents 100% of its mobilized cargo.

On the other hand, Magdalena has [seven free trade zones](#), four of which are permanent and three of which are special permanent zones. The free trade zones are important for attracting investment and facilitating the establishment of private companies thanks to their tax incentives. These tax benefits make the department an ideal location for the export and import of foreign goods.

## RENEWABLE ENERGY SECTOR

As in other departments in the Caribbean, Magdalena has great potential for the development of the renewable energy sector. This is due to the [solar radiation](#) that the region receives, which is the highest in the country. Likewise, the Magdalena Cauca macro-basin has great potential for the development of [hydraulic energy](#). This is especially important when taking into account the high cost of electricity on the Caribbean coast, which according to experts interviewed, is one of the greatest obstacles to the arrival of new investments, as it reduces the competitiveness of these departments. Thus, the development of renewable energies would allow to reduce the costs that entrepreneurs and individuals have to allocate to pay for energy, thus increasing their income and productive capacity.

Two renewable energy projects are currently being developed in the department. By December 2023, Enel Green Power was more than [60%](#) advanced in the construction of the Fundación solar park, which is expected to supply more than [277 GWh](#) per year between 2023-2027. Likewise, by November 2023, GreenYellow Colombia's Caiman Cienaguero solar farm was already [connected to the grid](#), generating 14.3 mw of power. There are other wind, solar, and hydroelectric power generation projects planned by companies such as [Air-e](#), [EDF Renewables](#), [Promoenergía Culantral](#), and [BlueFloat](#), among others.

The installation of renewable forms of energy in Magdalena has the potential to reduce electricity costs, removing one of the barriers to investment in sectors such as [hotels](#). It is also likely to reduce energy theft and social protest by local communities, who frequently [take to the streets](#) to protest poor service and high costs.

## MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN MAGDALENA:

Magdalena is made up of 30 municipalities. Taking into account the information available at the municipal level, the departmental context and the number of municipalities, we found that the most and least risky municipalities in Magdalena are:

MUNICIPALITY WITH THE LOWEST RISK IN MAGDALENA

The municipality with the lowest risk in the department of Magdalena is Algarrobo. It is located in the east of the department. It borders the municipalities of Sabana de San Angel to the south, Pivijay to the west, Fundación to the north, and the department of Cesar to the east.

The data collected shows that the municipality has a very low risk in the security category. In 2021, with a [population of over 17 inhabitants](#), Algarrobo had the third-lowest homicide rate in the department ([six homicides per 100,000 inhabitants](#)). There were no reports of kidnappings, extortion, massacres or assassinations of social leaders. The [First Division of the National Army](#) is present in the department. Also, the absence of coca crops prevents crime and violence from expanding exponentially in the municipality. Lack of access to institutions, lack of connectivity and intimidation are factors to consider regarding the absence of information on these issues. This means that, given a possible underreporting of variables, the reality in the territories may be different.

According to data collected and available at the municipal level, Algarrobo has a very low political risk. During 2021, there was only one [victim](#) of threats against human rights defenders and public officials and [one victim](#) of abuse of authority by arbitrary or unjust acts. These figures imply that the municipality presents a certain degree of political instability affecting public services. This reduces the legal and reputational risks for the business sector in contracting with local authorities.

Regarding the economic category, the municipality has a high-risk level. This is due to the fact that by 2021, the municipality had no population with higher education, which suggests that most of the municipality's labor force is unskilled. This limits the attractiveness of the territory to investors or entrepreneurs in productive sectors with higher added value. On the other hand, it was the tenth municipality that contributed the least to the departmental GDP ([0.77%](#)). Algarrobo's economic activity is focused on the agricultural sector. The lack of human capital and an economy dependent on the primary sector limit the municipality's capacity for socioeconomic development, making it difficult to attract investment and for entrepreneurs from other sectors to expand their operations in Algarrobo.

Algarrobo is the municipality with the lowest institutional risk. It is the eighth municipality with the best score in the department ([46 out of 100](#)) in the 2021 Municipal Performance Measurement and the municipality with the best result in the 2021 Digital Government Index ([91 out of 100](#)). These results show that local institutions need to improve the efficiency of their processes and their development and budgetary objectives. However, they have a high level of ICT integration, which is positive for businesses, as it implies greater agility in carrying out procedures.

The municipality has a moderate social risk. [57%](#) of the population is in poverty, according to the DANE's Multidimensional Poverty Measurement. It is important to clarify, however, that this variable is a measurement following the 2018 census, so it does not take into account the situation generated after the pandemic. The figure will most likely remain the same or even have increased, taking into account that [the population in poverty in](#) the department during 2019 (31.6%), 2020 (33.4%) and 2021 (32.4%) was well above the national total in the three years. The municipality has high levels of [health insurance](#) and [education coverage](#), and was the ninth municipality with the lowest [intra-annual school](#) dropout rate (2.4%). This suggests that in Algarrobo, the population has an average welfare condition, which implies a lower risk of clashes between communities and companies. However,

MUNICIPIO MENOS Y MÁS RIESGOSO POR CATEGORÍA		
CATEGORÍA	MENOS RIESGOSO	MÁS RIESGOSO
Seguridad	Concordia	Santa Marta
Política	Ariguani	Santa Marta
Economía	Santa Marta	Remolino
Institucionalidad	Algarrobo	Guamal
Sociedad	Fundación	Remolino
Medio Ambiente	Ariguani	Santa Marta



there is a risk that the communities will look to the companies to solve their needs and demands in the absence of the State.

The municipality of Algarrobo has a very low environmental risk according to available data. Only [one case](#) was recorded for the crime of illegal exploitation of renewable natural resources. As we have mentioned, the fact that there are no records for the other variables in the category does not necessarily imply that these situations do not occur. Conditions of distance, lack of access or intimidation may cause underreporting of this information at the municipal level.

### MUNICIPALITY WITH THE HIGHEST RISK IN MAGDALENA

Unlike the departments of the Region, where the capital tends to be the municipality with the lowest risk or among the least risky, Magdalena's capital is the highest risk municipality. Santa Marta is located in the northeastern end of the department. It is bordered to the south by the municipalities of Ciénaga and Aracataca, to the north by the Caribbean Sea and to the east by the department of La Guajira.

The data collected shows that Santa Marta is the municipality with the highest risk in the security category. During 2021, with [a population of more than 500 thousand inhabitants](#), it had the fifth highest homicide rate in Magdalena ([31 homicides per 100 thousand inhabitants](#)) and the second highest extortion rate ([15 extortions per 100 thousand inhabitants](#)). There was [one massacre](#), [three murdered social leaders](#) and [two hectares of coca](#). The [First Division of the National Army](#) is present in the department and there is a presence of the [National Navy](#) in the city, which provides a certain degree of security to the communities and the business sector. Sources mentioned that micro-trafficking, theft, and criminal gangs are the main security problems in the city, affecting locals, businessmen, and tourists. It is important to mention that, although the city had no record in variables such as kidnappings, this does not mean that they do not occur. Lack of access to institutions, as lack of access to institutions or lack of internet access that limit the registration of database variables. This means that, given a possible under-recording of variables, the reality in the territories may be different.

According to data collected and available at the municipal level, Santa Marta has a low political risk. During 2021, [one victim](#) was recorded for crimes of constitutional and legal regime; it was the only municipality that recorded victims for electoral crimes ([three](#)); it was the municipality with the most victims for threats against human rights defenders and public officials ([308](#)), for crimes of improper conclusion of contracts ([three](#)) and for crimes of abuse of authority by arbitrary or unjust act ([51](#)). These figures imply that the municipality presents a certain degree of political instability affecting public services and that possible corruption dynamics take place in the city. This increases the reputational and legal risk of contracting with local authorities for businesses.

Santa Marta is the municipality with the lowest economic risk in Magdalena. This is partly due to the fact that it is the departmental capital and that by 2021 it was the municipality with the highest human capital, [78.88%](#) of the population had higher education. This suggests that companies find a labor market with good levels of specialization, which increases Santa Marta's competitiveness with investors and entrepreneurs in productive sectors with higher added value. It was also the municipality that contributed the most to the departmental GDP ([44.2%](#)). Santa Marta's economy revolves around tourism and port activity, sectors that stimulate other activities such as commerce and transportation, among others. The high level of human capital and the potential of the local economy make Santa Marta an attractive destination for companies and industries seeking to invest and expand their operations in these sectors.

Santa Marta is the second municipality with the lowest institutional risk (very low risk). At the departmental level, it was the municipality with the best score in the [2021 Municipal Performance Measurement](#) (66 out of 100) and the seventh with the best score in the [2021 Digital Government Index](#) (66 out of 100). This result suggests that

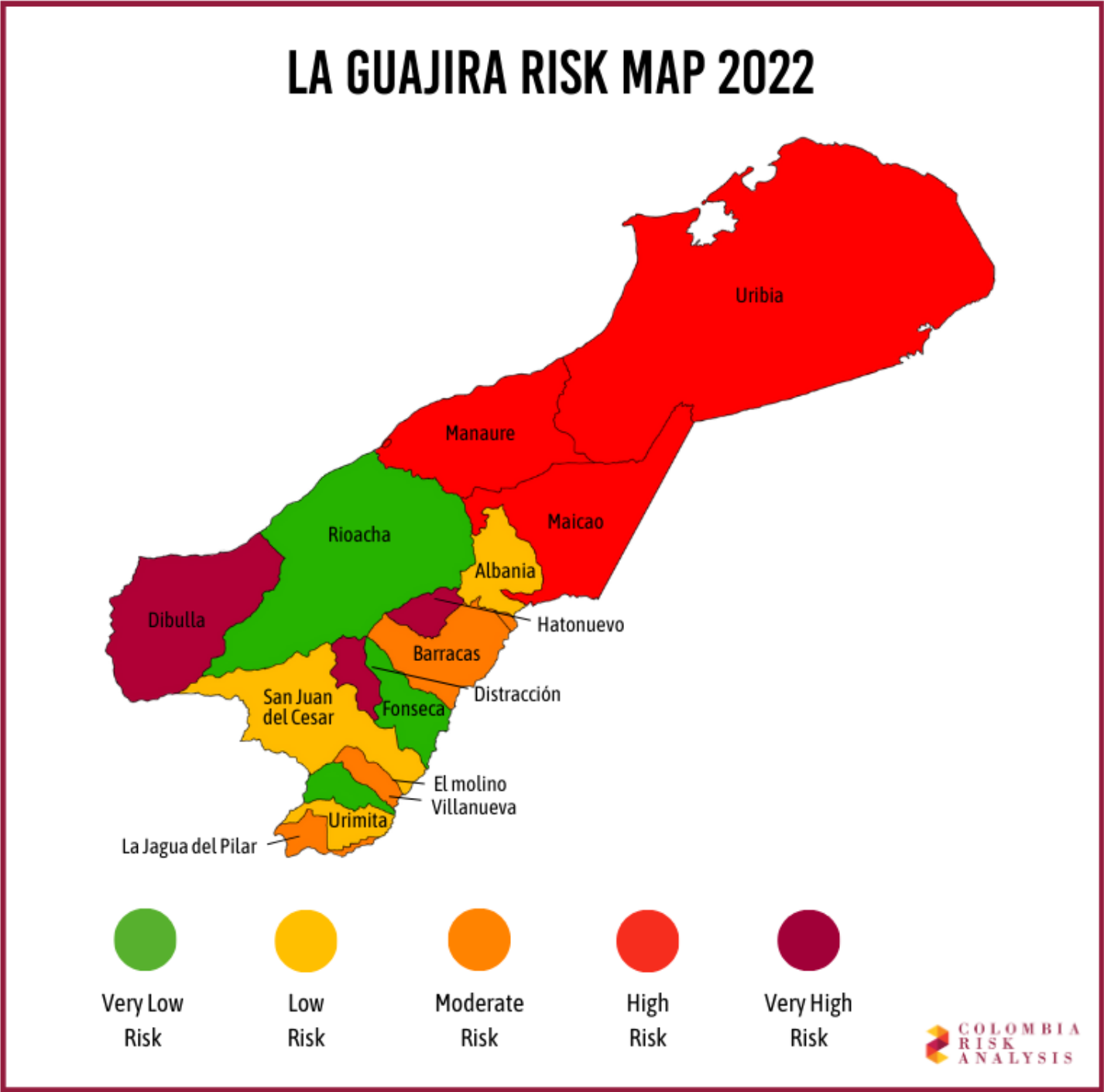
local institutions have a good degree of efficiency and ICT integration. For the business sector it implies bureaucratic processes without so many delays and obstacles for the development of their activities.

The municipality has a very low social risk. 24% of the population of Santa Marta is in poverty, according to the [Multidimensional Poverty Measurement](#) of the DANE. It is important to clarify, however, that this variable is a measurement following the 2018 census, so it does not take into account the situation generated after the pandemic. The figure will most likely remain the same or have risen, taking into account that at the departmental level [the population in poverty condition](#) during 2019 (31.6%), 2020 (33.4%) and 2021 (32.4%) was well above the national total in the three years. The municipality has [health insurance](#) and full [education coverage](#). However, it has the highest intra-annual school dropout rate in the department ([5.7%](#)). This suggests that in Santa Marta, the population has a better welfare condition than others in the department, which implies a lower risk of clashes between communities and companies. Likewise, the risk of communities seeking that companies solve their needs and demands to the State decreases.

Santa Marta has a low environmental risk according to the data gathered. During 2021, it was the municipality with the second highest number of cases of illegal exploitation of renewable natural resources ([nine](#)), the municipality with the highest number of cases of illegal exploitation of mining deposits and other materials ([six](#)) and damage to natural resources and ecocide ([two](#)), and [one case](#) of environmental contamination. These figures show that there is damage to the environment that has repercussions on people's health, the use of natural resources and the sustainability of economic activities.

**LA GUAJIRA:**

According to our [2022 Subnational Risk Index](#) (2022 SRI), La Guajira presents a moderate risk for investment. Thus, it is necessary to break down and analyze the characteristics of the territory within each category that makes up the SRI to understand the opportunities and challenges for the business sector and investors interested in La Guajira.



DEPARTAMENTAL RISK INDEX OF LA GUAJIRA

		DIMENSION					
RANKING	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
1	Riohacha	20.21	50.00	8.16	36.87	5.76	42.86
2	Fonseca	13.84	22.56	46.41	37.01	28.42	1.79
3	Villanueva	3.96	0.51	75.20	51.66	32.77	0.00
4	San Juan del Cesar	11.04	0.00	80.83	34.37	30.56	8.93
5	Albania	7.71	21.54	89.04	22.89	58.61	0.00
6	Urimita	7.36	0.00	99.15	48.12	51.04	0.00
7	El Molino	16.67	0.00	98.20	41.51	54.10	0.00
8	Barrancas	28.38	1.54	67.13	70.16	47.37	8.04
9	La Jagua del Pilar	0.00	0.00	100.00	44.23	75.88	1.79
10	Maicao	38.50	13.05	58.08	39.48	39.99	56.25
11	Uribia	18.42	3.09	81.58	62.30	66.20	0,00
12	Manaure	5.36	0.00	93.02	82.05	57.53	3.57
13	Distracción	2.30	0.00	99.47	71.27	65.40	1.79
14	Hatonuevo	5.25	11.54	95.18	73.01	56.38	8.04
15	Dibulla	23.69	0.00	94.87	36.41	70.97	57.14

SECUTIRY:

According to our 2022 SRI, La Guajira has a low security risk. By 2021, with a population of more than [960,000](#) people, it was the tenth department with the lowest [homicide](#) rate (17.9 homicides per 100,000 inhabitants), had a rate of [0.2](#) kidnappings per 100,000 inhabitants, and a rate of [9.4](#) extortions per 100,000 inhabitants. Although these figures are low, they are practices that are related to the [kidnapping of the parents of the Colombian player Luiz Díaz](#). Although the department has the permanent presence of the [Tenth Army Brigade](#) and the [National Navy](#), which provides certain security guarantees to the population and the business sector, it is not exempt from [attacks by illegal groups](#).

[Different armed groups](#) are present in the department, such as the Autodefensas Conquistadoras de la Sierra Nevada (also known as the Pachenca), the Clan del Golfo, the [ELN](#) and Iván Márquez's Segunda Marquetalia. [Clashes between these groups](#) are constant, as they fight for control of territory, drug trafficking routes and smuggling along the border with Venezuela. Another phenomenon that represents a security risk for the department is forced displacement. As of August 2023, [70 families in Riohacha](#) were displaced by clashes between illegal armed groups. This generates social instability and instability for the development of productive

activities, limiting the attraction and retention of human talent and even suspending economic activities, especially in rural areas.

As of 2021, according to the [Ministry of Justice](#), no coca hectares were registered in La Guajira. However, the Army has destroyed coca leaf processing [laboratories](#). The mere presence of these processing centers furthers cycles of violence, which reduces social welfare and increases risks for communities and workers, as well as the costs associated with providing security.

La Guajira is one of the border departments with Venezuela, so there are problems of smuggling, [illegal migration](#), different illegal economies and the crossing of criminal groups from one side of the border to the other. These phenomena increase security risks in the department, as the porous nature of the borders creates challenges for territorial control and hinders investment in the most remote areas of the department due to the lack of guarantees.

### ECONOMY:

According to the 2022 SRI, La Guajira has a very low level of economic risk. In 2021, it had the highest percentage growth of GDP ([32.5%](#)) in the country and the Caribbean. It was also the second department in the country and first in the Region with the highest participation in the country's exports ([15.7%](#)). Despite these figures, La Guajira was the sixth department in the country and the first at the regional level with the lowest level of banking penetration, with only [27.9%](#) of adults in the department having an active financial product. This suggests an underdeveloped financial system that has implications for achieving greater labor formalization. It was also the seventh department at the national level and first in the Caribbean with the least human capital. Only [20.4%](#) of its population has higher education. This means that value-added sectors that require more skilled labor hire people outside the department or opt to settle in other places within the region, such as Barranquilla or Cartagena.

According to the [departmental economic profile](#) of La Guajira, from the Ministry of Commerce, Industry and Tourism, the mining and quarrying sector accounts for 57.6% of the departmental GDP. In second place is public administration and defense with 13.3%, followed by commerce, hotels and repairs with 10%, followed by electricity, gas and water with 3.8%, in fifth place construction with 3.6%, and in sixth place agriculture, livestock and fishing with 3.5%. The above shows that the department has an economy dependent on the extractive sector.

As for the business fabric, according to the 2022 SRI, La Guajira has the lowest business fabric in the country. Only 253 companies generate formal employment per 10,000 inhabitants. Additionally, the experts interviewed mentioned that approximately 98% of the businesses are micro and small enterprises. This situation reveals a low degree of market sophistication and limitations for the development of the private sector. Factors such as the scarcity of skilled labor and the low diversification of the departmental economy are some of the main challenges to its socioeconomic development.

In 2022, La Guajira was the second-largest coal producer (after Cesar) with more than [19 million tons](#). Although Cerrejón is the main source of employment in the department (between [6-7 thousand](#) direct and indirect [jobs](#) occupied by locals), experts interviewed mentioned that the need to diversify the economy remains. They commented that the department could strengthen its textile and food industry by making the uniforms and food for Cerrejón.

After technical discussions with local authorities and the Wayuú community, the National Government defined that for 2023 and 2024, La Guajira would have the highest royalties budget allocated in the last 12 years, with a [94%](#) increase compared to the last two years. Despite the importance of the extractive sector for the department and for the national economy, it faces high levels of uncertainty due to [President Gustavo Petro's statements](#)

that no new large-scale thermal coal mining contracts will be approved. In view of this situation, it is essential for La Guajira to diversify its sources of income. However, experts interviewed said that neither local nor national authorities have begun to manage a plan for the future of the departmental economy in the event of Cerrejón's closure. The department has ideal ecosystems for the development of ecotourism and corporate tourism, which creates an opportunity to promote this sector and its entire value chain (which includes other industries such as commerce and gastronomy).

The people interviewed agreed that centralism is one of the main challenges for the socioeconomic development of La Guajira, as they perceive that the decisions made from Bogotá often ignore the reality and complexity of the department, which has hindered its industrial development. For example, with the construction of the salt refinery in Cartagena, the private use of Puerto Libertador instead of having thought of it as a multipurpose port, or the decision to classify trade with the Caribbean islands as contraband instead of implementing measures to regulate and formalize it. They also explained how centralism has been a limiting factor for local authorities to have all the information about the projects to be implemented in the department.

In addition to the security issues mentioned above, illegal economies such as [the smuggling of diesel](#) also have implications for the departmental and national economy. Those involved take the market away from local stations and reduce taxation in the areas where the illegal gasoline arrives by avoiding taxes. In addition, those involved are likely to seek to distribute to a larger part of the region, reaching cities like Santa Marta and Barranquilla. The lack of greater control at the border is one of the main causes of this problem that does not seem to have a solution in the near future, since the priorities of the central government on both sides of the border are focused on resolving other issues. As a result, legal fuel sellers will continue to see their sales and income affected. In addition to the potential damage that contraband fuel can cause to vehicles.

In the area of maritime connectivity, the [Superintendence of Transportation](#) has indicated that there are two port areas of relevance, Puerto Brisas S.A (Dibulla) and Pensoport S.A in the department. During 2022, Puerto Brisas S.A mobilized a total of 1,782,093 tons, while Pensoport S.A. registered 7,278 tons in cargo movement. Overall, La Guajira facilitated the transport of 1,789,371 tons, accounting for an increase of 152.4% compared to 2021. The predominant cargo at these ports is bulk coal, with an impressive 1,685,176 tons in 2022. These port zones give a competitive advantage to La Guajira to boost its economic development, by generating opportunities for the export and import of goods, in addition to mobilizing other sectors such as logistics chains and transportation. This topic will be discussed in greater depth in the La Guajira investment profile later in the text.

[Puerto Bolívar](#) is located in the municipality of Uribia and is operated by Cerrejón for the export of its coal. The port has the capacity to receive between 15 and 20 ships per month and has a storage capacity of 610,000 tons of coal. In addition, it has a direct railroad line that moves cargo from the mine to the port. The railroad line has been [blockaded](#) by [indigenous communities](#) in the past, directly affecting Cerrejón's operating capacity. According to sources interviewed, communication channels have been established on several occasions to negotiate the opening of the port between the communities and the private owners of the port. However, no agreement has been reached on this issue so far.

### STATE OF ECONOMIC, SOCIAL AND ECOLOGICAL EMERGENCY:

On July 2, 2023, [President Petro decreed](#) a State of Economic, Social and Ecological Emergency in the department of La Guajira, due to the humanitarian crisis faced by the department regarding the lack of access to vital basic services. However, the [Constitutional Court annulled almost the entire Decree](#), arguing that constitutional jurisprudence stipulates that such declarations cannot be made to solve structural problems but rather emergencies, and that they only proceed when ordinary measures are insufficient. However, it allowed the aspects of the Decree that refer to sanitation and access to drinking water until July 2, 2024.



Given that the decree was already being implemented, this decision is likely to generate uncertainty in the department as public policies are reversed and increase social unrest as the El Niño phenomenon worsens. The Court's decision establishes a precedent that will hinder the Executive's efforts to issue emergency decrees to promote its policies in other regions facing economic and social challenges, which ultimately supports the system of checks and balances in the territories.

On this issue, some experts commented that the situation in La Guajira cannot be solved by extending or creating subsidies. They explained that strategies that seek structural changes are needed to turn the department into a strategic point for the country's development.

## INSTITUTIONALITY:

According to our 2022 SRI, La Guajira has a high institutional risk. In 2021, it scored 53.3 out of 100 in the [Municipal Performance Measurement](#). This indicates that progress is being made in the implementation of the Land Use Plan (POT) and in the achievement of related financial targets. But there is still a lack of efficiency in the processes. As for the [Digital Government Index](#), La Guajira obtained a score of 60.8 out of 100. This indicates that the department's institutions have a good level of integration of Information and Communication Technologies, which would mean greater agility in administrative procedures, a crucial aspect for the progress of business operations.

In relation to the [National Anti-Corruption Index](#), La Guajira was the ninth department at the national level and the second in the Caribbean with the lowest score in the index (68.8 out of 100). This result suggests that institutions in the department can fight and prevent corruption to a certain extent. The reduction in corruption at the institutional level is likely to act as a stimulus for business sector participation in public-private partnerships. However, as in other departments, cases of [corruption](#) have occurred in La Guajira. On this issue, the Transparency Secretariat of the Presidency has made several complaints about the ["Cartel of Corruption" in La Guajira](#), warning about more than 900 crimes against public service involving politicians and the judicial branch since 2010. This has caused losses of billions of pesos to La Guajira, which prolongs social problems and prevents the proper use of public resources.

## SOCIETY:

According to 2022 SRI data, La Guajira has a high social risk. Although the department decreased its [Multidimensional Poverty Index](#) from 48.7% in 2021 to 42.9% in 2022, it is still above the national average of 12.9% and ranks as the fourth department in the country and first in the Caribbean with the highest population in poverty. This scenario poses a risk for the business sector, as it increases the risk of clashes or blockades by the communities, demanding that companies meet the needs that the State has not covered. In addition, the housing deficit in the department shows that more than half ([61.1%](#)) of the homes have structural deficiencies and require improvements.

The department also has a high level of health insurance coverage, with [93.3%](#) of the population insured under the contributory and subsidized systems. Education is available to [97.4%](#) of the population, and the department is among the five departments with the lowest school dropout rate ([2.1%](#)). Regarding higher education, sources mentioned that the lack of information on the projects to be carried out in the department hinders the joint work with institutions such as the SENA and universities to promote programs that respond to the needs of these projects and, thus, promote greater local hiring.

According to the [Superintendencia de Servicios Públicos Domiciliarios](#), La Guajira has a low coverage of public utilities. In addition, there is a marked disparity between the urban and rural areas of the department. In urban areas, water, sewerage, sanitation and energy services have coverage of 86.2%, 85.58%, 86.5%, and 92.80%,

respectively. In contrast, rural areas show significantly lower coverage, 33.74% for water services, 21.22% for sewerage, 27.83% for sanitation and 63.41% for energy. This gap in coverage leads to operational instability for companies and negatively affects supply chains. In addition, the department faces the challenge of high energy prices, which results in increased operating costs for companies. This situation is contradictory to La Guajira's energy potential (a point that is further developed in the department's investment profile).

According to the 2018 [DANE](#) census of the Wayúu people, they are the most numerous ethnic group in the country and have diverse organizational dynamics. They are located in resguardos and settlements located in 10 municipalities of La Guajira. The experts interviewed mentioned that, although the rancherías where the communities are located have been identified, there are currently problems in identifying the authority figure with which the companies and authorities should negotiate. They commented that the lack of clarity regarding the role of traditional authorities, new local authorities and, in some cases, third parties within the communities, hinders the proper conduct of prior consultations, explanations and negotiations regarding possible projects to be developed in the department. This has led to clashes between some indigenous communities and companies such as Cerrejón, due to the aforementioned blockades.

Sources mentioned that many of the productive lands are located within indigenous reserves, which makes the importance of a good relationship between the private sector and communities even more evident. Indigenous communities are not a risk in itself but requires a good relationship between businessmen and investors throughout the stages of a project. This is necessary to reduce the risks of protests or blockades by communities, which might delay operations or even pose reputational or legal risks. It is important to clarify that this process does not guarantee that blockades will not occur, because even when there is dialogue and agreements between the company and the communities, they may still opt for de facto means to call the attention of the State to other unsatisfied basic needs.

Another major social challenge the department is facing is [child malnutrition](#). According to the National Health Institute, between January and September 2023, 55 children under the age of five died as a result of the food insecurity crisis in La Guajira. In the medium and long term, it is likely that these people will have learning problems or motor limitations due to malnutrition, which will limit their productive capacity and the likelihood of improving their living conditions. This ends up deepening the development gaps and becomes one of the causes of the lack of social mobilization in the long term. Faced with this problem, the private sector plays a key role in promoting or participating in initiatives to combat this crisis in La Guajira, such as [the alliance between the Grupo Aval and the Petro Government](#) to meet the basic needs of certain communities in the department and contribute to their social transformation. This type of initiative generates a positive relationship between the private sector and the communities, as it becomes an actor that generates development and growth, which will probably contribute to reducing social conflict.

## ROAD INFRASTRUCTURE:

According to the [Comprehensive Plan for Agricultural and Rural Development](#) with a Territorial Approach, La Guajira has a road network of 2,167 km. Of these, 376.6 km are primary roads, 497.7 km are secondary roads, and 1,299 km are tertiary roads (i.e. 59.94% of the road network). Only [27.67% of the road network is paved](#), which poses challenges for the department's competitiveness. In particular, the primary network with 94.9% paving shows a marked disparity compared to the secondary network (23.5%) and the tertiary network (20.9%). This road deterioration leads to difficulties in the transportation of goods, generating an increase in logistics costs, a higher risk of accidents and delays in product delivery. The situation is aggravated by highway theft and blockades. According to the Colombian Federation of Road Cargo Transporters ([Colfecar](#)), 49 cases of blockades were recorded in La Guajira between January and July alone, making it the department with the highest number of incidents in this category in the country, followed by Magdalena with 48 cases and Bolívar with 34 cases.

One of the most important roads in the department is National Route 90 (also known as the Transversal del Caribe). This road connects La Guajira with the rest of Colombia and is essential for the transport of goods and people in the region. In addition, this road extends to the Venezuelan border, playing a key role in trade and international connections in the area. [Blockages](#) on the Transversal del Caribe pose a substantial threat to the business environment. This translates into delays, economic and merchandise losses, and increased transportation and logistics costs due to the need to resort to alternate routes.

[President Gustavo Petro traveled to La Guajira](#) to promote key projects, including the construction of an airport and the expansion of more than 300 kilometers of community roads and road networks. At the same time, [the local government](#) reported progress in road projects linking various rural towns in the department, with a total investment of USD 2.5 million (COP 10,209 million) and a progress rate of 15.23%. This effort includes the improvement of the tertiary road network in municipalities such as Urumita, La Jagua del Pilar, El Molino, Villanueva and San Juan del Cesar, with the objective of strengthening connectivity and facilitating access to basic services and opportunities for residents. This boost in road infrastructure not only represents an opportunity for sectors such as construction, but also promises to reduce operating costs, stimulate tourism and strengthen the value chains of the local economy, generating a significant impact on the economic development of the department.

### ENVIRONMENT:

According to the 2022 SRI, La Guajira has a low environmental risk. This is due to the fact that, in 2021, [40 cases](#) of illegal exploitation of renewable natural resources were reported, [seven cases](#) of illegal exploitation of mining deposits and other materials, [three cases](#) of damage to natural resources and ecocide, and no cases of environmental contamination.

Coastal erosion is an environmental concern in La Guajira, significantly affecting beaches such as [Palomino, Mayapo, Punta de Los Remedios, Cabo de la Vela, and Puerto Estrella](#). This problem causes damage to tourist infrastructure and housing and hinders the transport of goods by sea. To address this problem, the construction of spurs (structures that extend out to sea and help reduce erosion by diverting ocean currents and reducing wave energy) has been implemented. However, the previous administration, headed by then President Duque, [failed to disburse resources](#) for the construction of 14 spurs. This limits erosion mitigation measures and generates social discontent. In addition, sources interviewed for this report highlighted that despite the existence of spaces for the discussion of this problem, institutions such as Corpoguajira have limited records of the impacts.

The [El Niño](#) phenomenon [increases the risk of droughts](#). The decrease in water availability would have a negative impact on agricultural and livestock production, which would probably lead to shortages and increases in the prices of certain products, in addition to affecting producers' incomes. Sectors such as commerce, restaurants and hotels would also be adversely affected as they depend on the water supply to provide their services to consumers. Given this scenario, it is essential that both the business sector and local authorities develop contingency plans to ensure [water supply](#) and prevent rationing situations. To achieve this, it is necessary to invest in water distribution, storage and treatment infrastructure. This measure would provide an opportunity to establish public-private partnerships to promote the development of short-term projects. Through this strategy, the challenges posed by the El Niño phenomenon can be met and the economic and environmental sustainability of the department can be protected.

In addition, according to the IDEAM'S 2022 annual report, deforestation in the department was reduced by 189 hectares. This implies mitigation of climate change and reduction of future adaptation costs.

## POLITICS:

According to our 2022 SRI, La Guajira has a high political risk. This suggests political instability that is likely to affect the business sector. Governance problems have been framed by the high turnover of governors. From 2008 to 2021, La Guajira has been the department with the most governors ([17](#)).

This reflects a notable political instability, which in turn leads to a lack of continuity in the implementation of government policies. This situation limits the progress of the private sector and possibly discourages the arrival of new investments, due to the perception of connections with corruption cases and the [inappropriate use of public resources](#). The sources interviewed mentioned that the high turnover is not only in the governor's office, but also at the mayoral level. This political instability is another obstacle to the socio-economic development of the department, since it hinders the development of works, budgetary expenditure and does not allow continuity in the processes advanced from one governor to another.

Another element of the political scenario is the negative effects political instability has on the public service. In 2021, there were [68 victims](#) recorded for threats against human rights defenders and public officials, [42 victims](#) for crimes of abuse of authority by arbitrary or unjust act, [four victims](#) for electoral crimes and only one [victim](#) for crimes of improper conclusion of contracts. For the business sector and investors, this implies a risk and hinders their desire of working together with local authorities. It also diminishes confidence in the transparency and functioning of institutions on the part of citizens and the private sector.

## INVESTMENT OUTLOOK IN LA GUAJIRA:

### AGRICULTURAL SECTOR

In 2022, the agricultural sector accounted for [3.5% of the departmental GDP](#). The department is supported by permanent crops of banana (40.8%), plantain (18.6%) and oil palm (10%), as well as transitory crops of cassava (29%), pumpkin (18.4%) and corn (14.9%), among other crops. In 2021, [transitory crops prevailed](#) with 70.7% of total production, reaching 94,924 tons, in contrast to the 29.3% produced by permanent crops, equivalent to 39,380 tons. [The lack of technification](#) has led to a predominance of subsistence agriculture with adverse effects, such as low production efficiency, high costs, low employment generation and additional challenges for investment in research, technology, infrastructure and machinery. In addition, the extensive network of unpaved tertiary roads in the department makes it difficult to transport food to storage centers, which reduces the competitiveness of La Guajira's agricultural sector.

Banana production in La Guajira is an important part of understanding the agricultural sector. According to [municipal agricultural assessments](#), the department produced 30,884 tons of bananas in 2021 and 29,924 tons in 2022, which entailed a decrease in production. Even so, banana production offers significant opportunities for expansion and diversification. Growing domestic and international demand provides the potential to generate substantial revenues, while the banana value chain allows companies to move into agribusiness and offer by-products. The adoption of innovative technologies and sustainable practices would enable companies to stand out in demanding markets. In addition, banana production in La Guajira is a strategic sector for growth, private sector competitiveness, and to help ensure food security in the department.

Plantain cultivation plays a relevant role in La Guajira's agricultural sector. According to the [Municipal Agricultural Assessments](#), the department experienced a growth in production, from 13,301 tons in 2021 to 13,644 tons in 2022. These figures not only indicate an increase in production, but also generate significant opportunities. Growth implies greater demand for employment, agro-inputs and creates prospects for diversification of the value chain through the production of derivatives, such as healthy snacks and flours. Investment in modern agricultural technologies and sustainable practices is also an opportunity to improve production efficiency and consumers' growing environmental awareness. Finally, the production of organic fertilizers based on banana leaf

waste is also an opportunity that, in addition to generating economic benefits, would also have a positive impact on production quality and environmental care.

In order to strengthen the agricultural sector in the department, investments in technology, training, crop diversification and promotion of new markets are needed. What [Israel](#) has done [by converting parts of its desert into productive land](#) for agriculture is a perfect example. To achieve this, they have invested in technology and infrastructure for wastewater purification systems, as well as in irrigation systems, through which they supply water and nutrients to plants in a precise manner, which has an impact on productivity and soil yields. To implement this type of initiative, one of the main challenges facing the department is training in the use of these technologies and financing. In other words, specialized educational programs in these areas are required. Similarly, this creates opportunities for seeking direct international cooperation between the department and the State of Israel. However, given the current [tensions over President Petro's stance](#) on the Israeli-Palestinian conflict, it is unlikely that this joint work will materialize in the short term.

Strengthening the agricultural sector would also help address the problems of malnutrition in the department. In 2022 alone, 426 [cases of malnutrition](#) were diagnosed in early childhood up to week 13 of the year, while for the same period in 2023, the figures rose to 495 cases. These figures led to the resignation of Concepción Baracaldo from the directorate of the ICBF. In addition, the increase in child malnutrition data implies social deterioration, increased risk of conflict with communities and increased health care costs.

## LIVESTOCK SECTOR

The livestock sector is one of the drivers of development in La Guajira. According to the Colombian Agricultural Institute ([ICA](#)), by 2023, sheep production in La Guajira will account for 44.4% of national production. This means there are opportunities for marketing products such as meat and wool. Wool, in particular, provides the possibility of generating higher value-added products, such as textiles. Other sectors that benefit from sheep production include veterinary services, commerce, and tourism. In the tourism sector, products made by the [Wayúu indigenous community](#), such as wool-based handbags, are of particular importance. In addition, sheep production provides opportunities for experiential tourism, where an educational experience about the traditions behind animal husbandry can be offered by local communities such as the Kinkui, Wiwa, Kogui, Wayúu, and others.

Goat raising in La Guajira has consolidated as a relevant livestock activity, with a considerable impact on the local economy. According to [ICA](#) data, in 2023, goat production in La Guajira had a 77.9% share of national production. Goat farming offers a sustainable source of lean, nutritious meat and also provides an opportunity in agroindustry through the production of [dairy products](#) and textiles derived from goat wool. The promotion of local and national marketing, the development of the textile industry, agricultural tourism and the implementation of technical assistance programs are key strategies to fully capitalize on these opportunities. In addition, the development of local capacities, technological innovation and the promotion of environmental sustainability contribute to strengthening the resilience and long-term sustainability of this sector in La Guajira.

The department faces challenges that require strategic management to ensure its long-term success. The scarcity of water resources presents a significant challenge, as limited access to water can compromise the health and nutrition of herds, as evidenced in mid-2023, when approximately [200 animals lost their lives](#). This situation not only decreases productivity, but also negatively impacts the livelihoods of indigenous communities, generating social unrest. In addition, the lack of efficient marketing infrastructure and competition with other local economic activities underscore the need to address obstacles related to marketing and the sustainable integration of the goat sector into the regional economy.

Sustainable pasture management, the implementation of preventive measures for animal health and the promotion of educational programs and technical assistance are crucial to overcome the challenges in goat

production. Likewise, addressing land use training becomes a major challenge. According to La Guajira's [Comprehensive Agricultural and Rural Development Plan](#), the department's forests have experienced interventions and overexploitation for the expansion of crop areas or for the management of extensive goat and cattle ranching. In addition, adaptation to [changing climatic conditions](#) and the preservation of local cultural traditions add layers of complexity to the management of the sector. Through collaboration between producers, the government, the private sector and other stakeholders, it is feasible to develop comprehensive strategies that strengthen the resilience of the livestock sector and foster its sustainable contribution to the economic and social development of La Guajira.

## TOURISM SECTOR

In 2022, [tourism](#) was the third largest contributor to the departmental economy. Being located between [two mountain ranges](#), with beaches such as Cabo de la Vela, Playa Arcoíris, Playa de Pilón de Azúcar and the La Guajira desert, the department is a great attraction for domestic and foreign tourists. The pandemic severely affected the tourism sector. [According to the Ministry of Commerce Industry and Tourism](#), while 155,974 passengers arrived in 2019, only 49,885 passengers arrived to La Guajira in 2020. Nevertheless, a [significant reactivation](#) took place in 2022, with the arrival of 115,148 domestic passengers. This implies increased revenues for local businesses, including hotels, restaurants, stores and related services. It also means investment incentives and increased tax revenues for the department.

At the end of June 2023, La Guajira had a boost in the tourism sector thanks to the [visit of President Gustavo Petro](#). During his visit, Riohacha's hotel capacity was at its maximum and municipalities such as Uribia, Manaure, Maicao, Dibulla and San Juan del Cesar benefited from the visitors and their spending. Likewise, the [Ministry of Commerce, Industry and Tourism](#) announced investments in infrastructure in Riohacha with the Malecon and the construction of breakwaters to facilitate access of boats to the maritime complex. Another investment was made by the [National Unit for Disaster Risk Management](#) (UNGRD) of USD 7.5 million (COP 30 billion) pesos in flood and erosion control in the Chemeraín stream. This implies safety for the communities, protection of infrastructure and preservation of agricultural lands. USD 87 thousand ([COP 347 million](#)) will also be invested to strengthen tourism in the Territorios Turísticos de Paz and wellness tourism, through the design of experiences based on ancestral practices, which provides business opportunities for indigenous communities.

With the government's emergency decree for La Guajira being overturned by the Constitutional Court, the proposal to [exempt](#) tourism services in La Guajira [from VAT](#), intended to promote tourism, reduce production costs for tourism service providers and improve the department's competitiveness, fell through. On the other hand, tourism activity has been negatively affected in recent months due to [blockades](#) on access roads by indigenous communities, such as the Wayúu, who demand to be consulted on energy projects.

Rising gasoline and [airfare](#) prices have also had an impact on the sector's performance, which increased with the Viva Air airline crisis. These [blockades](#) have led to the cancellation of reservations and have diminished the attractiveness of the department. The implications are directly reflected in hotels, restaurants, travel agencies and small businesses that base their economy on tourism in the department. For example, there was a 50% occupancy during the 2023 holy week, down from the 96% occupancy during 2022. This means less business development, less foreign exchange income and a probable negative impact on foreign investment.

La Guajira's airport infrastructure is a crucial element for the department's connectivity and economic development. The main airport, Almirante Padilla, located in the capital, serves as an entry and exit point for residents and visitors. The airport had an [increase in passenger numbers](#) of 13.3% in 2023 with 519,248 passengers, compared to 458,210 in 2022. This implies increased demand for services, additional income for commerce, stimulus for investment and pressure on local resources and services. Over the years, [improvements](#) have been made to [optimize](#) the airport's [facilities](#) and operational capacity, facilitating the transport of



passengers and cargo. Given the importance of tourism in the department and the Caribbean in general, the airport plays a key role in boosting tourism and attracting investment.

La Guajira's airport sector faces a number of challenges that require strategic attention. The need to [modernize and expand infrastructure](#) to meet the increase in passenger and cargo demand is one of the most pressing challenges. In addition, ensuring high standards of operational safety and logistical efficiency is crucial to maintaining the quality of airport services. Adapting to technological advances and implementing sustainable practices are also key aspects in the future development of the sector. Addressing these challenges will enhance La Guajira's air connectivity, thus supporting the department's economic and tourism growth.

Regarding bilingualism, according to calculations by Colombia Risk Analysis based on data from the 2022 ICES English tests, 83% of Guajiros have basic English, while only 1% have upper-intermediate English. This evidence shows the need to promote and strengthen the learning of English. This would allow for better service to international tourists and thus increase the likelihood of a higher return on spending by these tourists. Regarding customer service, promoting training programs and university programs related to tourism becomes a key point for strengthening the sector and related industries.

## EXTRACTIVE SECTOR

As mentioned above, the mining sector is the main activity of the departmental economy. La Guajira has the second largest coal extraction operation (after Cesar), with [more than 19 million tons](#) extracted in 2022. Colombia is the third largest exporter of coal worldwide. In 2022, sales of [USD 11.7 bn](#) in thermal coal, metallurgical coal and coke (fuel) were achieved. This figure doubled sales in 2021, due to the increase in sales to Europe as a result of the conflict in Ukraine. This scenario contrasts with the Petro government's intentions to end the large-scale extractive sector. This limits investment in the sector, given the uncertainty about the future of the industry.

It is evident that coal mining has great potential in the department. The challenge then lies in the confusing messages and the uncertainty posed by the position of the National Government. Thus, in 2024 the role of the mining industry in La Guajira will probably be one of the main issues to be addressed by the National Government with the new local governments. The strong dependence on this industry poses a worrisome scenario, because if the Government's proposal of not granting new contracts to open-pit coal mining becomes a reality, it would generate considerable losses for the ports, in the employment rate of the department, as well as the reduction of resources destined to social projects financed through royalties.

By 2023 and 2024, La Guajira will be allocated its [highest](#) royalty [budget in 12 years](#), with a 96% increase over 2022 and 2021. This injection of financial resources will likely catalyze economic development by supporting infrastructure projects, investment in strategic sectors, and programs that foster business growth. Local companies, especially those linked to sectors benefiting from these royalties, are likely to experience a boost in terms of contracts and business opportunities. In addition, the increased budget generates an environment conducive to attracting investment, stimulating entrepreneurship and contributing to La Guajira's economic diversification. However, efficient and transparent management of these resources is key to maximizing long-term benefits and ensuring a positive impact on the department's sustainable development.

The social conflicts surrounding coal mining in La Guajira have resulted in [blockades by the communities](#) against the Cerrejón mine, causing losses in competitiveness for the sector and also legal disputes between the multinational and the communities over all kinds of issues, including royalties, air quality, water quality, environment, noise, etc. This increases the risk of lawsuits against the State for lack of guarantees in mining operations. Although in Colombia there isn't a codified or regulated "social license" to operate, the frequent social conflict in the territory suggests that there is still much work to be done to improve relations between indigenous communities and the company. Facing an eventual closure of the mine, it will be important for the authorities

and the company to work on a long-term plan to replace the royalty income as well as the direct and indirect jobs generated by the mining operation.

The Manaure Salt Flats in La Guajira represent a valuable natural resource with diverse opportunities and challenges for the department. In terms of opportunities, these salt flats offer the potential for the development of the salt industry, generating employment opportunities, increasing tax revenues, and strengthening the department's economic diversification. In addition, the [Government will invest USD 454 thousand \(COP1.8 billion\) in the Manaure Salt Flats](#) in La Guajira. This involves investment incentives, social development, increased production, and opportunities to open up to international markets.

Challenges associated with salt production in La Guajira include the need to carefully manage the environmental impact of salt operations to preserve local biodiversity and ensure long-term sustainability. Oversight in the management of the salt works is also a challenge to improve the competitiveness and efficiency of the salt works in Manaure. As [irregularities in the operations](#) of the salt complex by the operator Big Group have taken place in the past. In addition, investment in modern technologies and practices is essential to optimize production and maintain high quality standards. Striking a balance between commercial exploitation and environmental preservation will be crucial for the sustainable development of the salt mines in La Guajira.

## PORT-LOGISTICS SECTOR

The port-logistics sector in La Guajira plays a crucial role in the department's connectivity and economic development. Strategically located on Colombia's Caribbean coast, La Guajira has a port area, which serves as a key node for the movement of goods. According to the [Superintendence of Transportation](#), while 23,658,750 tons were mobilized in 2021, 18,997,893t were mobilized in 2022, i.e. there was a negative variation of 19.7%. This suggests loss of competitiveness, reduction of port revenues, lower volume of land cargo in the department and probable loss of employment. However, the port plays a key role in foreign trade, facilitating the import and export of products.

The port-logistics sector in the department presents a horizon full of opportunities. These include facilitating foreign trade, increasing the capacity for loading and unloading goods, and strengthening transportation connections, both nationally and internationally. The arrival of goods benefits varied sectors such as manufacturing, trade and infrastructure in the Caribbean and the rest of the country. The port-logistics sector also opens the opportunity for investment in modern infrastructure, specialized logistics services and port talent development programs. In addition, the expansion of these operations increases the demand for specialized human capital, which is an opportunity for training centers.

The port-logistics sector in La Guajira faces several challenges that require strategic management to ensure its efficiency and sustainable development. The scarcity of modern infrastructure and the need for technological upgrading are key challenges to improve port capacity and competitiveness. Effective integration with logistics corridors and improved land connectivity are essential to facilitate the efficient flow of goods. In addition, environmental management and the implementation of sustainable practices are imperative to mitigate negative impacts on the surrounding ecosystem. Overcoming these challenges will require collaboration between port authorities, the private sector and local communities, with the goal of positioning La Guajira as a strategic node in the country's logistics and port network.

## RENEWABLE ENERGY SECTOR

La Guajira has significant potential for renewable energy generation, thanks to its geographic and climatic conditions. [Throughout the year](#), it has winds in excess of 18 km/h, which is more than double the average wind speed in the rest of the country. In addition, La Guajira has solar radiation that averages 6.0 kilowatts/hour per square meter, much higher than the rest of the country's average of 4.5 kWh/m<sup>2</sup>. The department has a

generation potential of [6,862 megawatts of wind energy and 15,000 megawatts of solar energy](#). This abundance of natural resources creates the opportunity to diversify the department's energy matrix and contribute to climate change mitigation. In addition, the development of clean energy projects would boost the local and regional economy, generating employment and attracting investment in sustainable energy infrastructure.

As of May 2023, there are [more than 10 wind farms active or under construction](#) throughout La Guajira. In addition, there are more than 60 projects planned for construction before 2030. Some of the projects are: Guajira 1 wind farm, the first of 16 wind farms; Alpha and Beta projects, with a combined capacity of 504 MW; Lyra photovoltaic farm; wimke photovoltaic farm; among others. The sheer number of projects shows the potential of the department in this sector, contributing to the generation of employment and probable improvements in the energy efficiency of companies in the department and the Caribbean. In addition to being a tool to address the high energy rates, characteristic of the entire region. However, there are [delays in 82% of the renewable energy projects](#) being developed in La Guajira.

Legal instability, delays in the completion of projects and cost overruns generate complications in the short-term planning of projects. As a result, some companies have decided to suspend operations, such as ENEL's decision to [suspend construction of the Windpeshi wind project](#) in May 2023 due to ongoing conflicts with communities. Similarly, those interviewed mentioned that there were between 45 and 52 renewable energy projects in La Guajira. However, security issues and bureaucratic procedures have caused companies to consider whether or not to invest in the department. Consequently, despite La Guajira's potential for the renewable energy sector, social conflict and bureaucratic obstacles are factors that discourage the arrival of new investment in the department. However, a good relationship with the communities would reduce clashes with the private sector. By including them in the processes, the communities would see the business community as an actor that generates development, that invests in their territories and that invigorates the local labor market.

On the other hand, according to sources interviewed by Colombia Risk Analysis, although these projects would be a source for direct and indirect job generation, it would be linked to the construction time of the wind or solar farms. Therefore, they would not be solving the employment problem in La Guajira. On this issue, they mentioned that it is necessary to encourage educational programs that allow the hiring of local labor for the operation and maintenance of the farms. This would strengthen relations between the companies and the communities, reducing the risks of clashes and blockades.

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN LA GUAJIRA:

La Guajira is made up of 15 municipalities. Taking into account the information available at the municipal level, the departmental context and the number of municipalities, we found that the most and least risky municipalities in La Guajira are:

MUNICIPALITY WITH THE LOWEST RISK IN LA GUAJIRA

The municipality with the lowest risk in La Guajira is its capital, Riohacha. It is located in the center of the department and borders the Caribbean Sea to the north, and the municipalities of Manaure and Maicao to the east, Albania to the southeast, Hatonuevo, Barrancas, Distracción and San Juan del Cesar to the south, and Dibulla to the west.

The data collected shows that the municipality has a high risk in the security category. During 2021, with [a population of more than 200,000 inhabitants](#), Riohacha had the third highest homicide rate in La Guajira ([25 homicides per 100,000 inhabitants](#)) and the fourth highest

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK BY DIMENSION		
CATEGORY	LOWEST RISK	HIGHEST RISK
Security	La Jagua del Pilar	Maicao
Politics	Dibulla	Riohacha
Economy	Riohacha	La Jagua del Pilar
Institutions	Albania	Manaure
Society	Riohacha	La Jagua del Pilar
Environment	Albania	Dibulla

rate of extortion ([13 extortions per 100,000 inhabitants](#)). There was only [one recorded kidnapping](#), and no massacres or social leaders were killed. The [First Division of the National Army](#) and the [National Navy](#) are present in the department, which reassures the communities and businessmen in the territory. Although there was no record of coca hectares, its strategic position makes Riohacha a key point for [drug trafficking](#), [organized crime](#) and [armed groups](#). It is necessary to consider factors such as lack of access to institutions or lack of internet access that limit the registration of database variables. This means that, given a possible under-recording of variables, the reality in the territories may be different.

According to data available at the municipal level, Riohacha has the highest political risk in La Guajira (moderate risk). During 2021, there was [one victim](#) for electoral crimes, and it was the municipality with the highest number of victims for threats against human rights defenders and public officials ([39](#)) and for crimes of abuse of authority by arbitrary or unjust act ([29](#)). These figures imply that the municipality presents a certain degree of political instability affecting public services and possible corruption dynamics, which increases the levels of reputational and legal risk for the business sector when seeking contracts with local authorities.

Riohacha has the lowest economic risk. By 2021, it was the municipality with the second highest human capital, with [63.79%](#) of its population having higher education. This indicates that the municipality's labor market has high levels of specialization, allowing companies to choose to hire local workers and sectors with higher added value to settle in the territory. Riohacha is also the municipality that contributes the most to the departmental GDP ([26.87%](#)). The municipal economy is centered on the tourism sector, which drives other industries such as commerce, hotels and gastronomy. This percentage of human capital plus the potential of tourism makes Riohacha an attractive destination for companies and industries seeking to invest and expand their operations in these sectors. In addition, it is important to mention that the lack of information at the municipal level on variables such as banking and business fabric means that the analysis is limited and does not fully reflect Riohacha's reality.

Riohacha has a low risk in the institutional category. At the departmental level, it was the fourth highest scoring municipality in the 2021 Municipal Performance Measurement ([50 out of 100](#)) and the fifth highest in the 2021 Digital Government Index ([68 out of 100](#)). While these scores are not bad, unlike other municipalities in the department, they suggest that local institutions need to improve the degree of efficiency of their processes and budgetary objectives. It also shows that there is a need to push for greater ICT integration. This would allow for greater agility in bureaucratic procedures, which would facilitate the development of different productive activities.

Riohacha is the municipality with the lowest social risk in La Guajira. By 2021, [45%](#) of its population was in poverty, according to the DANE's Multidimensional Poverty Measurement. It is important to mention, however, that this variable is a measurement following the last census of 2018, so it does not take into account the situation generated after the pandemic. In other words, the figure will most likely remain the same or have risen, taking into account that at the departmental level [the population in poverty condition](#) during 2019 (48.8%), 2020 (51.7%) and 2021 (48.7%) was well above the national total in the three years. The municipality has [health insurance](#) and complete [education coverage](#), and had the lowest [intra-annual school dropout rate](#) (0.5%). This suggests that in Riohacha, the population has a better welfare condition than others in the department, which implies a lower risk of clashes between communities and companies. Likewise, the risk of communities seeking that companies solve their needs and demands to the State decreases.

Riohacha has a low environmental risk. During 2021, of the four crimes evaluated in this category, it had the second highest number of cases of illegal exploitation of renewable natural resources ([10](#)) and [one case](#) of damage to natural resources and ecocide. Although these figures do not show major impacts on the environment, the fact that there are no more records does not necessarily mean that these situations do not occur; situations such as distance, lack of access, or intimidation may cause underreporting of this information at the municipal level.

## MUNICIPALITY WITH THE HIGHEST RISK IN LA GUAJIRA

The municipality with the highest risk in La Guajira is Dibulla. This municipality is located in the northwest of the department. It borders the municipalities of Riohacha to the east, San Juan del Cesar to the southeast, the departments of Cesar to the south and Magdalena to the west, and the Caribbean Sea to the north.

The data collected shows that it has the third highest risk in the security category (very high risk). In 2021, with [a population of over 43,000 inhabitants](#), Dibulla had the highest homicide rate in the department ([33 homicides per 100,000 inhabitants](#)) and the second highest extortion rate ([21 per 100,000 inhabitants](#)). There were no reports of kidnappings, massacres, assassinations of social leaders or coca cultivation. There is a permanent presence of the [First Division of the National Army](#) and the [National Navy](#) in La Guajira, which provides a certain degree of security for the communities and businessmen in the territory. Nevertheless, Dibulla's strategic position makes it a key transit point for different illegal economies and armed groups seeking territorial control. This scenario probably discourages the creation and arrival of new businesses, prolonging cycles of violence and limiting the municipality's development.

According to data collected and available at the municipal level, Dibulla has the lowest political risk. During 2021, there were no records of crimes in this category. These figures imply that the municipality has high political stability and that the public service is unaffected, which decreases the legal and reputational risks for the business sector in case of contracting with local authorities. However, it is important to clarify that the fact that there are no records does not mean that these crimes do not occur, but rather that lack of access to institutions or lack of internet access limit the registration of database variables.

Regarding the economic category, the municipality has a high-risk level. In 2021, Dibulla had no population with higher education, which suggests that most of the municipality's labor force is unskilled and limits the attractiveness of the territory to investors or entrepreneurs in productive sectors with higher added value. On the other hand, it was the eighth municipality with the highest contribution to the departmental GDP ([3.24%](#)). Dibulla's [economy is centered](#) on agriculture, commerce and tourism. It is important to mention that the lack of information at the municipal level on variables such as banking and business fabric makes the analysis limited and does not fully reflect the reality of the municipality.

Based on available data, Dibulla is the third municipality with the lowest institutional risk (very low risk) in La Guajira. At the departmental level, it was the second municipality with the best score in the [2021 Municipal Performance Measurement](#) (54 out of 100) and the eighth with the best score in the [2021 Digital Government Index](#) (65 out of 100). This suggests efficient institutions with a good level of ICT integration, which is positive for businesses as it implies greater agility in carrying out procedures.

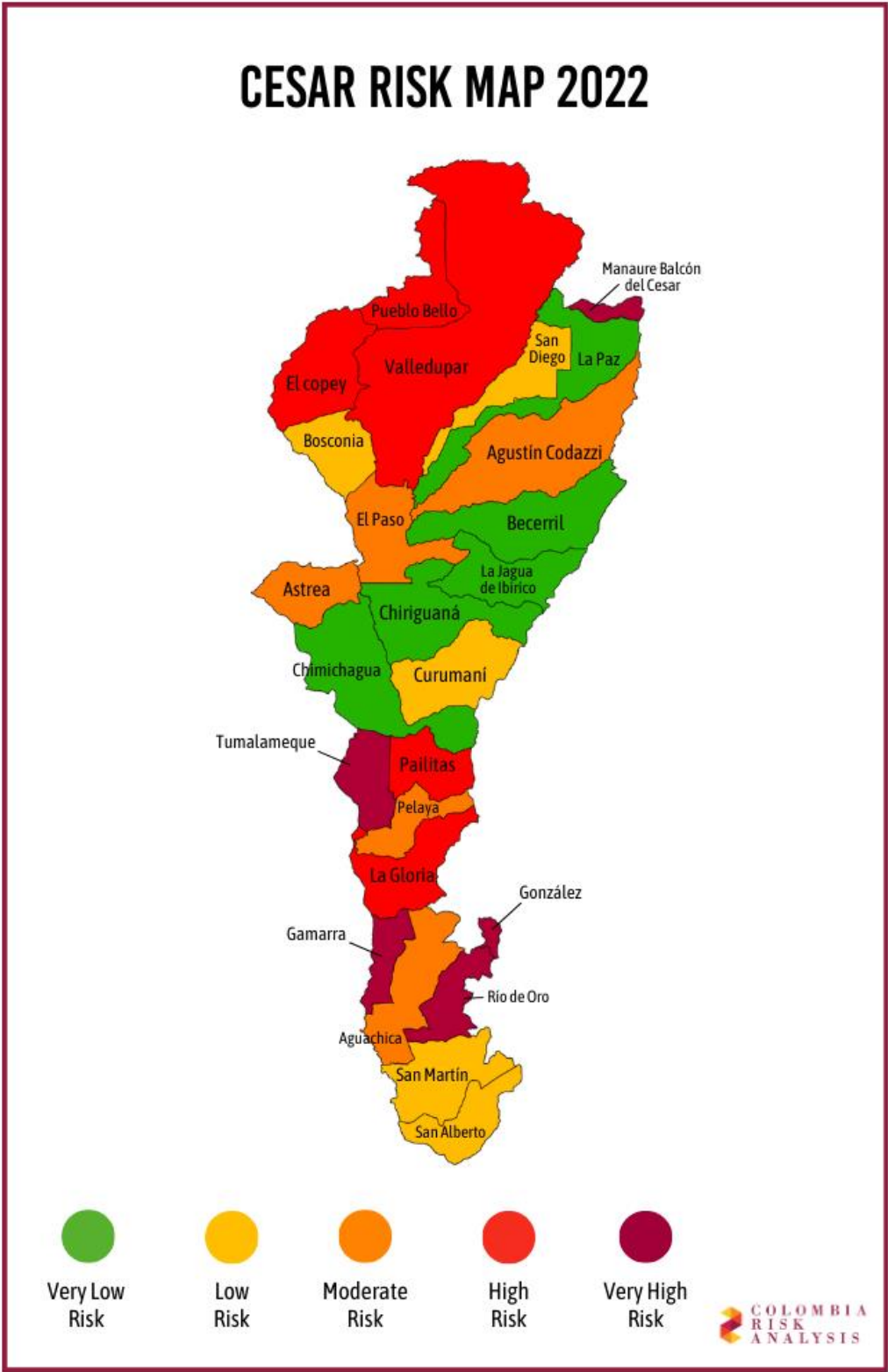
It is the municipality with the second highest social risk (very high risk). It was the third municipality with the third highest population in poverty (66%), according to the DANE's [Multidimensional Poverty Measurement](#). It is important to mention, however, that this variable is a measurement following the last census of 2018, so it does not take into account the situation generated after the pandemic. In other words, the figure will most likely remain the same or has risen, taking into account that at the departmental level [the population in poverty condition](#) during 2019 (48.8%), 2020 (51.7%) and 2021 (48.7%) was well above the national total in the three years. It is the seventh municipality with the highest health insurance coverage ([78.2%](#)), the second with the lowest education coverage ([73.7%](#)) and had an intra-annual school dropout rate of [2.8%](#). This suggests that in Dibulla the population has a lower welfare condition than others in the department, which implies a higher risk of clashes between communities and companies. Likewise, the risk of communities seeking that companies solve their needs and demands to the State increases.

It is the municipality with the highest environmental risk (moderate risk), according to the data available. During 2021, it was the fourth municipality with the highest number of cases of illegal exploitation of renewable natural resources ([four](#)), the municipality with the highest number of cases of illegal exploitation of mining deposits and other materials ([four](#)) and [one case](#) of damage to natural resources and ecocide. These figures show impacts on the environment that have repercussions on people's health, the use of natural resources and the sustainability of economic activities.



**CESAR:**

According to our [2022 Subnational Risk Index](#) (2022 SRI), of Colombia's 32 departments, Cesar is the tenth department with the lowest investment risk (low risk). This does not mean that risks do not materialize, so it is necessary to analyze the results that the department had in each category of the SRI to have a better understanding of the opportunities and challenges that the business sector and investors interested in Cesar have.



DEPARTAMENTAL RISK INDEX OF CESAR

		DIMENSION					
RANKING	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
1	Chimichanga	0.53	0.34	99.04	23.51	50.38	6.25
2	La Paz	7.07	2.02	79.14	44.87	50.40	5.56
3	Becerril	4.90	0.68	89.23	33.13	58.42	0.00
4	Chringuaná	8.99	2.19	99.08	37.44	39.11	5.56
5	La Jagua de Ibirico	12.70	3.67	89.98	35.40	48.70	2.78
6	San Diego	7.44	6.02	99.39	27.52	48.02	2.78
7	San Alberto	5.35	0.25	98.18	38.93	44.27	12.50
8	San Martín	6.34	0.42	96.89	21.57	64.74	9.03
9	Curumaní	6.24	0.00	82.96	61.19	52.84	0.00
10	Bosconia	10.10	0.49	96.34	32.50	40.99	26.39
11	El Paso	9.78	1.59	97.95	63.98	36.47	2.78
12	Agustín Codazzi	13.24	9.26	93.89	64.63	28.40	2.78
13	Astrea	3.61	3.24	99.40	73.24	52.33	0.00
14	Aguachica	18.77	7.04	63.60	79.56	44.43	36.11
15	Pelaya	21.35	5.68	99.05	50.52	48.67	0.00
16	La Gloria	28.02	20.25	98.86	11.63	60.75	0.00
17	Pailitas	34.05	1.16	99.36	43.82	49.25	0.00
18	El Copey	18.04	3.18	98.45	59.77	47.63	8.33
19	Valledupar	22.62	60.00	26.55	47.79	16.86	100.00
20	Pueblo Bello	4.53	9.57	99.07	66.93	65.86	0.00
21	Manaure	25.90	21.00	99.73	42.67	40.36	12.50
22	Tamalameque	20.09	2.50	99.47	71.37	53.03	0.00
23	Gamarra	18.00	0.49	99.48	64.17	77.02	25.00
24	González	66.67	2.84	99.82	55.75	69.92	0.00
25	Río de Oro	30.57	2.75	99.22	100.00	67.59	15.28

## SECURITY:

According to our 2022 SRI, Cesar has a moderate security risk. With a population of [1,295,387](#) inhabitants, in 2021, Cesar had a rate of [21.5](#) homicides per 100,000 inhabitants and a rate of [10.7](#) extortions per 100,000 inhabitants. In terms of [massacres](#), the department registered two in 2021, one in 2022 and three in 2023. Regarding [the security of social leaders](#), five were murdered in 2021, [four in 2022](#) and [five in 2023](#). This scenario influences the investment decisions of the business sector, as social leaders play a fundamental role in the intermediation with communities. The [First Division of the National Army](#) has a permanent presence in the department, which provides certain security guarantees to the communities and the private sector.

Different armed groups have a [presence](#) in the department, including the ELN, Los Pelusos (a [dissidence](#) of the Popular Liberation Army) and the Clan del Golfo. Historically, the ELN has been one of the groups with the largest [presence](#) in the northwest of the country, with the Northeastern War Front [running operations](#) in the Catatumbo region and its borders between the departments of Santander, Norte de Santander and Cesar. Kidnapping for ransom is one of the main forms of [financing](#) for armed groups. Cesar is the sixth department in the country and the first in the Caribbean with the highest kidnapping rate ([0.5](#)) per 100,000 inhabitants. In addition to the security risks, kidnappings have [harmful effects](#) on local economies, limiting their growth.

Armed groups have a higher incidence in the south of the department. This is mainly due to two reasons. First, although Cesar was the department with the third lowest number of hectares of coca ([10.61 ha](#)) in 2021, these are concentrated in the south and on the border with Norte de Santander, a [hot spot](#) of the armed conflict. Second, the south of the department is part of Magdalena Medio (a [region](#) that includes the departments of Antioquia, Boyacá, Cundinamarca, Santander, Caldas, Cesar and Bolívar) and where the armed conflict has had a [strong impact](#). It is currently a [key](#) transit point for illegal economies, such as illegal drug and gold [trafficking](#). Thus, the presence of armed groups increases the risks to the physical integrity of communities, workers and investors, as well as to the infrastructure and assets in the department's rural areas.

On the other hand, on the border with Venezuela, the Clan del Golfo and the ELN are [fighting](#) for control of drug trafficking routes. This part of the department, known as the Serranía del Perijá, allows the armed groups to [remain hidden](#) and use a [corridor](#) between the Sierra Nevada, the Serranía and La Guajira as a refuge and rearguard area. Currently, the ELN is the armed group with [the largest presence](#) in this area of the department and the indigenous communities, including the [Yupka](#), have been the most [affected](#).

## ECONOMY:

By 2022, according to the [Departmental Economic Profile of the Ministry of Commerce, Industry and Tourism](#), the most important economic sector in the department was mining and quarrying, representing 53.8% of the departmental GDP. In second place, public administration and defense (10.9%); in third place, commerce, hotels and repairs (8.7%); in fourth place, agriculture, livestock and fishing (7.8%); and in fifth place, construction (3.4%). This shows that the economy is highly dependent on the mining sector, which makes it more vulnerable to external shocks and to decisions made by the National Government regarding the future of the sector.

The relevance of mining is also seen in the department's exports. As of October 2023, coal accounted for 99.5% of Cesar's exports. The lack of economic and export basket diversification (with a score of 0.28 out of 10 according to the [2023 Departmental Competitiveness Index](#)) implies instability, reducing the department's capacity to face fluctuations in international market prices, which have significant effects on the department's labor dynamics and its [capital](#).

According to the 2022 SRI, Cesar has a moderate economic risk. In the department, only [40.7%](#) of the population has an active financial product, which is below the national average of 42%. This reflects an underdeveloped financial system that has the potential to hinder formalization and employment generation. In addition, Cesar

was ranked as the eighth department in the country with the smallest business fabric in 2021, with only 340 companies providing formal employment per 10,000 inhabitants. Valledupar is the second city, with the highest levels of informality ([65.6%](#)) after Sincelejo, above the national average of 56.1%. High informality leads to increased inequality and lower socioeconomic development, as people depend on lower incomes and lack labor protections.

On the other hand, according to the Ministry of Education, by 2022 the department had a higher education coverage of only [35%](#), even below the national average. It is very likely that this is one of the limitations for the development of human capital in the department, where only [33.2%](#) of the population has higher education. Likewise, the department has a higher annual university dropout rate than the national rate (8.59%), with a dropout rate of 9.85%. The lack of skilled labor poses challenges for the recruitment of local workers for higher value-added sectors or for positions requiring more education.

The department [shares](#) a 150-kilometer border with the state of Zulia in Venezuela, bordering the municipalities of Chiriguana, La Jagua de Ibirico, Curumaní, Manaure, La Paz, Agustín Codazzi and Becerril. However, Cesar [does not](#) have a recognized commercial exchange border point. Similarly, the opening of the border in September 2022 has not had the [expected effect](#) on bilateral trade, nor has it led to the development of an official border crossing between the department and the state of Zulia. This is largely due to the geography of the department, with the Serranía de Perijá impeding the development of an official border crossing.

### INSTITUTIONALITY:

According to the 2022 SRI, Cesar is the eleventh department with the lowest institutional risk (low risk). In 2021, it obtained a score of [50.18](#) out of 100 in the Departmental Performance Measurement, which implies an average level of efficiency of local institutions' progress in the implementation of the Land Management Plan (POT) and in goals related to budget execution. In the Digital Government Index, Cesar obtained a score of [81.5](#) out of 100. This indicates that the department's institutions have achieved a good incorporation of Information and Communication Technologies, which facilitates administrative procedures and will probably simplify bureaucratic processes for the development of business activities.

In 2021, Cesar was the sixth department in the country and the first in the Caribbean with the best score in the National Anti-Corruption Index ([86.2](#) out of 100). This result suggests that institutions at the departmental level have the necessary capacities to prevent and fight corruption, and that efficient management of public resources is carried out to address the challenges affecting the department. This is likely to work as an incentive for the business sector to engage in public-private partnerships, as there is a lower probability of corruption practices at the institutional level, which in turn decreases potential reputational and legal risks.

### SOCIETY:

According to 2022 SRI data, Cesar is the twelfth department with the lowest social risk (low risk). Although the department managed to reduce its [MPI](#) from 25.3% in 2021 to 19.1% in 2022, it remains above the national average of 12.9%. By 2021, [93.9%](#) of Cesar's population was insured by the healthcare system, [45.4%](#) of housing had structural deficiencies and required improvements and [98.1%](#) of the population had access to education. Cesar was also the sixth department with the lowest school dropout rate of [2.4%](#). These results suggest that the population in Cesar have better living conditions than in other departments, which has positive implications for worker productivity and the relationship between the communities and the private sector.

On the other hand, according to the [2020-2023 Departmental Development Plan](#), by 2017 the department had a public utility's coverage of 97.7% in urban areas and 73.2% in rural areas. In terms of sewerage, there is 89.36% coverage in municipal capitals and 31.71% in rural and dispersed rural population centers. For electricity

coverage, the department had 91% coverage in rural areas and 94.4% in urban areas. Finally, natural gas coverage was 64.8% and 77.2% for garbage collection.

This shows the great differences that exist in terms of public utility coverage in the municipalities and rural areas of the department, which make it difficult for private companies to operate in rural areas.

The department has a low level of internet coverage, with only [44.8%](#) of households having an internet connection. Likewise, broadband internet coverage only reached [7.9%](#). The limited internet coverage constitutes an obstacle for the business sector, as it hinders communication with clients, reduces the efficiency of business operations (such as the transfer of information and resources), and hinders market research.

On the other hand, despite having a relatively small indigenous population, with only 4.7% of the population recognizing as part of an indigenous community, protests and demonstrations by these communities are recurrent in the department. Throughout 2021 and 2022 several demonstrations and road blockades occurred in the department. [Wiwa](#) and [Arhuaco](#) communities staged protests over land conflicts and divisions within the communities, among [other](#) issues. Protests and blockades imply cost overruns for the transportation of goods and increase the risk of losing perishable products in the agricultural sector, which is a disincentive for investment.

### ROAD INFRASTRUCTURE:

According to the [2020-2023 Departmental Development Plan](#), Cesar's road network consists of 878.67 kilometers of primary roads, 421.85 kilometers of secondary roads and 5,884.68 kilometers of tertiary roads (equivalent to 80.17% of the entire road network). Of the tertiary roads, 3,625 kilometers (61%) are unpaved or in poor condition. The deterioration of roads hinders connectivity between the department's municipalities and their access to the country's main roads. In addition, complex mobility increases transportation costs and time, which translates into higher prices for products, reducing their competitiveness in the market.

The department is crossed by the second and third sections of the Ruta del Sol, which runs through Cesar from the border with Santander to Magdalena and La Guajira in the north. This segment of the Ruta del Sol has faced a series of [challenges](#) since the contract was signed in 2010. These problems culminated in the complete suspension of the work in 2017, due to the Odebrecht scandal related to Ruta del Sol II, and only until 2020 was the project resumed. By June 2023, the Ministry of Transportation reported that the project had advanced [55.53%](#).

Despite the benefits of the Ruta del Sol for the department, Valledupar [declared a](#) public calamity and red alert due to heavy flooding in 2022, which the former mayor Mello Castro attributed to the poor works of the Ruta del Sol III. Likewise, [in June 2023](#), 7,000 families were affected and 321 homes were destroyed in Bosconia by heavy flooding. The disaster was attributed, in part, to the construction of the San Roque-Valledupar bypass at the beginning of the foothills of the Sierra Nevada de Santa Marta. The population considers that the modifications made to the natural terrain due to the construction of the dual carriageway altered the natural watercourses where the waters flowed. However, the ANLA has [debated](#) this position, with a study that determined that the rains caused the emergency and not the works of the Ruta del Sol. The floods resulted in [20,000](#) victims, with a large number of houses destroyed and families displaced. This type of event negatively affects the city's commerce.

The route also faces challenges in terms of insecurity and poor road conditions. Recently, drivers traveling along this road have experienced significant levels of insecurity. Since July 2023, there have [been](#) numerous incidents of robberies, especially targeting drivers of cargo vehicles. These robberies are perpetrated by groups of more than 10 individuals, who carry stones, machetes, knives, and even guns, and usually occur [at night](#). In addition,

the poor condition of the road regularly [causes](#) breakdowns to vehicles. This type of problem disrupts the flow of cargo and domestic tourism.

Despite all of this, the road is of paramount importance, as it increases the connectivity of the department. It connects Valledupar with Santander, La Guajira and Magdalena. It also facilitates the department's connection with the interior of the country and the ports along the Caribbean coast, which reduces transportation costs and facilitates the department's access to other markets.

### ENVIRONMENT:

According to the 2022 SRI, Cesar has a moderate environmental risk. In 2021, the department registered [31](#) cases of illegal exploitation of renewable natural resources, [nine](#) cases of illegal exploitation of mining deposits and other minerals, [six](#) cases of damage to natural resources and ecocide, and [three](#) cases of environmental contamination.

The department has very [few](#) hectares of coca and [no](#) hectares of illegal alluvial gold mining. These are likely the reasons for low deforestation in the department, with only 289 hectares deforested in 2022 according to the IDEAM. This implies little environmental degradation of forests and less impact on local communities. The experts interviewed mentioned that the main environmental challenges the department faces are the promotion of reforestation and environmental education programs. Regarding the last point, they consider that the majority of the people of Cesar do not have knowledge about the care of the environment and how they can help to preserve it.

### POLITICS:

According to our 2022 SRI, Cesar has a moderate political risk. In the period between 2008 and 2021, all governors in office completed their terms. This indicates that the department enjoys high political stability, which reduces the risks for the business sector to collaborate with departmental authorities.

In 2021, political instability had a negative impact on the public service. It registered [two](#) victims for crimes of constitutional and legal regime, [one](#) victim for electoral crimes, [195](#) victims for threats against human rights defenders and public officials and [22](#) victims for crimes of improper conclusion of contracts (being the tenth department in the country and third in the Region with more victims for these crimes), [137](#) victims for crimes of abuse of authority by arbitrary or unjust act (being the twelfth department at the national level and third in the Caribbean the most victims for this crime).

On the other hand, the Electoral Observation Mission (MOE) [warned](#) about a high electoral risk in terms of insecurity in three municipalities in the south of Cesar. The MOE identified risk in La Gloria, San Alberto and San Martín due to violent events and the influence of armed groups, such as ELN, the Clan del Golfo and FARC dissidents. Between January 1 and January 9, 2023, there were [10](#) reports of threats against people during the electoral process. There have also been threats against environmental defenders and an increase in the number of kidnappings. This implies elections with little freedom in the affected municipalities and the violation of the political rights of the inhabitants.

Politics in the department and in the Caribbean in general is characterized by the presence of political clans (structures composed of members of the same family and their close associates who: occupy influential positions in both the public and private sectors, share positions and concessions through nepotism, maintain power through clientelistic relationships and use public resources for their own benefit). According to sources interviewed, the most [prevalent](#) political clan in the department is the Gnecco family, whose matron is Cielo Gnecco Cerchar. Cielo Gnecco's son, Luis Alberto Monsalvo Gnecco has been governor on two occasions. Likewise, the clan has two senators from Cesar, José Alfredo Gnecco and Didier Lobo.



The Gnecco clan has been linked to paramilitarism. Direct [connections](#) have been established between members of the [clan](#), such as Lucas and Jorge Gnecco, with Salvatore Mancuso (former head of the United Self-Defense Forces of Colombia). In October 2023, former governor Luis Alberto Monsalvo Gnecco was [indicted](#) before the Supreme Court of Justice for irregularities in the School Food Program (PAE). The Superior Court of Valledupar also issued an arrest warrant against Cielo Gnecco Cerchar for her [alleged involvement](#) in the kidnapping and murder of two contractors who refused to pay a bribe for awarding them contracts from the territorial administrative body. This caused the escape of Cielo Gnecco, who [left](#) the country to avoid capture. In addition, Supreme Court Justice Francisco Farfán, who allegedly ordered the tapping of the phones of five members of the Gnecco clan in 2019, was plunged into controversy when a Caracol news report [stated](#) that he had warned the Gnecco family about the interceptions.

Clientelism in the [bidding](#) and [contracting](#) processes implies dishonest competition, which is a disincentive for private enterprise. Likewise, widespread [corruption](#) by members of the Gnecco clan drains public resources and does not allow the department to address its problems. Finally, this also implies reputational and legal risks for companies seeking to work hand in hand with the State or in public-private partnerships.

## INVESTMENT OUTLOOK IN CESAR:

### AGRICULTURAL SECTOR

In 2022, agriculture, livestock and fishing was the fourth most important activity in the departmental economy, accounting for [7.8% of the departmental GDP](#). Some of the most important permanent crops are: oil palm (39.8%), sugarcane (34.1%), banana (5.4%), plantain (5.3%) and mango (3.3%). The most important transitory crops are: corn (31.2%), cassava (24.4%), and rice (22.1%).

According to [Fedepalma](#), by 2020 there were nine operating palm oil palm nuclei in the department, generating 25,726 direct and indirect jobs. These nuclei had 77,869 hectares planted and 68,604 hectares in production. In addition, this activity does not only involve planting, but also the processing of the palm for the production of crude palm oil. In 2020, the department accounted for 15.52% of national production. In addition, the crop has become important for [export](#) since the beginning of the conflict in Ukraine, as it is used in the [production of biodiesel and in the generation of electricity and heating](#). This quality becomes especially relevant in view of the energy uncertainty in Europe.

According to Cesar's [Comprehensive Plan for Agricultural and Rural Development with a Territorial Approach](#) (PIDARET), oil palm cultivation faces difficulties in terms of transportation. The poor condition of the tertiary roads makes it difficult to move goods -a problem faced by all crops- from the production areas to the marketing centers. Another challenge is the bud rot disease, a [disease](#) capable of degrading the innermost tissues of the palm [bud](#). During 2023, alerts were issued for an increase in the number of cases of bud rot registered in the department, with [143 thousand](#) cases in April, most of them concentrated in the northern zone. This implies a significant risk for the crop, given that the disease has been [responsible](#) for the disappearance of entire plantations in Panama, Brazil, and Ecuador. In addition, this implies additional costs for growers, who will have to take measures such as crop renewal to deal with the pest.

According to the PIDARET, by 2017 there were 3,416 hectares of sugarcane, located towards the south of the department. Of these, 3,406 hectares were harvested and had a production of 16,608 tons. By 2018, Cesar was the fourteenth department in the country in terms of sugarcane [production](#). The crop faces [challenges](#) to its productivity, such as delays in the application of technologies, deficiencies in marketing and pests.

According to the PIDARET, maize, cassava, and rice have a planted area of 17,490ha, 13,172ha, and 6,360ha, respectively. Maize is used for human consumption and for silage for livestock and small species. Likewise, cassava is part of the food security crop dynamics, being consumed mainly within the department. Rice

production in the department has declined in the last decade as a result of weather conditions in 2014 and competition from imported rice.

### LIVESTOCK SECTOR

According to the Departmental Development Plan, the department's cattle is dual purpose. According to the 2020-2023 Departmental Agricultural Extension Plan (PDEA), by 2018 the department had 987,045 hectares suitable for beef cattle and 985,422 suitable for dairy cattle. According to the PIDARET, Cesar exported slaughtered cattle until 2014. However, from 2015 onwards exports were suspended, due to the lack of technical and legal conditions in the slaughter plants. Since then, production has been destined for domestic consumption and commercialization with other departments. This has caused a significant [reduction](#) in meat and milk production, with a decrease in cattle slaughter, going from 61,088 cattle slaughtered to 25,592 between 2013 and 2017. Not having the possibility of exporting means losing access to international markets, which implies lower profits.

Livestock farming in the department faces a variety of challenges. First, the low level of technology in this activity makes it [susceptible](#) to climate change, with water shortages and poor pasture quality in the summer. In addition, tertiary roads are [damaged](#) by the winter, making it difficult to transport products. Finally, cattle ranchers in the south of the department have experienced high levels of [insecurity](#). Common crime and armed groups, such as the ELN, the Clan del Golfo, FARC dissidents, and the Aguilas Negras, are allegedly responsible for extorting money from ranchers, demanding payments in exchange for stopping criminal activities. Cattle rustling also occurs in the department, with cattle [kidnappings](#) and even the kidnapping of farmers and workers. These challenges limit the sector's productivity and insecurity creates disincentives to investment in rural areas.

### TOURISM SECTOR

In 2022, the commerce, hotels and repair sector accounted for [8.7% of the departmental GDP](#). The main tourism [destinations](#) are Valledupar, Río de Oro, Aguachica, Nabusimake, Pueblo Vello, Manaure and Chimichagua. The department specializes in [natural tourism](#), with resorts such as El Mojao and natural attractions such as the Ciénaga de Zapatosa and the Serranía de Perijá. Another tourism offer of supreme importance is [cultural tourism](#), which focuses on indigenous communities in towns such as Nabusimake and the Leyenda Vallenata festival.

According to sources interviewed, the department has recovered to pre-pandemic levels in terms of non-resident foreign arrivals, with approximately 8,500 visitors in 2018, 1,700 in 2020 and 8,700 in 2022. Likewise, the 2022 Leyenda Vallenata festival attracted [137,672](#) tourists, according to the Valledupar Chamber of Commerce. Of these, 43% came from the Colombian Caribbean, especially from Atlántico, Córdoba, Magdalena and Bolívar. International visitors came from Ecuador, Argentina, Spain, Mexico, the United States, France, Peru and Venezuela. This shows the importance of tourism, which boosts other sectors such as commerce and gastronomy.

Departmental tourism has been negatively affected by the closure of the two most important low cost airlines in the country, Viva Air and Ultra Air at the beginning of 2023, and the [decision](#) of Latam Airlines Colombia to suspend the routes it offered to Valledupar in December 2022. Prior to the Vallenato Festival in 2023, the hotel industry voiced its concern about the high airfares. The absence of low-cost airlines and higher airfares are likely to be a disincentive for tourists, limiting the number of visitors and negatively affecting different sectors that depend on the arrival of visitors to the department. However, the Alfonso López Pumarejo airport is enabled to [receive](#) international passengers during the Festival, which makes the department an attraction even outside the country.

According to calculations by Colombia Risk Analysis, based on data from the 2022 ICFES English tests, 74% of the population of Cesar has basic English, while only 2% has upper-intermediate English. This shows the need to

promote and strengthen the learning of English. This would allow for a better service to international tourists and thus increase the probability of a higher return on spending by these tourists. Regarding customer service, promoting training programs and university programs related to tourism becomes a key point for strengthening the sector and related industries.

## EXTRACTIVE SECTOR

The mining and quarrying sector is the most important sector of the departmental economy ([53.8%](#)). According to the Colombian Geological Service, by 2022 there were [28](#) producing oil fields and by 2023 there were [15](#) active gas fields in the department. These fields are concentrated in the northeast of the department (between the Sierra Nevada to the west, the Serranía de Perijá to the east and La Guajira to the north) in what is known as the [Cesar-Ranchería Basin](#). As of July 2023, Cesar was [the seventh department](#) with the highest accumulated oil production (with more than 4.5 million barrels) and proven oil reserves (with 53.89 million barrels), according to data from the National Hydrocarbons Agency.

Coal mining is the most important industry within Cesar's extractive sector. According to the National Mining Agency, by August 2023 there were [250](#) active mining titles in the department, the second highest number of active mining titles in the Caribbean, after Bolívar ([328](#)). In 2022, Cesar had the highest coal production (with [more than 30 million tons](#)). Coal is also the department's main export product. By October 2023, coal accounted for [99.5%](#) of the department's exports.

Sources stated that the dependence on mining and coal is one of the main challenges for the economic development of Cesar. Despite accounting for more than half of the department's GDP and close to 100% of its exports, it employs only [0.4%](#) of the employed population in the capital and [1.27%](#) of those employed in the department. According to the Departmental Development Plan, the mining sector is human capital intensive, but not labor intensive, so it is not an employment-generating sector.

[99.97%](#) of the department's royalty allocations come from coal mining. Between 2017 and 2018, [205](#) projects were approved to be executed with royalty resources. The transportation sector received the largest amount of resources from the General Royalties System (SGR), earmarked for the maintenance and paving of urban roads and the construction of bridges. Other sectors in which these resources were invested were the sports and recreation sector, housing, city and territory. Other sectors, such as agriculture, environment, culture, education, social inclusion, mines and energy, health and science, and technology and innovation, received less than 10% of SGR resources. Royalty resources allow the department to face some of the challenges it faces in social matters, especially in terms of transportation infrastructure.

Mining faces a variety of challenges in the department. In 2021, the company Prodeco responsible for the production of [21%](#) of the national coal, [permanently](#) closed its operations in Cesar due to the [fall in international](#) coal prices with no certainty of future recovery, the high costs of mining operations, and the refusal by national institutions to issue environmental permits. This has left approximately [1,300](#) people without work, and a [loss](#) of income of approximately USD 126 thousand (COP 500,000 million) in royalties, taxes, purchases and contracts. In addition, the closure of the mine has resulted in [public safety problems](#) due to clashes between sectors of the population who want the mine to reopen and others who do not. This shows the department's dependence on coal extraction and its vulnerability to the decisions of the large companies that operate the mines.

Recently, the [mining corridor](#) of Cesar (comprising the municipalities of La Jagua de Ibirico, Becerril, Chiriguana and El Paso) experienced protests by local communities. In October 2022, protests by a group of social leaders [arose](#) against the Petro Government's tax reform, which they consider generates [negative consequences](#) for the department's mining sector, due to the tax on gold and coal exports, the non-deductibility of royalties and the carbon tax. Subsequently, in January 2023, the roads of La Jagua de Ibirico, San Agustín Codazzi, Becerril, El Paso, Curumaní and the Chiriguana Crossing were [blocked](#) by leaders of the interethnic collective of the mining corridor

of Cesar, who were looking for answers to the unemployment experienced in that region of the department. This, added to the National Government's [position](#) against large-scale mining, endanger the economic livelihood of the department and its populations, which is likely to result in more protests in the future.

### CONSTRUCTION SECTOR

According to the Departmental Economic Profile of Cesar, by December 2022, the construction sector accounted for 3.4% of the departmental GDP. Like other departments in the region, this sector has been affected by a nationwide slowdown. For the third half of 2023, Bancolombia [identified](#) a -0.5% drop in concrete production, -8% in construction, -44.6% in housing sales and -65.9% in unit launches nationwide. Cesar in particular saw a 39.1% [reduction](#) in sales and -21.1% in launches. The crisis has had a negative effect on employment in the sector in Valledupar. By May 2023, the sector had [lost](#) 1,604 of the 15,504 jobs, marking a loss of 10.34% of the sector's jobs. By the same date, a 78% reduction in project initiation was reported, which is due to the reduction in sales, and results in less hiring of labor.

However, the importance of the mining sector for the department facilitates the development of the construction sector. Although mining in the department is mostly concentrated in coal, the department also [extracts](#) limestone, gravel, and sand, all of which are necessary for construction. The possibility of obtaining the materials needed for the sector in the department itself means lower construction costs, as there is easier access to materials and lower transportation costs.

### RENEWABLE ENERGY SECTOR

Sources interviewed consider that the department has great potential for the development of photovoltaic solar energy. Like other departments on the Atlantic coast, Cesar receives [more solar radiation per year](#), especially in its northern zone where it borders La Guajira. The department currently has the [largest solar energy farm in the country](#), owned by Enel Green Power in the municipality of El Paso. There are also plans to develop solar energy projects in La Loma and Valledupar. In addition, Greenwood Energy is in the process of obtaining permission from the UPME to [develop](#) a solar energy project in the municipality of El Copey in [conjunction](#) with the Arhuaco indigenous people. The scheme seeks for the indigenous community to receive 5% of the gross value of each kilowatt marketed for the construction of their homes for 25 years. This demonstrates the opportunities that exist for indigenous and local communities to work together with companies that wish to develop this type of project.

On the other hand, complaints about high energy prices for the consumer in the [department](#) and its [capital](#) are constant, many of them [directed](#) at the utility company, Afinia. It is likely that the entry into operation of new renewable energy generation projects will lead to a reduction in electricity rates. This will translate into less social unrest and less risk of protests and blockades.

### MUNICIPALITY WITH LOWEST AND HIGHEST RISK IN CESAR:

Cesar is made up of 25 municipalities. Taking into account the information available at the municipal level, the departmental context and the number of municipalities, we found that the most and least risky municipalities in Cesar are:

#### MUNICIPALITY WITH THE LOWEST RISK IN CESAR

The municipality with the lowest risk in the department of Cesar is Chimichagua. It is located in the central part of the department. It borders the municipalities of Astrea to the north, Tamalameque and Pailitas to the south, Chiriguaná and Curumaní to the east, and the department of Magdalena to the west.

The data collected shows that it is the municipality with the lowest risk in the security category. During 2021, with [a population of 36,982 inhabitants](#), Chimichagua had the second lowest homicide rate ([three homicides per 100,000 inhabitants](#)). There was no record of kidnappings, extortion, massacres, assassinated leaders or presence of coca hectares in the municipality. Similarly, the [First Division of the National Army](#) operates in the department, which provides security guarantees for the population and the business sector. However, central and southern Cesar have historically been affected by the [armed conflict](#). It is necessary to consider factors such as lack of access to institutions or lack of internet access that limit the registration of database variables. This means that, given a possible under-recording of variables, the reality in the territories may be different.

MUNICIPALITIES WITH LOWEST AND HIGHEST RISK BY DIMENSION		
CATEGORY	LOWEST RISK	HIGHEST RISK
Security	Chimichagua	González
Politics	Curumaní	Valledupar
Economy	Valledupar	González
Institutions	La Gloria	Río de Oro
Society	Valledupar	Gamarra
Environment	Astrea	Valledupar

According to data collected and available at the municipal level, Chimichagua has a very low political risk. During 2021, there were only [two victims](#) of threats against human rights defenders and public officials. These figures show that the municipality has political stability, which reduces the legal and reputational risks for the business sector in the event of contracting with local authorities.

Regarding the economic category, the municipality has a moderate risk. By 2021, Chimichagua had no population with higher education, which suggests that most of the municipality's labor force is unskilled. This limits the attractiveness of the territory to investors or entrepreneurs in productive sectors with higher added value. On the other hand, of the 25 municipalities in the department, Chimichagua ranks 14th in terms of participation in the departmental GDP ([1.30%](#)). The lack of skilled labor means that the [municipal economy](#) is centered on the agricultural sector and informality also develops. This limits the municipality's attractiveness for investment in other sectors and boosts Chimichagua's socioeconomic development. In addition, the lack of information at the municipal level on variables such as banking and entrepreneurial fabric makes the analysis limited and does not fully reflect the reality of the municipality.

Chimichagua has a very low institutional risk. The municipality scored [45 out of 100](#) in the 2021 Municipal Performance Measurement and was the municipality with the best result in the 2021 Digital Government Index ([92 out of 100](#)). This suggests a low level of efficiency in development and budgetary objectives, in contrast to a high level of ICT integration by local institutions. It is therefore necessary to improve these aspects to encourage the arrival of investment and the agility in the necessary procedures to promote the development of the business sector.

The municipality has a moderate social risk. At the departmental level, it is the fourth municipality with the fourth largest population in poverty ([53%](#)), according to the Multidimensional Poverty Measurement of the DANE. It is important to mention, however, that this variable is a measurement following the last census of 2018, so it does not take into account the situation generated after the pandemic. In other words, the figure will most likely remain the same or have risen, taking into account that at the departmental level [the population in poverty condition](#) during 2019 (25.5%), 2020 (27.2%) and 2021 (25.3%) was well above the national total in the three years. The municipality has high levels of [health insurance](#) and [education coverage](#). However, the municipality had an [intra-annual school dropout rate](#) of 10.4%. This suggests that in Chimichagua, the population has an average welfare condition, which implies a lower risk of clashes between communities and companies. However, there is a risk that the communities will look to the companies to solve their needs and demands in the absence of the State.

Chimichagua has a very low environmental risk according to available data. During 2021, there was only [one case](#) of natural resource damage and ecocide. However, as we have mentioned, the fact that there are few records

does not necessarily mean that these situations do not occur. Conditions of distance, lack of access or intimidation may cause underreporting of this information at the municipal level.

### MUNICIPALITY WITH THE HIGHEST RISK IN CESAR

The municipality with the highest risk in the department of Cesar is Rio de Oro. It is located in the south of the department and borders the municipalities of San Martin to the south, Gonzales to the north, Aguachica to the west, and the department of Norte de Santander to the east.

The data collected shows that it is the third most at-risk municipality in the security category. In 2021, with [a population of more than 18 thousand inhabitants](#), it had the tenth highest homicide rate ([28 homicides per 100 thousand inhabitants](#)), the second highest kidnapping rate ([six per 100 thousand inhabitants](#)), a rate of [six extortions per 100 thousand inhabitants](#), and [two social leaders were murdered](#). The [First Division of the National Army](#) operates in the department, which provides security guarantees to the population and the business sector. However, central and southern Cesar have historically been affected by the [armed conflict](#). It is necessary to consider factors such as lack of access to institutions or lack of internet access that limit the registration of database variables. This means that, given a possible under-recording of variables, the reality in the territories may be different.

According to data collected and available at the municipal level, Rio de Oro has a moderate political risk. During 2021, there was only [one victim](#) recorded for crimes of improper conclusion of contracts and [one](#) for crimes of abuse of authority by arbitrary or unjust act. These figures imply that there is political stability in the municipality, which reduces the negative impacts on the public service. This reduces the legal and reputational risks for the business sector of contracting with local authorities. However, it is important to mention that the fact that there are no more records or records on other crimes does not mean that these crimes do not occur, but rather that due to lack of access to institutions or even fear, people do not always report them.

Regarding the economy category, the municipality has a high risk. This is due to the fact that in 2021, Rio de Oro had no population with higher education, which suggests that most of the municipality's labor force is unskilled and limits the attractiveness of the territory to investors or entrepreneurs in productive sectors with higher added value. In addition, it was the eighth municipality that contributed the least to the departmental GDP ([1.05%](#)). The lack of skilled labor means that the municipal economy is centered on the agricultural sector. This limits the municipality's attractiveness for investment in other sectors and boosts Rio de Oro's socioeconomic development. In addition, the lack of information at the municipal level on variables such as banking and business fabric makes the analysis limited and does not fully reflect the reality of the municipality.

Río de Oro is the municipality with the highest institutional risk. It had the lowest score in the department in both the [2021 Municipal Performance Measurement](#) (22 out of 100) and the [2021 Digital Government Index](#) (45 out of 100). This suggests that there is inefficiency in local institutions and that there is still a need to work on greater ICT integration. For the business sector, this implies longer bureaucratic processes that increase time and delays in the development of their activities.

The municipality has a very high social risk. According to the DANE's [Multidimensional Poverty Measurement](#), 48% of the population of Río de Oro is in poverty. It is important to mention, however, that this variable is a measurement following the last census of 2018, so it does not take into account the situation generated after the pandemic. In other words, the figure will most likely remain the same or have risen, taking into account that at the departmental level [the population living in poverty](#) during 2019 (25.5%), 2020 (27.2%) and 2021 (25.3%) was well above the national total in the three years. It is the municipality with the lowest health insurance coverage ([56%](#)) in the department, an education coverage of [98%](#) and an intra-annual school dropout rate of [11.8%](#). This suggests that in Rio de Oro the population has a lower welfare condition than in other municipalities, which implies a higher



risk of clashes between communities and companies. Likewise, the risk of communities seeking that companies solve their needs and demands to the State increases.

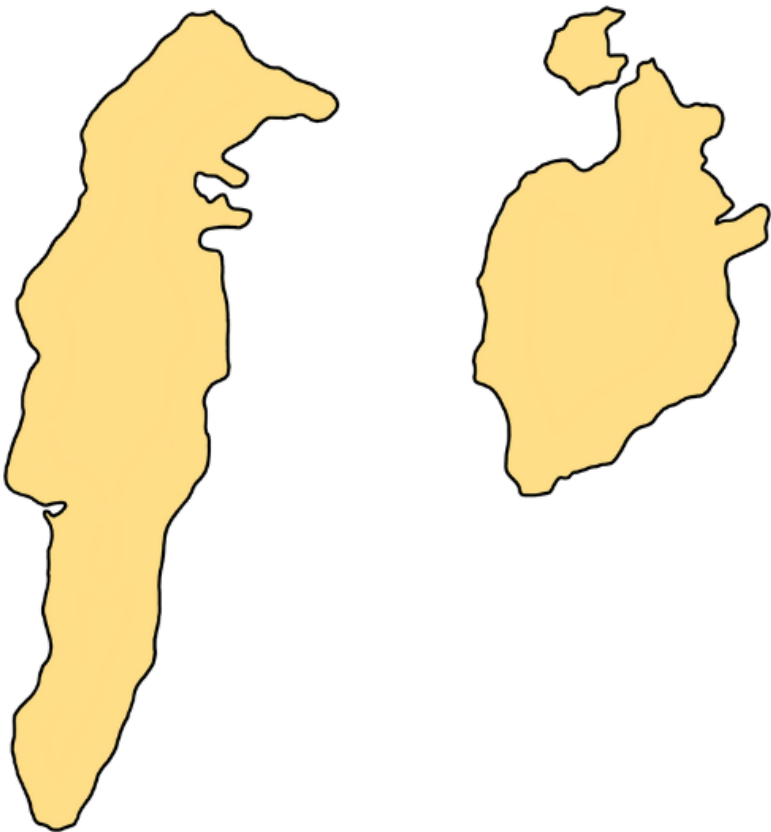
Rio de Oro has a low environmental risk according to the data available. In 2021, only [one case](#) was recorded for illegal exploitation of renewable natural resources and [one](#) for illegal exploitation of mining deposits and other materials. Although these figures suggest that the municipality does not present major environmental impacts, it is necessary to consider factors such as lack of access to institutions or lack of internet access that limit the registration of database variables. This means that, given a possible under-recording of variables, the reality in the territories may be different.

**SAN ANDRÉS. PROVIDENCIA Y SANTA CATALINA:**

According to our [2022 Subnational Risk Index](#) (2022 SRI), of Colombia's 32 departments, San Andres and Providencia is the fourth least risky department to invest in. The department is [made up](#) of three major islands San Andres, Providencia and Santa Catalina, five minor islands Bolivar, Alburquerque, Roncador, Serrana, Serranilla, seis keys Johnny Cay, Haynes Cay, Cotton Cay, Rose Cay, Crab Cay, Three Brothers Cay, one bank Quitasueño, two shallows Nuevo, Alicia. It is important to mention that the Archipelago as a whole is considered a department, but San Andres and Providencia do not have the same territorial connotation. While San Andres is considered an island, Providencia is considered a municipality according to DANE classification.

However, this differentiation is not seen in all government databases (for example, the Police in the database of the Statistical, Criminal, Contraventional and Operational Information System (SIEDCO) extracts the information by referencing two municipalities within the Archipelago), so the data on the Archipelago would probably not allow mapping the reality of the entire territory. Despite this particularity, the Archipelago has great potential, so it is necessary to understand the challenges and opportunities for the business sector and investors.

**SAN ANDRÉS, PROVIDENCIA Y SANTA CATALINA**



## SECURITY:

According to the 2022 SRI, San Andrés y Providencia is the eleventh department with the highest security risk (high risk). In 2021, with a population of more than [63 thousand people](#), it was the fourth department in the country and the first in the Caribbean with the highest homicide rate ([55](#) per 100 thousand inhabitants) and was the fifth department nationally and first in the Region with the highest rate of extortion ([28.3](#) per 100 thousand inhabitants). The department has a permanent presence of the [National Navy](#), which provides security guarantees to the population and the business sector.

The security situation in the department has worsened recently. The [Ombudsman's Office](#) has warned of the presence of different criminal organizations, such as the [Clan del Golfo, Los Rastrojos, Los Pusey and La Fortaleza](#). This largely explains the increase in crimes such as extortion and murder. Based on information from [Medicina Legal](#), violent acts with fatalities have increased by 58% as of July 2023 on the island (24 homicides were registered in contrast to 14 during the same period in 2022). Authorities report that the archipelago has become a major transit hub for illicit economies, including [drug trafficking](#), smuggling, [human trafficking](#), and [irregular migration](#) to the U.S. This increases security risks for local businessmen and also for investors seeking to establish themselves in the department.

Although it has traditionally been isolated from the problems of the mainland, there have been cases of violence against social leaders in San Andrés and Santa Catalina. According to INDEPAZ data, in [2021](#) no murders of social leaders were recorded, in [2022](#) there were 2 cases reported and in [2023](#) no murders of social leaders were recorded. Although violence against social leaders generates uneasiness and increases the difficulty of building a good relationship with the private sector, it is unlikely that this problem will be a serious difficulty for the establishment of relations with local communities in the short and medium term.

The fact that the archipelago is only 110 kilometers from Nicaragua, or three hours by speedboat, according to [Insight Crime](#), makes it a strategic destination for illegal groups like the Clan del Golfo that seek to profit from illegal economies such as migration, contraband and drug trafficking. According to their website, there is an alleged laxity in maritime controls by the authorities, which makes the island a low-risk stop for these organizations. With great frequency, the national press publishes articles about huge seizures of cocaine and marijuana from San Andrés. To mention a few, more than 100 kilos of drugs valued at US\$2 million destined for Central America were seized in [December 2023](#), and authorities seized more than three tons of cocaine in the Archipelago that were destined for Central America in [September 2023](#). According to the Colombian Navy, 166.6 tons of drugs were seized in the Colombian Caribbean in 2023 alone.

In November 2023, the Colombian Ombudsman, Carlos Camargo, [warned](#) about the increase in irregular migrants leaving the island of San Andrés for Central America, exposing themselves to risks such as shipwrecks and boat disappearances. In October 2023, 32 migrants and two crew members were reported missing on this route. During 2023, the National Navy rescued nearly 400 people, including 89 children who were seeking to migrate to the United States. Authorities note that the location of the San Andrés Archipelago is used for irregular migration to countries such as Nicaragua, Mexico and the United States via illegal vessels that violate maritime safety regulations. Although this does not suggest direct risks for businesses, it does suggest that criminal organizations are present in the Archipelago.

## ECONOMY:

According to data from the [Ministry of Commerce, Industry and Tourism](#), the commerce, hotels and repairs sector is the most important sector of the departmental economy, accounting for 60.2% of the departmental GDP in 2022. It is followed by public administration and defense with 13.8%; in third place, duties and taxes with 7.9%; in fourth place, real estate activities with 3.7%; and in fifth place, scientific and technical activities with 3.2%. These figures show the Archipelago's dependence on tourism. In addition, according to the [2023 Departmental Competitiveness Index](#), San Andrés does not have a sophisticated or diversified economy, as it ranked 30th out of 33 at in the

country. Similarly, the index suggests that the small size of the Archipelago's market makes it an unattractive investment destination that lacks innovation.

Economic dependence on tourism, trade, and fishing creates few opportunities for diversification into other sectors. Although there is much to be done to take advantage of the extraordinary environmental wealth of the Archipelago, characterized by diversity of marine and terrestrial organisms, more investment is needed in tourism infrastructure such as hotels, ports, and airports. According to [the Colombian Central Bank](#), various challenges such as ecological problems, high population density, and growing poverty limit productive economic activities.

The local economy is largely dependent on external factors, including migration policies, agricultural import regulations, and the global economic situation. The international perception of Colombia as a [safe](#) tourist destination also affects the flow of international tourists to the Archipelago. During the [2022-2026 Binding Regional Dialogues for the National Development Plan](#), the San Andrés community proposed turning the island into a center for exporting foodstuffs such as conch shells, salted fish, salted pork, and beef. However, the fishing industry has been affected by the [2012 Hague ruling](#), thus affecting the island's economic potential.

San Andrés has a [multipurpose port](#) that plays a central role in the island's international trade and tourism. It is the gateway for a large amount of goods consumed in San Andrés, in addition to serving as a starting point for various excursions and tourist activities. It also plays a vital role in the island's connectivity with the rest of Colombia and other Caribbean destinations, facilitating both the import and export of goods, as well as the arrival of tourists. The port is an important asset for the archipelago, but its economic importance will also depend on the development and diversification of the department's economy. As mentioned by [the Colombian Central Bank](#) in its economic geography of the Archipelago of San Andrés, Providencia and Santa Catalina, the region's ecosystem and ethnocultural assets have not been fully exploited, but if well managed they would be a source of greater well-being for its inhabitants.

### INSTITUTIONALITY:

According to our 2022 SRI, San Andrés y Providencia has a low institutional risk. In 2021, it obtained a score of 66.49 out of 100 in the [Departmental Performance Measure](#). This suggests an adequate execution of its Territorial Management Plan (POT) and that the goals linked to the budget are being developed satisfactorily. It was the ninth department in the country and the second in the Region with the best score in the [Digital Government Index](#), with a score of 87.2 out of 100. This figure suggests that the institutions in the department show a high degree of integration of Information and Communication Technologies, which simplifies administrative procedures, a fundamental aspect to promote the development of business operations. However, experts told us that despite this result or [the information in the media about the speed of the Internet in the territory](#), there are constant connection failures.

As for the National Anti-Corruption Index, with a score of [80.5 out of 100](#), San Andrés is the eleventh department in the country and third in the Caribbean with the best result. This suggests that the department's institutions have the capacity to prevent and fight corruption, and that there is greater confidence in the execution of public resources to address the problems that affect the department. With regard to the private sector, this is an incentive to participate in contracting with local institutions, as there is less likelihood of corruption and reputational damage. Nevertheless, as in other departments, in San Andrés y Providencia there have been cases of corruption. Such was the case of the signing of [318 contracts worth USD 1.7 million \(COP 7,035 million\)](#) pesos after Hurricane Iota.

### SOCIETY:

San Andrés y Providencia has a moderate social risk, according to the 2022 SRI. Although the department increased its [MPI](#) from 7% in 2021 to 8.8% in 2022, it remains below the national average (12.9%). It is the second department at the national level and the first in the Caribbean with the lowest population living in poverty. [97.4%](#) of the

population is insured under the contributory and subsidized systems. Additionally, [89.6%](#) of the population has access to education, and it has the lowest school dropout rate in the country and the region ([0.7%](#)). These figures suggest that the population in the Archipelago has better welfare conditions than in other territories, which reduces the likelihood of clashes with the business sector.

Despite these figures, San Andrés was the second department in the country and the first in the Caribbean with the highest housing deficit in 2021. [90.9%](#) of the houses have structural deficiencies and require improvements. This suggests that there is still much to be done in terms of infrastructure in the Archipelago, not only to generate a favorable environment for investment, but also to guarantee the social wellbeing of the population that lives there.

The islands of San Andres, Providencia and Santa Catalina suffered devastating damage from hurricanes Eta and Iota in 2020. According to [local leaders](#), 2,546 houses suffered different levels of damage, from mild to severe, including some that needed to be demolished. The reconstruction after the hurricanes has also been uneven, something that increases the social risks and the quality of life of its inhabitants. In September 2023, the Administrative Court of the Departamento Archipiélago de San Andrés, Providencia y Santa Catalina issued an injunction requiring the mayor of San Andres to permanently close the temporary storage centers used as open dumps for the waste generated by Hurricane Iota. The Attorney General's Office expressed concern about the lack of an adequate contingency plan for the management of this waste, and the Court also ordered the National Unit for Risk and Disaster Management to initiate the immediate evacuation of solid waste, with the mayor supervising compliance.

The challenges of infrastructure, waste management and availability of water and energy affect the competitiveness of the department, the attractiveness for investment and also the quality of life of its population. It is important to clarify that there are no recent figures on the coverage of public utilities in the department's housing after hurricanes Iota and Eta. According to the most recent data from the [DANE](#), before the hurricanes, 99.2% of the homes in the department had access to electricity, 29.8% to water, 97.7% to garbage collection, and 15.7% to sewage. The low coverage of potable water service implies higher living costs and increases the risk of disease. On the other hand, although electricity coverage is high, as in the other departments of the Colombian Caribbean, San Andrés suffers from high energy rates. In April 2023, San Andrés residents reported energy cost increases of up to [50%](#). These high energy costs also affect the competitiveness of the department and make it more expensive to do business in the Archipelago.

Similarly, according to the most recent data from the DANE, [41.3%](#) of households in the department had internet connection in 2021, being the twelfth department in the country and fourth in the Region with the lowest percentage. The contrast of internet access with internet speed in the Archipelago again highlights the fact that there is potential for business development, digital entrepreneurship and reception of digital nomads to the island, but it has to be better managed by the departmental authorities.

The Raizal ethnic group settled in the Archipelago of San Andrés, Providencia and Santa Catalina 400 years ago. It was formed through the arrival of indigenous settlers, Puritans and English colonists. With their own culture, including Creole language and Baptist religion, the Raizales are proud of their customs and traditions.

According to the [2005 DANE](#) census, Colombia has a Raizal population of 30,565, accounting for 39.4% of the total population of the department. Although there is a more recent 2018 census that covers the community that self-recognized as black, Afro-Colombian, Raizal or Palenquera, this same census [does not make an exclusive separation of the Raizal population](#), which has earned it much criticism from the Archipelago. According to this [census](#), there are 9,107 households with families that recognize as black; mulatto; Afro-descendant; Afro-Colombian; Raizal from the Archipelago of San Andrés, Providencia and Santa Catalina; or Palenquero from San Basilio, and there are between 2.5 and 2.9 persons per household. In other words, there are an estimated 22,000 to 26,000 Raizales in

the Archipelago of San Andrés and Providencia. 55.6% of the population of the Archipelago recognize themselves as black, Afro-Colombian, Raizal or Palenquero. Raizal leaders seek autonomy through a [Raizal Statute](#) to protect their special and cultural rights, as well as to prevent future conflicts with neighboring countries.

The ethnic diversity of the Archipelago suggests that companies seeking to invest or settle in this territory will need a differentiated approach to this population in order to improve their territorial relationship. This is not necessarily a risk, but a factor that deserves additional careful consideration when planning investments and approaching the territory.

### ROAD INFRASTRUCTURE:

According to the [2020-2023 Departmental Development Plan](#), San Andrés, Providencia and Santa Catalina has a road network of approximately 170.42 km. Of these, 45.3 km are primary roads, which are in good condition; 40 km are secondary roads, where about 50% are unpaved and another 20% approximately in aged pavement that has reached the limits of its lifespan; and 85.12 km correspond to the tertiary network, which are mostly unpaved and have serious deficiencies that hinder mobility and affect the commercial exchange of the rural sector with the urban sector.

During 2023, the reconstruction process of the [San Andrés beltway](#), an ambitious project with an estimated cost of approximately USD 15 million (COP 60 billion), was underway. This initiative, which will result in the creation of 220 direct jobs, represents a fundamental part of the improvements in the department's transportation infrastructure. Likewise, according to the National Roads Institute ([Invias](#)), an investment of USD 31 million (COP 123,610 million) was earmarked to finance various works in 2022, including the Los Enamorados bridge, the bridge pier, the Providencia pier, the dredging of the maritime channel, the pedestrian walkway and the Providencia and San Andrés ring roads. These projects arose in response to the devastation caused by the hurricanes in 2020, and contributed to the generation of [1,457](#) jobs. These investments are a stimulus for connectivity and tourism in the department. In addition, they are a valuable opportunity for the construction, machinery, tourism and services sectors, generating a positive impact on the local economy.

### ENVIRONMENT:

According to the 2022 SRI, San Andrés is the second department in the country and the first in the Caribbean with the least environmental risk. Due to San Andrés being an island, it is vulnerable to meteorological phenomena such as hurricanes Iota and Eta, or the problems related to maritime pollution. However, so far there is no public database from official sources on the harmful effects of these phenomena or related problems. Although this information is taken into account for the analysis, it is not taken into account for the department's risk rating.

During 2021, it was the second department in the country and first in the region with the fewest cases of crimes for illegal exploitation of renewable natural resources ([three cases](#)) and [two cases](#) of damage to natural resources and ecocide. The department did not record any crimes for illegal exploitation of mining deposits and other materials or environmental contamination.

According to the [Ministry of Environment and Sustainable Development](#), Colombia is one of the most vulnerable countries to climate change in the world, with San Andrés and Santa Catalina being one of the departments most at risk. The department faces a number of environmental challenges that threaten valuable natural resources. For example, the [Seaflower Biosphere Reserve](#), one of the Archipelago's natural jewels, is at risk due to overpopulation on the island as reported by the [Coralina Environmental Corporation](#). [Overfishing](#) is another significant challenge. These challenges have serious implications, ranging from the loss of biodiversity and scarcity of essential resources for economic development, to risks to infrastructure and the quality of life of island residents.



Hurricanes increase risks and hinder the development of San Andrés and Santa Catalina. In 2020, Hurricane Iota devastated [80% of Providencia](#), wreaking havoc on the islands of Santa Catalina and Banco Quitasueño, leaving numerous families homeless. Subsequently, [Hurricane Eta](#) negatively affected local businesses, including kiosks, dive stores, restaurants and homes, impacting tourism and all commercial activities in the department. Similarly, in 2022, Hurricane Julia resulted in significant economic damage and affected [10% of the ecosystems](#) in San Andrés. These phenomena entail significant economic losses, damage to infrastructure, interruption of operations, physical risks for communities, workers and tourists. They also increase insurance costs and limitations in the continuity of supply chains.

## POLITICS:

According to the 2022 SRI, San Andrés y Providencia is the ninth department in the country and second in the Caribbean (after Sucre) with the lowest political risk (low risk). The positive results in the political category are largely due to the fact that the department did not register victims for crimes of constitutional and legal regime; victims for electoral crimes or victims for threats against human rights defenders and public officials. However, there is a high [governor turnover](#)

Between 2008 and 2020, the Archipelago had eight governors, more than twice as many as would be expected for that period. This affects the political stability of the department and has generated delays in infrastructure initiatives and concerns about [corruption](#). It has also hindered effective coordination with the central government, which in turn has caused distrust in the private sector when it comes to investing in the department. This political instability represents a significant challenge to governance and sustainable development in San Andrés.

[Since 2001](#), the Archipelago has faced a significant challenge related to the territorial dispute between Colombia and Nicaragua. This situation has negatively impacted regional cooperation with the neighboring country and has had repercussions on crucial economic activities, such as fishing. In 2012, the [International Court of Justice](#) (ICJ) issued a ruling that granted Nicaragua a substantial portion of the disputed waters, about 75,000 square kilometers, while confirming Colombia's sovereignty over San Andrés and Islands. The ICJ also granted rights to the [Raizal communities](#) of the Archipelago for the extraction of resources in this maritime zone. Subsequently, in 2023, [the Court ruled in favor of Colombia](#), denying the extension of Nicaragua's continental shelf. This ruling represented a victory for Colombia, but also underscored the importance of exercising sovereignty, strengthening support for development projects in San Andrés and establishing effective channels of communication between the national and local governments for the formulation of public policies.

Geographically and culturally remote San Andrés and Providencia have received government attention only in high-profile events, such as territorial disputes and natural disasters. Some analysts suggest that the Colombian Government exercises its sovereignty over the Archipelago only when it is politically convenient. There are numerous articles and editorials in the Colombian media where it is recognized that there is a lack of will, human resources and interest on the part of the National Government in attending to the urgent situation that afflicts the Archipelago. In that sense, the government's response to the devastation left by the hurricanes was the [foreseeable result of abandonment](#).

## INVESTMENT OUTLOOK IN SAN ANDRÉS, PROVIDENCIA Y SANTA CATALINA:

### AGRICULTURAL SECTOR

According to the [2020-2023 Departmental Development Plan](#), San Andrés had 3,233 hectares suitable for agricultural production in 2020, and 75% of farmers were small producers. The Plan also identifies the difficulty in maintaining constant production volumes throughout the year as a crucial limitation for the sector's productivity. This is due to low technification and the lack of interest of local commerce in these products. In fact, only 2% of production remains stable, which represents an obstacle to supplying the communities. This situation underscores

the need to develop strategies and solutions to optimize agricultural production and guarantee a constant food supply in the department.

According to the [departmental economic profile](#), permanent crops such as coconut (accounting for 53.4% of crops), plantain (24.2%), papaya (9.1%), banana (8.3%) and sugarcane (2.7%) stand out. As for transitory crops, cassava leads with 41.7% of the crops, followed by watermelon with 34.5%, and sweet potato with 17.9%. These crops open up opportunities for the transformation of raw materials, such as the production of oil, milk and coconut flour. Bananas can be used to produce fertilizers from organic waste and to manufacture snacks, and Papaya offers the opportunity to produce foodstuffs such as jams.

Cassava can be used to produce flour and starch, which enables food and processing industries. It can also be used to produce attractive and sustainable snacks, and its peel can be employed as [raw material for bioethanol generation](#), contributing to the production of renewable energy. Watermelon and sweet potato can be used to produce refreshing juices or beers that take advantage of the properties of these fruits and tubers, satisfying the changing preferences of consumers in the beverage market, as is being done in other departments such as [Córdoba](#).

Despite its potential, the agricultural sector of the archipelago faces several challenges. As mentioned before, San Andrés is vulnerable to extreme weather events, such as [hurricanes](#) and [droughts](#), which negatively affect agricultural production. Second, according to the [2020-2023 Departmental Agricultural Extension Plan](#), poor training in sustainable practices and pest control are barriers to increasing productivity and crop quality. Third, related to the previous challenge, there is a lack of technification and inputs needed to increase production and industry, as most crops are subsistence crops. Overcoming these challenges will require investments in infrastructure, agricultural education, and strategies that promote sustainability and climate change response plans, as well as the promotion of crop diversification and integration into broader markets.

## LIVESTOCK SECTOR

Artisanal [fishing](#) is a historical activity of the Raizal people which uses a variety of traditional fishing techniques, the most common being the hand line. In 2021, the [reactivation of](#) fishing product [ventures](#) increased by 55%, focusing on the transformation of fish to frozen products. According to the [National Aquaculture and Fisheries Authority](#), there were approximately 780 artisanal fishermen from cooperatives and associations in San Andres in 2021, and another 310 registered in Providencia and Santa Catalina. However, the participation of companies dedicated to the fishery is low. For instance, there were seven companies producing and marketing fish and seafood in [2022](#), according to the Secretary of Agriculture and Fisheries of San Andres.

In recent years, fishing has faced several obstacles. One of them is the conflict between [Colombia and Nicaragua](#), which led to the loss of territory and put the families that subsist on this activity at risk. The last decision taken by the ICJ [protects the rights](#) of the Raizales to practice artisanal fishing. However, in September 2023, the National Government made the decision to make the [permanent residence card](#) issued by the Office of Control and Circulation of the Archipelago Department of San Andres, Providencia and Santa Catalina a requirement. This card is a requirement for procedures related to the granting of permits, authorizations, patents or concessions for fishing activities. This resolution will affect artisanal and commercial fishermen from the rest of the country who do not have it or will add to the processing times and loss of competitiveness for these companies that depend on personnel who can work 20-day fishing days, something they allege the locals do not do, putting at risk the [330](#) direct and indirect [jobs](#) and the income of USD 2.2 million (COP 9,000 million) a year generated by the legal activity. The Archipelago's flagship product is [lobster](#), which experienced a 40% drop in purchase prices in October 2023, due to the impossibility of exporting to other markets because they do not have the required residency cards.

On the other hand, fishermen have been intimidated by the so-called "[pirates](#)" from Nicaragua, Honduras and Jamaica. Added to the insecurity is the pressure of [industrial fishing](#), which is harmful to the reefs and deteriorates the state of the marine ecosystem present in the islands. These threats to the fishermen make the daily life of the

islanders difficult, considering that fishing is a food and income source. After the triumph in The Hague in July 2023, It is expected that the National Government will implement security and protection measures for the Archipelago and encourage investment and the entry of capital for its economic development. During a visit to San Andres, President Gustavo Petro [pledged](#) to create a Raizal University of the Caribbean, the implementation of publicly owned fiber optics to connect the islands, the decarbonization of the islands and a focus on sustainable tourism. Petro proposed a voluntary return plan to avoid overpopulation problems and promised to allocate resources to strengthen the Teleislas Channel, promoting Raizal culture and dialogue with countries such as Nicaragua. It will be necessary for the new political authorities of the department to follow up on the fulfillment of these proposals so that they are not empty promises made after the Archipelago gained relevance in the aftermath of a political event.

In addition to fishing, the department has a pig and bovine population. According to the [Colombian Agricultural Institute](#) (ICA), by 2023 San Andrés will have 293 cattle and Providencia will have 240. These figures generate opportunities for the production of meat, milk and their derivatives, as well as for the development of veterinary service companies that provide specialized care for these livestock. It also has the potential to promote textile production from hides and skins and the generation of organic fertilizer from the waste of these animals, thus contributing to the sustainability and diversification of the local economy.

Regarding the pig inventory, the [ICA](#) reports that by 2023 San Andrés will have 1,323 pigs and Providencia will have 251, all backyard pigs, which implies artisanal breeding with low nutritional requirements for these animals. The technification of swine production would make it possible to improve the quality and efficiency of the meat production process. It would also allow for the production of nutritional and animal inputs. It is likely that by implementing technological improvements, producers will achieve greater profitability and increased employment generation in the sector, contributing to the department's economic development.

## TOURISM SECTOR

The predominant economic activity in San Andres in 2022 was tourism, which accounted for [60.2% of the departmental GDP](#). However, the tourism report of the Ministry of Commerce, Industry and Tourism highlights a [negative variation of 21%](#) in the arrival of passengers on scheduled domestic flights between 2021 and 2022. 139,086 passengers arrived at Gustavo Rojas Pinilla airport in 2021, while only 109,853 passengers were registered in 2022. This decrease reflects the lags in the recovery of the tourism sector after the pandemic and the effects of the hurricanes. As a result, it is expected that there will be a reduction in hotel occupancy, an increase in unemployment and a decrease in the demand for services, disproportionately affecting restaurants, bars and businesses offering entertainment activities.

Tourism has generated an increase in remittances entering the Archipelago. According to data from the [Chamber of Commerce of San Andres, Providencia and Santa Catalin](#), total remittances in current terms received from 2014 to the end of 2022 amount to USD 83.15 million, mainly from the United States (53.1%), followed by other countries (36.8%), Spain (4.3%), Chile (3.8%) and the United Kingdom (2%). During the first two quarters of 2022, the islands received USD 6.3 million, which represented an increase of 66.2% over the same period in 2021. This increase in remittances not only implies an increase in local income, but also contributes to maintaining domestic demand, stabilizing prices and reducing inflation. Likewise, remittances represent an opportunity for the financial sector by generating movements and transactions and serve as an impulse for the development of enterprises in the Archipelago.

San Andrés, Providencia and Santa Catalina highlight their Creole music culture with the "[Kriol Myuuzik for the World](#)" project, which features a series of local artists and seeks to project the identity of the Archipelago. Promoted by the business accelerator iNNpuls Colombia and the Ministry of Commerce, the artists of genres such as reggae and zouk seek to make the Creole culture of the Archipelago one more reason for international visitors to locate it.

The proposals, under the banner of "creative economy" aim to preserve the culture and promote economic development in the islands.

The declaration of [San Andrés as a border zone](#) implies a series of benefits for the economic development of the Archipelago. According to the Minister of the Interior [Luis Fernando Velasco](#), the hotel and tourist infrastructure is expected to be boosted in order to improve the income of the local population. In addition, special benefits would be granted in terms of fuel prices and tax advantages. In collaboration between the [Ministry of Mines and Energy](#) and the [Ministry of Commerce, Industry and Tourism](#), a decree was promised to guarantee a Jet A1 fuel quota with tax benefits. However, this decree has been under study since April 2023 and to date has not yet been signed. Similarly, the Ministry of Commerce, Industry and Tourism promised to apply a discount on the taxes and fees charged to passengers for the use of Gustavo Rojas Pinilla International Airport. Likewise, Fontur and Procolombia will continue to promote the Archipelago of San Andres, Providencia and Santa Catalina for international tourism. These measures are expected to promote the departmental economic development, encourage the generation of employment and strengthen the tourism sector in the Archipelago.

San Andres' heavy dependence on the tourism sector exposes the island to vulnerabilities to fluctuations in tourism demand. As was the case with the [Covid 19 pandemic](#), [hurricanes](#) and the low-cost airline crisis.

The crisis of the low-cost airlines had a significant impact on the economy of different tourist destinations in the country, particularly in San Andrés. According to [the representative to the Chamber of Deputies, Elizabeth Jay-Pang Díaz](#), the crisis caused losses in the Archipelago of more than USD 18.9 million (COP 75,000 million). In addition, occupancy figures were not encouraging either, even in high seasons, such as Easter Week, which ended with the [worst occupancy figure in the last 20 years](#). On the other hand, the high dependence on this sector brings the debate between economic development and environmental conservation to the table. Tourism has triggered problems such as [beach pollution and excessive waste generation](#), aggravated by the lack of capacity for proper waste management and, according to sources interviewed, of political will to address this problem effectively. In addition, the people interviewed mentioned the lack of a strong police presence and [some episodes of insecurity](#) that affect the perception of national and international tourists to visit the islands.

Another crucial factor for the development of the tourism sector in the Archipelago is the mandatory payment of the [tourism card](#), with a rate set at USD 31 (COP 124,000) for 2023, and being the only department in the country to charge this special tax. Although this payment contributes to the increase of tax collection and facilitates the control of visitors, in crisis situations, such as those experienced in recent months, it will probably be counterproductive. Making this payment mandatory would discourage tourist arrivals, negatively affecting the economic growth of the Archipelago, which underscores the need to evaluate and adapt rates in response to changing economic conditions.

In terms of air infrastructure, according to the [2020-2023 Departmental Development Plan](#), San Andrés has the Gustavo Rojas Pinilla airport and the Embrujo airport located in Providencia. The former is in good operating condition, and the latter requires investments to allow the safe operation of aircraft and increase the frequency of flights. For now, only the [Gustavo Rojas Pinilla airport expansion](#) process is underway, which was achieved through an agreement between the Ministry of Transportation, the Civil Aeronautics and the government of San Andrés, Providencia and Santa Catalina. This implies incentives for tourism, improvements in connectivity and strengthening of national and international trade. In addition, it is estimated that this project will generate 8,000 jobs, which will boost the economy of the department. Despite having good air connectivity, the high costs between USD 126 (COP 500,000) and USD 176 (COP 700,000) according to [Google Travel](#), which are similar to flights between different cities in the continent) to move from San Andrés Island to Providencia are an impediment to mass tourism in the Archipelago.

## CONSTRUCTION AND REAL ESTATE SECTOR

Real estate and construction have been important sectors in the department of San Andrés, especially after the hurricanes in 2020. Attention on the reconstruction of the island was rekindled in mid-2022 when President Gustavo Petro raised doubts about the high [cost of building housing](#) on a hurricane-prone island. He pointed to possible cost overruns in the housing units delivered by the consortium formed by the construction companies Marval, Amarilo and Bolívar. Each hurricane-resistant social housing unit cost USD 161 thousand (COP 640 million). The consortium explained that these additional costs were attributed to the high demand and shortage of materials, complications in transportation to the island, constant thefts of materials and delays in unloading them.

The construction sector faces the problem of [corruption](#). As of May 2023, the [Comptroller's Office](#) had identified 20 unfinished works in projects in the Archipelago, generating the opening of more than 30 processes for fiscal responsibility. Among these works, nine were classified as unfinished projects with a value of USD 24.5 million (COP 97,271 million), while the remaining 11 were designated as critical projects for the operation of the island that have been abandoned or suspended totaling USD 31 million (COP 123,608 million). This scenario leads to a detriment to assets, discourages contracting with the State, damages the reputational image of the companies involved. It also generates social unrest, highlighting the need for anti-corruption measures and more efficient management in the construction sector.

[The financial crisis affecting the construction sector](#) nationwide has also affected San Andrés, as [Housing Minister Catalina Velasco](#) points out. Only 300 homes were built in 2023, a considerably smaller fraction of the 3,000 initially planned for families affected by hurricanes Eta, Iota and Julia. The situation in San Andrés is further complicated by challenges such as the need for [concerted action with the Raizal communities and the scarcity of land](#), resulting in overcrowding. According to figures from the 2018 [DANE Quality of Life Survey](#) (pre-hurricane and the most recent available with that variable for the Archipelago), 8.5% of the total housing in the territory is in a condition of critical overcrowding. It is very likely that these indicators have worsened as a result of the hurricanes. These obstacles hinder the progress of projects in the Archipelago, highlighting the operational and logistical complexity in the current context of the construction sector in San Andrés.

## PORT-LOGISTICS SECTOR

The port-logistics sector of the Archipelago of San Andrés and Providencia is mostly receptive and does not participate in export activities. The Port of San Andrés receives small coastal vessels due to its draft characteristics, transporting between one and two thousand tons. Although historically Barranquilla supplied the island, currently, most of the goods come from the Port of Cartagena, with arrival frequencies of twice a week from Cartagena and every 15 to 20 days from Barranquilla. According to different [sources](#), approximately 5,800 tons of cargo are transported to the Archipelago each month, mainly perishable products such as meat, dairy products and vegetables, which are transported in refrigerated containers to maintain adequate conditions.

According to [Martítima Terranova](#), a logistics and transportation agency, the only maritime terminal of San Andrés is the San Andrés Port Society, located in the northeastern part of the island. The terminal has eight multipurpose mobile cranes and a 420-meter-long terminal with an authorized draft of 7 meters, providing six berthing positions. The San Andrés Port Society has a concession granted in 2004 by the governor's office, with a public investment and a majority of Raizal shareholders. Providencia Island, on the other hand, does not currently have a port terminal, but does have a municipal pier administered by the local mayor's office. This dock, the only existing infrastructure for the docking of ships, receives almost 100% of the island's supplies and cargo.

Reported non-concessioned maritime port facilities are mainly concentrated in San Andrés, Providencia and Santa Catalina. According to the [Superintendence of Ports and Transportation](#), there are 27 unreported facilities in the Archipelago, or 42.86% of the national total.

The lack of maritime facilities that allow deep-draft vessels to dock in San Andrés hampers the Archipelago's international trade and makes the sector less competitive. Similarly, the large number of unmanned facilities also creates a security vulnerability to the illegal economies of smuggling and drug trafficking.

## RENEWABLE ENERGY SECTOR

The Archipelago is experiencing incipient growth in the renewable energy sector, highlighted by the 2021 [Magic Garden](#). This pioneering project focuses on the conversion of waste into energy, particularly biomass, with the goal of achieving energy self-sufficiency for the department. The implementation of this type of initiative not only brings investment opportunities, but also fosters cross-sector collaboration and will generate employment during the construction and operation of energy generation facilities. In addition, companies that become involved in these projects are likely to improve their image and reputation by demonstrating their commitment to environmental sustainability.

The department has made a significant investment in photovoltaic energy generation, led by the Non-Conventional Energy and Efficient Energy Management Fund (Fenoge). In early 2023, the Vice Minister of Energy (E), [Cristian Andrés Díaz Duran](#), presented advances in renewable energy projects in Providencia and Santa Catalina, with the ambition of making it the first 100% green island in the Caribbean and benefiting 530 homes. In addition, construction on the first solar farm in Providencia, [EcoParque Solar Providencia](#) began in 2022, with the support of Ecopetrol. The solar farm is projected to have 3,300 solar panels to generate 1.8 MWp of energy and a 2.5 MW battery system, with the financial support of USD 2.5 million from the United States Agency for International Development for the acquisition of the battery system.

The development of the renewable energy sector in San Andrés is emerging as an opportunity to expand electricity coverage and address the persistent challenges related to high energy costs in the Colombian Caribbean. However, there are significant challenges. Vulnerability to climate change and natural disasters raise the risks for the construction of infrastructure and operations of these projects. In addition, the lack of specialized human capital for this sector, with [65% of enrollments in unrelated areas](#), represents a challenge for hiring local labor and diversifying the islands' labor market. Finally, the need to balance the expansion of photovoltaic energy projects with the protection of the biosphere reserve and the search for suitable locations presents another important challenge on the road to energy sustainability in San Andrés.

## MUNICIPALITIES WITH LOWEST AND HIGHEST RISK IN SAN ANDRÉS, PROVIDENCIA Y SANTA CATALINA:

Given that the department has only one municipality (Providencia) and the island of San Andrés is not technically a municipality, some data required for the calculation of the Risk Index of the department of the Archipelago of San Andrés, Providencia and Santa Catalina is not available for the island. This is due to the fact that some measurements are only made at the municipal level and due to the absence of data for San Andrés, it is unfeasible to compare and rank which of the two territorial entities of the department is in a better position. However, the ranking made by Colombia Risk Analysis at regional level does take Providencia into account in the calculation of the 196 municipalities that make up the Caribbean Region, since this, as mentioned, is classified as a municipality and the required data can be found in the sources used.



## CONCLUSIONS

Colombia Risk Analysis seeks to make the Caribbean Region Risk Index a useful input for decision makers, investors and public policymakers interested in identifying the advantages, challenges and opportunities of each department within the region. The Index will allow them to understand which are the most suitable territories to do business or territories that present risks.

The risk levels are, of course, subject to variations and events that take place on dates other than those studied here that affect the variables that make up the Index. They are also subject to the availability of information at the municipal level, the periodicity of the information, and even the fact that all municipalities within a department are evaluated.

### CHALLENGES AND OPPORTUNITIES:

In the case of the Colombian Caribbean, the field work, the different interviews we conducted, and the research carried out show that there is a cultural, environmental and geographic interconnection. However, the Region has subdivisions that present center-periphery dynamics that, as we have seen in the other regional indexes, affect the development of the departments and generate development gaps within and between departments. We find that Cesar and La Guajira are located in the north, Magdalena, Atlántico and Bolívar in the center, and Sucre and Córdoba in the south.

The center of the region is Cartagena, Barranquilla and Santa Marta, where there is industrial development, greater diversification of local economies and greater connectivity to the interior of the country and to international markets (since all three cities have port areas). On the other hand, the periphery is not only the other departments, but also the rest of the municipalities within Bolívar, Atlántico and Magdalena, where there is a lower level of development and where greater challenges to connect economies to national and international markets exist. Another particularity is the periphery of the periphery. The Archipelago of San Andrés, despite being in the Caribbean, lags behind the rest of the Region and some sources even mentioned that it has not been taken into account in some initiatives, which has impacted its degree of integration with the rest of the Region and even its role in the country's economic development.

To overcome this situation, the experts mentioned that the business sector in the region has been key to the creation of joint projects that seek the development of all the departments. Similarly, integration initiatives such as the Caribbean RAP, with the participation of San Andrés, creates opportunities to boost local economies through the joint work of the public and private sectors with local and governmental authorities. Politically, the Caribbean caucus in Congress has fundamental spaces for debate in order to position the development of these departments as a strategic point for the country's economic development. However, first it will be necessary to overcome ideological differences in order to establish a regional agenda without partisan interests.

The concentration of industrialization in certain cities has given way to economic dependence on the agricultural and extractive sector in the Caribbean. This situation increases the vulnerability of departmental and municipal economies to external shocks, such as fluctuations in fertilizer prices. Internal shocks such as road blockades among many others also have an effect. Promoting the development of higher value-added sectors would open up investment opportunities and close socioeconomic gaps. This would require greater investment in higher education and complementary studies, such as languages. This would make it possible to exploit the region's tourism potential with the arrival of more international tourists. It would also strengthen the specialized labor market, which would serve as an attraction factor for technology, manufacturing or multinational industries to come to these territories and boost local hiring.

The lack of river, sea, land and air connectivity within the region is one of the main constraints to the development of the Colombian Caribbean. Deficiencies in airport infrastructure are an obstacle for the tourism sector, as they prevent the arrival of more domestic and international tourists, which would boost the entire tourism value chain (gastronomy, hotels, commerce, among others). The poor condition of the road network increases transportation costs, negatively impacting the competitiveness of the agricultural industry and hindering the movement of cargo arriving and departing from the ports.

The Caribbean has 8 of the 12 port areas in the country, so there is a clear need for greater investment in dredging, infrastructure, technology, innovation and labor to strengthen the competitiveness of the ports. In addition, the region has a great hydrological potential that has not been fully exploited to make the rivers instruments of national and international trade, help diversify local economies, and boost industries such as tourism, transportation (cargo and passengers), and logistics. Nevertheless, they are underutilized and besieged by violence, like the Magdalena and Cauca rivers.

One of the most significant challenges is security. Armed groups and criminal gangs increase insecurity in different sub-regions of the Caribbean (such as Montes de María, La Mojana or Magdalena Medio). This discourages the development of sectors and the creation of industry. The lack of minimum-security guarantees in these subregions makes entrepreneurs and investors opt to settle in the departmental capitals to develop their activities, particularly those with higher value-added components that require intensive capital. This ends up widening the development gaps between the municipalities historically affected by violence and the urban centers in the Caribbean. It also deepens dependence on natural resources (such as land use and mineral extraction) as the main economic activity in these territories, affecting their capacity for socioeconomic development.

A particular challenge in the Caribbean are public utilities. High energy rates, coupled with water and sewage problems, generate cost overruns for the business sector and citizens. This limits the productive capacity of companies and workers. Given [the exorbitant costs](#), energy theft has become a common problem throughout the Caribbean. In turn, the lack of water service and sewage management affects the operation of commerce, the gastronomic sector, hotels, among others. Thus, achieving lower energy prices, continuous provision of water and good wastewater management are challenges that will force local and governmental authorities to work with the National Government, since decisions and investments made in Bogotá are needed to achieve these objectives.

Due to its strategic geographic position, the Colombian Caribbean has great potential in the renewable energy sector, especially for wind and solar energy and for the production of green and gray hydrogen; something that would partly contribute to solving the issue of energy rates in the Region. However, social conflict has become one of the main challenges to carrying out these projects and risks becoming a disincentive for new investment in this sector. The arrival of new mayors and governors opens the door for new communication channels to be established with the communities, in order to establish a permanent dialogue between them, the business sector and the authorities. This would allow projects to be completed on time, with the participation of the communities and social investment that would contribute to the socioeconomic development of the territories.

An important finding to mention is the lack of information at the municipal level on some of the variables that make up the Index. We are aware that this limits the scope and accuracy of the exercise. But the lack of reports, complaints and/or records does not mean that these situations (such as extortion, kidnappings, homicides, environmental crimes or crimes against public service) do not occur, but rather that factors such as lack of access to institutions, internet, long distances or fear may be factors that result in underreporting of information. This becomes even more relevant when one considers that one story is told by the data and another by people's perceptions. The absence of data may go against people's generalized perception, or perception can be overly negative and not reflect reality.

This lack of information also generates a call for attention on the institutions in charge of data formulation, such as the DANE; DNP; Bank of Opportunities; the Ministry of Education; the Ministry of Industry, Commerce, and Tourism; the National Police; among others. The collection of this information would allow public policymakers to have more accurate data to craft policies that can generate the change necessary to address territorial needs. However, we are aware that, to carry out these exercises in an exhaustive manner, these efforts require not only will, but also resources. It is therefore recommended that international cooperation funds from multilateral organizations and external financiers be allocated to help close the existing information gap.

We believe that the role of local institutions (such as chambers of commerce and promotion agencies) is fundamental in strengthening the private sector and attracting foreign investment. Thus, chambers of commerce in each territory must strengthen the dialogue between the business community and academia. This will allow them to map market needs, potential sectors, and ensure that the academic offer in the departments responds to these results. This would boost local hiring and provide a more qualified labor force, which could also contribute to the technification of the activities that focus on the primary sector of the economy, through research and investment. On the other hand, from the perspective of promotion agencies, we believe that there is a great opportunity to work together with the chambers and the National Government to promote the Caribbean as a region that has great commercial potential with business partners in the rest of the Caribbean and markets in the rest of the continent, Europe and even Africa. Likewise, to help consolidate the Caribbean as a gateway for new products and investors with a view to the domestic market.

At Colombia Risk Analysis and CIPE we are convinced that only by understanding the risks can we develop strategies to mitigate them. This Index is our contribution to that effort.

# BIBLIOGRAPHY

In the following link you can consult the bibliography of the sources used for this report:  
<https://bit.ly/BibliographyIRRCaribe-ENG>

ANNEX

ANNEX 1 – MUNICIPAL RISK INDEX OF THE CARIBBEAN REGION:

			DIMENSION									DIMENSION					
RANKING	DEPARTMENT	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT	RANKING	DEPARTMENT	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
1	Atlántico	Barranquilla	25.91	40.08	0.00	0.00	18.22	10.83	29	Cesar	La jagua del Ibirico	5.87	1.03	90.31	30.16	59.43	0.81
2	Córdoba	Montería	4.75	9.27	38.42	16.86	30.93	29.49	30	Córdoba	Cereté	5.39	2.37	89.87	51.04	37.82	1.61
3	Sucre	Sincelejo	11.62	12.00	24.91	40.09	23.98	28.23	31	Cesar	La Paz	4.04	0.75	86.49	36.71	61.55	1.61
4	La Guajira	Riohacha	9.30	8.97	50.32	35.37	19.57	9.73	32	Córdoba	Ciénaga de Oro	0.90	1.36	90.50	45.17	38.26	21.04
5	La Guajira	Fonseca	5.90	8.32	62.95	36.52	33.67	0.81	33	Bolívar	Santa Rosa del Sur	18.65	3.50	97.08	34.36	34.84	5.18
6	Atlántico	Puerto Colombia	6.09	0.28	81.96	20.38	29.23	9.95	34	Bolívar	Mompós	3.37	2.85	89.54	61.99	31.63	0.81
7	Atlántico	Suan	0.00	0.00	80.10	36.32	42.94	0.81	34	Magdalena	Santa Marta	32.74	38.82	30.27	25.58	33.62	40.35
8	Bolívar	Cartagena	7.98	58.26	16.25	20.22	20.92	54.65	35	Atlántico	Galapa	4.16	1.34	98.38	31.31	51.65	1.61
9	Sucre	Corozal	6.03	0.25	80.59	44.24	33.62	3.23	36	Córdoba	Sahagún	4.04	1.43	86.14	54.79	39.56	10.48
10	La Guajira	Villanueva	2.86	0.06	82.80	44.02	38.97	0.00	37	Bolivar	San Cristóbal	0.00	0.06	99.96	49.10	41.11	0.00
11	La Guajira	San Juan del Cesar	6.50	0.00	87.79	35.23	34.23	4.03	38	Cesar	San Martín	2.40	0.15	96.92	21.56	68.26	2.47
12	Magdalena	Algarrobo	1.07	0.15	99.51	21.70	46.05	0.81	39	Magdalena	San Zenón	1.45	0.00	99.60	42.63	46.52	0.81
13	Magdalena	Fundación	10.79	0.68	97.31	33.87	23.82	1.61	40	La Guajira	Urumita	4.51	0.00	99.35	40.51	45.47	0.00
14	Cesar	Valledupar	13.64	19.32	44.81	38.89	36.39	37.73	41	Atlántico	Tubará	2.86	0.08	99.83	21.87	61.40	6.45
15	Córdoba	Lorica	4.35	5.85	87.44	33.08	32.36	13.06	42	Bolivar	Santa Catalina	14.09	0.67	99.78	31.40	40.07	0.81
16	La Guajira	Albania	4.72	0.80	95.34	27.05	49.63	0.00	43	Magdalena	Tenerife	0.00	0.13	99.56	52.30	39.65	0.00
17	Magdalena	Pivijay	3.55	0.26	98.30	33.95	39.05	3.28	44	Magdalena	Plato	4.09	0.87	93.45	48.43	42.93	4.03
18	Atlántico	Sabanagrande	3.50	0.08	99.53	31.78	42.54	0.00	45	Cesar	San Diego	5.11	1.60	99.47	24.94	58.81	0.81
19	Córdoba	Canalete	0.00	0.06	99.35	41.01	38.46	0.00	46	Atlántico	Candelaria	1.05	0.61	99.89	41.29	44.59	7.14
20	Atlántico	Santo Tomás	0.56	0.00	99.62	28.90	44.22	9.14	47	Cesar	Bosconia	6.83	0.17	97.36	28.86	53.85	7.60
21	Córdoba	Pueblo Nuevo	3.24	0.08	99.09	29.33	46.36	1.61	48	Córdoba	San Andrés de Sotavento	4.10	0.39	98.61	35.90	53.65	0.00
22	Córdoba	San Antero	3.03	0.00	97.38	36.67	43.62	0.81	49	Cesar	San Alberto	3.68	0.08	98.23	32.93	55.80	3.57
23	Bolívar	San Juan Nepomuceno	1.41	0.06	83.50	58.79	39.07	6.45	50	Bolívar	El Carmen del Bolívar	5.31	3.97	93.88	51.38	34.32	5.99
24	Cesar	Chimichangua	0.50	0.13	99.11	22.05	60.13	1.67	51	Sucre	Sampués	8.02	0.50	97.87	38.29	40.14	10.75
25	Atlántico	Soledad	14.20	9.12	86.00	34.00	35.48	2.42	52	Córdoba	Purísima	6.20	0.00	99.71	39.64	46.66	0.00
25	Archipiélago	Providencia	10.57	0.00	92.91	35.86	42.51	0.81	53	Bolívar	Arenal	11.66	0.06	99.91	40.69	38.12	0.00
26	Cesar	Becerril	2.95	0.26	89.11	28.64	65.92	0.00	53	Atlántico	Baranoa	1.52	0.45	98.83	34.24	42.03	25.54
27	Córdoba	Moñitos	1.09	0.34	99.12	27.39	55.93	0.81	54	Cesar	Chiriguaná	5.85	0.82	99.15	32.16	53.91	1.61
27	Córdoba	Cotorra	1.70	0.00	99.56	37.38	42.29	4.84	55	La Guajira	Barrancas	7.82	0.19	86.65	50.72	48.49	4.38
28	Bolivar	Zambrano	5.86	0.69	99.83	32.68	43.01	2.42	56	Atlántico	Palmar de Varela	2.80	2.42	99.74	42.66	45.79	0.81

			DIMENSION									DIMENSION					
RANKING	DEPARTMENT	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT	RANKING	DEPARTMENT	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
57	Bolívar	Talaigua Nuevo	2.74	1.82	99.82	54.47	34.81	0.81	82	La Guajira	El Molino	16.67	0.00	98.97	37.65	44.51	0.00
58	Sucre	San Marcos	3.43	0.08	96.18	40.12	38.29	26.67	83	Atlántico	Ponedera	2.68	0.17	99.74	44.65	53.90	1.61
59	Bolívar	San Matín de Loba	3.65	0.06	99.57	57.19	34.45	0.00	84	Cesar	La Gloria	14.15	4.08	98.93	14.96	65.43	0.00
60	Bolívar	Villanueva	8.23	0.76	99.61	38.98	46.06	0.00	85	Magdalena	Pijiño del Carmen	8.15	0.15	99.53	50.95	40.81	1.67
61	Bolívar	Pinillos	0.73	0.74	99.70	50.91	43.80	0.81	86	Bolívar	Clemencia	4.67	0.06	99.76	48.49	49.30	0.00
62	Bolívar	Tiquisio	11.00	0.15	99.79	46.19	36.35	0.00	87	Bolívar	Barranco de Loba	7.14	1.03	99.84	52.63	40.68	0.00
63	Córdoba	Valencia	2.95	0.30	98.84	53.34	39.97	1.61	88	Sucre	Coveñas	23.45	0.86	94.23	30.64	48.20	0.81
64	Magdalena	Sabanas de San Ángel	0.00	0.00	99.38	54.43	44.32	0.00	89	La Guajira	Uribia	6.29	0.38	92.13	47.11	58.81	0.00
65	Córdoba	Planeta Rica	10.10	1.97	97.10	46.10	30.21	14.52	90	Sucre	Buenavista	1.65	0.00	99.28	61.67	41.57	0.00
66	Magdalena	El retén	1.71	0.06	98.77	50.96	46.71	0.00	90	Córdoba	Los Córdoba	4.55	0.13	99.51	33.80	54.37	16.13
67	Atlántico	Malambo	9.24	0.63	96.59	42.54	46.45	1.61	91	Bolívar	Achí	2.08	0.15	99.54	58.49	41.27	4.38
67	Córdoba	San Bernardo del Viento	1.96	0.41	99.00	45.54	50.26	1.61	92	Sucre	San Juan de Betulia	9.98	0.08	99.21	54.60	39.36	0.81
68	Bolívar	María La Baja	5.40	0.13	97.92	57.34	37.09	0.00	93	Atlántico	Sabanalarga	9.60	2.15	93.62	57.81	35.28	9.22
69	La Guajira	Malcao	27.89	1.62	80.27	37.93	37.37	16.53	94	Sucre	Tolú Viejo	6.22	0.30	94.93	52.46	38.56	20.28
70	Córdoba	Montelíbano	21.28	3.76	90.16	37.35	38.55	6.04	95	Sucre	Majagual	4.09	0.00	96.27	69.50	36.34	0.81
71	Bolívar	Turbaná	2.94	0.28	99.77	53.14	41.63	2.42	96	Magdalena	Santa Bárbara de Pinto	0.00	0.00	99.58	62.86	44.67	0.00
72	Sucre	La Unión	5.56	0.00	97.33	51.39	43.76	2.42	96	La Guajira	Distracción	2.30	0.00	99.47	49.29	54.81	0.81
73	Atlántico	Campo de La Cruz	0.00	0.00	99.82	59.67	40.20	1.61	96	Bolívar	Hatillo de Loba	0.00	0.61	99.67	60.18	45.93	0.81
73	Sucre	Santiago de Tolú	9.09	1.03	97.61	45.17	40.32	7.37	97	Magdalena	Zapayán	3.12	0.00	99.68	49.72	53.75	0.00
74	La Guajira	La Jagua del Pilar	0.00	0.00	99.68	39.03	61.87	0.81	98	Cesar	Aguachica	11.50	2.16	75.81	59.42	55.46	10.37
74	Cesar	Curumaní	4.90	0.00	88.98	47.32	61.87	0.00	99	Bolívar	Calamar	2.87	0.08	99.65	69.75	33.62	1.61
75	Bolívar	Turbaco	2.92	4.08	97.91	50.66	41.79	4.03	100	Magdalena	Ciénaga	20.24	3.18	84.77	50.43	41.26	8.06
76	Córdoba	Chimá	1.86	0.08	99.65	42.20	55.77	2.42	101	Atlántico	Usiacurí	2.51	0.00	99.93	50.46	53.56	1.61
77	Sucre	Ovejas	4.50	0.67	98.38	60.51	32.37	6.80	102	Magdalena	Concordia	0.00	0.00	99.68	60.54	48.33	0.00
78	Magdalena	El Banco	3.24	0.26	96.17	65.12	37.25	0.81	103	Bolívar	Santa Rosa	12.62	0.25	99.73	36.96	48.07	10.18
79	Magdalena	PuebloViejo	6.07	0.00	99.25	41.49	51.23	4.03	104	Córdoba	Chinú	8.65	4.54	98.83	44.61	43.00	7.60
79	Magdalena	Nueva Granada	1.70	0.13	99.07	57.16	44.15	0.00	105	Córdoba	San Carlos	3.98	0.06	99.19	49.17	51.80	5.18
80	Atlántico	Polonuevo	2.76	0.67	99.78	44.07	48.16	9.14	106	Sucre	Palmito	11.60	0.00	99.22	44.91	45.67	5.99
81	Magdalena	Ariguaní	4.92	0.00	98.64	54.35	43.70	0.00	107	Atlántico	Repelón	3.84	0.06	99.71	54.37	49.95	0.00
82	Cesar	Agustín Codazzi	8.28	2.46	93.86	49.14	47.17	0.81	108	Magdalena	Santa Ana	0.69	0.26	99.09	62.40	46.18	0.81



			DIMENSION									DIMENSION					
RANKING	DEPARTMENT	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT	RANKING	DEPARTMENT	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
109	Bolívar	Mahates	4.82	0.00	99.50	62.13	41.42	0.00	135	Bolívar	Simití	13.94	0.71	99.51	35.21	45.06	27.47
110	Cesar	El Paso	7.32	0.58	98.01	48.97	52.03	0.81	135	Sucre	Los Palmitos	1.51	0.19	98.86	75.42	36.79	6.80
111	Atlántico	Manatí	6.43	2.77	99.80	45.75	51.78	0.00	136	Cesar	Pailitas	18.22	0.40	99.44	36.36	57.13	0.00
112	Sucre	Caimito	2.25	0.61	99.20	50.77	53.10	4.84	137	Córdoba	Momil	5.42	0.00	99.64	60.10	49.07	3.23
113	Bolívar	San Fernando	5.31	0.00	99.89	47.65	54.98	0.81	138	Bolívar	Altos del Rosario	4.41	0.61	99.91	58.05	53.94	0.00
114	Magdalena	San Sebastián de Buenavista	4.36	0.06	99.38	64.12	37.68	5.18	139	Bolívar	El Guamo	3.68	0.00	99.89	69.38	44.76	0.00
115	La Guajira	Manaure	1.92	0.00	96.64	54.66	56.67	1.61	139	Cesar	Astrea	1.56	0.86	99.48	55.43	60.99	0.00
116	Bolívar	Regidor	2.50	1.21	99.88	58.70	47.53	0.00	140	Magdalena	Salamina	0.00	0.17	99.61	69.89	49.61	0.00
117	La Guajira	Hatonuevo	3.79	4.19	97.77	50.91	49.61	4.38	141	Magdalena	Chibolo	4.37	0.13	99.41	61.46	52.26	0.81
117	Magdalena	Sitionuevo	6.08	0.00	98.55	43.08	58.11	5.65	142	Bolívar	Magangué	3.24	2.54	91.97	56.77	52.74	19.70
118	Bolívar	Cantagallo	22.93	0.32	98.65	42.97	39.30	0.00	142	Atlántico	Santa Lucía	0.00	0.17	99.90	69.95	49.64	0.00
119	Córdoba	Buenavista	2.40	0.61	99.06	63.55	44.74	1.61	143	Cesar	Pelaya	16.84	1.47	99.16	40.05	57.52	0.00
120	Sucre	Galeras	7.65	0.00	98.76	56.84	46.51	0.81	144	La Guajira	Dibulla	12.99	0.00	97.65	34.60	59.58	19.18
121	Córdoba	Ayapel	2.31	0.19	96.71	60.68	52.28	0.81	145	Atlántico	Luruaco	6.53	0.67	99.73	50.37	54.24	11.98
121	Bolívar	Arroyohondo	0.00	0.00	99.93	66.95	42.67	4.38	146	Cesar	Pueblo Bello	2.95	3.25	99.14	50.91	64.66	0.00
122	Magdalena	El Piñón	0.00	0.00	99.33	56.27	55.93	2.42	147	Bolívar	El Peñón	4.10	0.06	99.91	70.07	47.99	0.00
123	Bolívar	Rio Viejo	2.10	0.00	99.83	60.78	47.62	3.57	148	Magdalena	Zona Bananera	9.31	13.12	93.50	44.23	42.36	23.50
124	Atlántico	Piojó	12.27	0.00	100.00	34.92	61.25	1.61	149	Córdoba	Tuchín	2.31	1.34	99.30	52.19	67.05	0.81
125	Córdoba	Puerto Escondido	3.60	1.36	99.11	57.31	51.28	0.00	150	Magdalena	Remolino	4.29	0.00	99.72	53.69	64.84	0.00
126	Córdoba	San José de Uré	8.77	1.32	99.59	34.91	63.81	4.38	151	Córdoba	La Apartada	18.69	4.00	99.65	37.05	57.13	0.00
127	Sucre	Coloso	4.14	0.25	99.75	65.75	42.39	1.61	152	Sucre	El Roble	3.17	4.00	99.60	63.90	45.87	7.95
128	Magdalena	Pedraza	3.56	0.00	98.43	72.14	40.21	0.00	153	Atlántico	Juan de Acosta	3.96	0.15	99.75	61.72	51.37	9.56
129	Bolívar	Córdoba	1.10	0.06	99.81	76.23	38.00	0.00	154	Cesar	El Copey	13.33	0.87	98.51	46.84	59.52	2.42
130	Sucre	San Onofre	14.03	0.00	97.62	57.49	40.05	4.03	155	Magdalena	Cerro de San Antonio	5.14	0.00	99.71	68.64	52.17	0.00
131	Bolívar	San Estanislao	3.62	0.00	99.77	64.77	45.01	2.42	156	Bolívar	Arjona	8.28	12.18	98.71	61.29	38.09	5.65
132	Cesar	Manaure	14.94	1.79	99.81	35.56	56.30	3.57	157	Magdalena	Aracataca	12.80	0.19	98.48	57.53	55.28	2.42
132	Sucre	Guaranda	6.64	0.00	98.88	59.31	47.47	3.28	158	Córdoba	San Pelayo	5.09	0.92	99.07	70.22	52.28	1.61
133	Bolívar	San Jacinto	1.35	0.61	99.42	74.77	39.66	0.81	159	Sucre	Sucre	2.74	0.00	98.67	75.11	52.86	1.61
134	Bolívar	Soplaviento	0.00	0.00	99.93	72.69	44.74	0.00	160	Sucre	San Luis de Sincé	9.25	0.42	96.88	72.46	49.37	0.81

			D I M E N S I O N					
RANKING	DEPARTMENT	MUNICIPALITY	SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
161	Bolívar	Margarita	1.63	0.61	99.88	78.06	50.45	1.61
162	Bolívar	San Jacinto del Cauca	5.51	0.06	99.76	72.31	48.96	7.14
163	Sucre	San Pedro	16.77	0.25	98.92	70.39	41.20	1.61
164	Cesar	Tamalameque	14.24	0.61	99.55	53.86	62.90	0.00
165	Bolívar	Cicuco	2.53	0.00	99.81	86.03	42.04	9.14
166	Córdoba	Tierralta	29.33	0.97	94.94	51.36	40.95	17.33
167	Sucre	Morroa	6.84	0.00	99.27	64.99	59.86	9.56
168	Sucre	San Benito Abad	10.92	0.06	98.39	74.29	50.22	4.84
169	Sucre	Chalán	22.24	0.00	99.84	65.88	47.12	0.00
170	Bolívar	Norosí	15.76	0.00	99.68	58.94	56.99	10.71
171	Cesar	Gamarra	12.07	0.17	99.56	49.53	74.48	11.90
172	Magdalena	Guamal	15.53	0.13	99.17	86.79	44.37	0.00
173	Córdoba	Puerto Libertador	22.23	3.45	98.42	45.31	50.96	34.52
174	Bolívar	Morales	18.50	20.08	99.62	58.15	55.04	0.00
175	Bolívar	San Pablo	38.35	2.29	99.38	59.57	37.48	25.04
176	Cesar	González	39.62	0.74	99.91	43.86	70.94	0.00
177	Cesar	Rio de Oro	22.28	0.69	99.30	72.80	71.27	4.38
178	Bolívar	Montecristo	25.71	0.86	99.65	69.40	67.30	17.86

\*Although there are 196 municipalities in the Caribbean, the ranking is from 1 to 178 because some municipalities received the same score and repeated positions.