

Validation of Colombia:

Final assessment of progress in implementing the EITI Standard

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Acronyms

ACM	Colombian Mining Association
AFS	Audited financial statements
AG	Auditor General
ANH	National Hydrocarbons Agency
ANI	National Infrastructure Agency
ANLA	National Authority for Environmental Licenses
ANM	National Mineral Agency
ASM	Artisanal and small-scale mining
BO	Beneficial ownership
COP	Colombian Pesos
CSO	Civil society organisation
EITI	Extractive Industries Transparency Initiative
FEPC	Fuel Price Stabilisation Fund
GAFILAT	Financial Action Task Force of Latin America
GiZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GDP	Gross Domestic Product
IA	Independent Administrator
MESA	La Mesa de la Sociedad Civil para la Transparencia en las Industrias Extractivas
MSG	Multi-stakeholder group
DIAN	National Directorate of Taxes and Customs
OAS	Organisation of American States
OECD	Organisation for Economic Co-operation and Development
PEP	Politically exposed person(s)
SEC	U.S. Securities and Exchange Commission
SGR	General Royalty System
SIMCO	Colombian Mining Information System
SIMEC	Energy and Mining Information System of Colombia
SOE	State-owned enterprise
ToR	Terms of Reference
USAID	U.S. Agency for International Development
USD	United States Dollars

Executive summary

This Validation report presents the findings of the International Secretariat's Validation of Colombia, which commenced on 1 October 2022. The draft report was finalised by the International Secretariat on 28 March 2023 and shared with the multi stakeholder group (MSG) for review. The report from the external expert, M4D Consulting, appointed by the EITI Validation Committee to review progress on Requirement 1.3 on civil society engagement and adherence to the EITI protocol: Participation of civil society, constitutes an annex to this draft report. Following a request from the Colombia EITI MSG, the deadline for MSG comments on the draft Validation report was extended to 10 May 2023. Following comments from the MSG on 10 May 2023, the Validation report was finalised for consideration by the EITI Board. The assessment suggests that Colombia has exceeded three EITI Requirements, fully met 19, mostly met nine and partly met one requirement, with two requirements assessed as not applicable.

Key achievements

- Colombia has used the EITI process to not only address required aspects of the EITI Standard but also to use the EITI Colombia [website](#) as a platform where information of relevant issues such as gender and natural resource management at the subnational level can be consulted, although there is scope to strengthen disclosures related to the energy transition. Environmental payments made by extractive companies, particularly in mining, to affected communities are of great interest to civil society and the Ministry of Mines and Energy published a [guide](#) to help citizens understand what is expected from industry. Companies within the extractives sector participating in the EITI process are also motivated to communicate this information to the general public and there are plans to design an online system that will make environmental payments in the mining sector publicly accessible.
- To address natural resource management at the subnational level, EITI Colombia partnered with the Swiss Better Gold Association to introduce a pilot initiative in the 2020 EITI Report that collected data from two small-scale gold mining operations and conducted capacity-building workshops with an additional 15 small-scale mining operations. Given the large importance but small-scale nature of gold mining in Colombia, the pilot initiative and the partnership with the Swiss Better Gold Initiative stand to increase both transparency and formalization of an important sector. Stakeholders from all sectors appear to share a common desire to transmit EITI data to communities hosting extractive projects in an understandable form and using new methodologies.
- The period covered by the Validation coincided with a major reform to the General Royalty System, which serves as an integral mechanism to distribute mineral and petroleum royalties to communities most affected by extractive activities. Despite past misuse of these funds, Law 2056 of 2020 that amended the General Royalty System also established a Monitoring, Evaluation and Control System that will

extend oversight of royalty payments past the disbursement of funds to local government units to study the outcomes of investment activities. The Secretariat recognises civil society scepticism that these reforms would lead to positive impacts in public finance management given criticisms of national and subnational governments' management of revenues, but considers that the growing transparency in subnational transfers is important to empower stakeholders at the local level.

Areas for development

- The country's EITI reporting has made progress on new aspects of the 2019 EITI Standard, although there is scope for strengthening disclosures of beneficial ownership information and mineral production and exports comprehensively disaggregated by company and project. While there has been publication of a legal and regulatory framework for the collection of beneficial ownership data, there are not yet provisions for its public disclosure and it is not clear how well collection efforts are progressing.
- There is scope for greater collaboration between the three constituencies of civil society, industry and government to contribute to the development of the EITI work plan and ensure its alignment with national priorities. Colombia EITI should ensure that the views of constituencies beyond the MSG are reflected in the work plan and the mechanisms for follow-up on EITI recommendations, to ensure that the priorities for each constituency are adequately represented in planning and execution of the EITI process.
- Colombia has not reevaluated materiality thresholds for the selection of revenue flows and companies on an annual basis, to ensure that the scope of disclosures meets the demands of key stakeholder groups. There are opportunities to improve consultations with the three constituencies to ensure that the scope of the EITI process is aligned with the interests and priorities of the three constituencies.

Progress in implementation

EITI Validation assesses countries against three components – “Stakeholder engagement”, “Transparency” and “Outcomes and impact”.

Stakeholder engagement

The multi-stakeholder oversight of the EITI process has slightly weakened since the previous Validation. While government and industry stakeholders consider that the EITI process in Colombia is inclusive and well-functioning, some civil society representatives at the MSG voiced frustration with MSG governance practices and national priorities for the EITI that, in their opinion, did not align with those of communities where extractive activities occur. These dual frustrations led some members of civil society to question whether their voices were being considered equally to those of government and industry.

While it appears that MSG meetings have been held regularly, even during presidential elections that led to a change in government, some in civil society shared that issues of importance were not included in meeting agendas and that the sharing of meeting documents, including the publication of meeting minutes, did not always adhere to agreed-upon rules. Despite concerns voiced by civil society about the functioning of the multi-stakeholder group, the composition of the MSG remains strong in that senior government officials represent the government constituency and attend MSG meetings and capacity-building events. Extractive companies are represented through mining and oil and gas chambers that represent the majority of large-scale industrial mining. Consultations showed that there is regular communication between the chambers and represented companies and outreach events were held to communicate EITI priorities to extractive companies not represented by either chamber. While the broader civic space context remains challenging, the EITI represents a platform where all stakeholders can contribute to strengthening transparency in the extractive sector

Transparency

Colombia has made progress in developing legislation requiring the collection of beneficial ownership information from all Colombian companies, regardless of sector. These provisions have yet to extend to the public disclosure of this information. Ecopetrol, as the only state-owned enterprise in the extractives sector, continues to publish much of what is required in the 2019 EITI Standard through annual filings such as the 20-F form, audited financial statements and other reports. Colombia has also maintained a high level of systematic disclosures of information on the legal framework and exploration activities. However, in-kind oil revenues accruing to Ecopetrol are not disaggregated to all levels required in the EITI Standard and there is scope for greater transparency around these flows in order for stakeholders to understand how much individual companies pay in-kind to Ecopetrol and which commodity trading companies purchase oil cargoes marketed by Ecopetrol. There is scope for EITI reporting to further improve transparency in mining production data and exports in mining and oil and gas.

Outcomes and impact

EITI implementation has led to significant public debate in Colombia since the previous Validation and supported policymaking related to the extractive industries and public finance management. This reflects the use of EITI data by government, industry and civil society stakeholders. EITI Colombia's outreach and dissemination activities remained steady in the period under review but there is room for improvement when it comes to making EITI data easily understandable to local communities and future steps may include translating EITI data into local languages. All stakeholder groups appear invested in these activities and committed to the goal of publicly accessible data. However, there are opportunities for ensuring that the views and priorities of each constituency are adequately represented in planning EITI implementation. The MSG has continued to operate as an effective mechanism for following up on recommendations from EITI reporting and Validation, though follow-up on recommendations is not included in the 2020-2023 work plan. Nevertheless, there is an active and documented discussion of progress on recommendations found through MSG meeting minutes.

Where in prior years Colombia published Annual Progress Reports that assessed the country's progress on fulfilling EITI requirements, this practice was not continued for the 2020 and 2021 fiscal years. Likewise, quarterly reports that provided updates on EITI progress were discontinued in 2021 and 2022. A revival of regular updates on fulfilling recommendations and changing EITI requirements is needed to assess progress. These regular updates also spur new innovative work such as the [2022 Study](#) on artisanal and small-scale mining, carried out by the civil society commission engaged in the EITI (MESA), and the EITI's collaboration with the Swiss Better Gold Association to begin to include artisanal and small-scale gold miners in EITI reporting. The 2022 Study by MESA recommends that a consultant with specialized knowledge of the ASM sector be contracted to assist EITI implementation at the subnational level. Continued efforts to expand the EITI to the subnational level will help strengthen EITI Colombia's impact on domestic resource mobilisation through a better understanding of the gold industry and the artisanal and small-scale mining sector as a whole.

Validation scorecard

Component & module	EITI Requirement	Progress	Score	
Outcomes and impact		High	88.5/100	
Extra points	Effectiveness and sustainability indicators		2.5	
Outcomes and impact	Work plan (#1.5)	Fully met	90	=
	Public debate (#7.1)	Exceeded	100	=
	Data accessibility and open data (#7.2)	Fully met	90	-
	Recommendations from EITI (#7.3)	Fully met	90	=
	Outcomes & impact (#7.4)	Mostly met	60	↓
Stakeholder engagement		Moderate	82.5/100	
Multi-stakeholder oversight	Government engagement (#1.1)	Fully met	90	=
	Industry engagement (#1.2)	Fully met	90	=
	Civil society engagement (#1.3)	Fully met	90	=
	MSG governance (#1.4)	Mostly met	60	↓
Transparency		Moderate	78.5/100	
Overview of the extractive industries	Exploration data (#3.1)	Exceeded	100	↑
	Economic contribution (#6.3)	Fully met	90	↓
Legal and fiscal framework	Legal framework (#2.1)	Exceeded	100	↑
	Contracts (#2.4)	Fully met	90	-
	Environmental impact (#6.4)	Fully met	90	-
Licenses	Contract and license allocations (#2.2)	Mostly met	60	↓
	License register (#2.3)	Fully met	90	=
Ownership	Beneficial ownership (#2.5)	Partly met	30	-
State participation	State participation (#2.6)	Fully met	90	↑
	In-kind revenues (#4.2)	Fully met	90	↓
	SOE transactions (#4.5)	Fully met	90	=
	SOE quasi-fiscal expenditures (#6.2)	Not applicable	-	-
Production and exports	Production data (#3.2)	Fully met	90	=
	Export data (#3.3)	Mostly met	60	↓
Revenue collection	Comprehensiveness (#4.1)	Mostly met	60	↓
	Barter agreements (#4.3)	Not applicable	-	-
	Transportation revenues (#4.4)	Mostly met	60	↓
	Disaggregation (#4.7)	Mostly met	60	↓
	Data timeliness (#4.8)	Fully met	90	=
	Data quality (#4.9)	Fully met	90	=
Revenue management	Distribution of revenues (#5.1)	Fully met	90	=
	Revenue management & expenditures (#5.3)	Fully met	90	-
Subnational contributions	Direct subnational payments (#4.6)	Mostly met	60	↓
	Subnational transfers (#5.2)	Fully met	90	↑
	Social and environmental expenditures (#6.1)	Mostly met	60	-
Overall score		Moderate	83/100	

How EITI Validation scores work

Component and overall score

The three components of EITI Validation – “Transparency”, “Stakeholder engagement” and “Outcomes and impact” – each receive a score out of 100. The overall score represents an average of the component scores.



Assessment of EITI Requirements

Validation assesses the extent to which each EITI Requirement is met, using five categories. The component score is an average of the points awarded for each requirement that falls within the component.



- **Exceeded** (100 points): All aspects of the requirement, including “expected”, “encouraged” and “recommended” aspects, have been implemented and the broader objective of the requirement has been fulfilled through systematic disclosures in government and company systems.
- **Fully met** (90 points): The broader objective of the requirement has been fulfilled, and all required aspects of the requirement have been addressed.
- **Mostly met** (60 points): Significant aspects of the requirement have been implemented, and the broader objective of the requirement is mostly fulfilled.
- **Partly met** (30 points): Significant aspects of the requirement have not been implemented, and the broader objective of the requirement is not fulfilled.
- **Not met** (0 points): All or nearly all aspects of the requirement remain outstanding, and the broader objective of the requirement is far from fulfilled.
- **Not assessed:** Disclosures are encouraged, but not required and thus not considered in the score.
- **Not applicable:** The MSG has demonstrated that the requirement doesn’t apply.

Where the evidence does not clearly suggest a certain assessment, stakeholder views on the issue diverge, or the multi-stakeholder group disagrees with the Secretariat’s assessment, the situation is described in the assessment.

1. Effectiveness and sustainability indicators

The country is awarded 0, 0.5 or 1 point for each of the five indicators. The points are added to the component score on Outcomes and impact.

1.1 National relevance of EITI implementation

This indicator considers the extent to which EITI implementation in Colombia addresses nationally relevant extractive sector challenges and risks. Colombia has aligned the objectives of its recent work plans to national priorities as codified in the [National Development Plan](#). The development of these objectives has been led by the EITI Colombia Secretariat with input from broader civil society, government and industry involved in the EITI process. Nevertheless, there is scope for improving the consultation process with civil society not represented on the MSG. The EITI Colombia's role in supporting the framework for the energy transition, and the development of a gender policy and a transparency policy focused on data disclosure in the mining sector touch on issues of national importance. Efforts surrounding the energy transition and gender also exceed the minimum requirements of the EITI Standard in national legislation. EITI Colombia is also committed to expanding operations to the subnational level, with pilot programs underway in the mining sector. These efforts reflect the desire to incorporate local issues into the national debate and to disseminate national-level information to local communities.

The MSG has regularly considered opportunities to go beyond the minimum requirements of the EITI Standard. This has led to the expansion of the scope of EITI implementation to include reporting on gender for companies participating in EITI implementation and a partnership with the Swiss Better Gold Association to map out the ASM gold value chain. However, there remains frustration among civil society that the EITI process has not been expanded to cover the entire ASM value chain beyond the piloting of disclosures in recent EITI Reports. The MSG has also repeatedly discussed issues related to broader civic space for public debate on natural resource governance, though there is still room for improvement when it comes to incorporating the views of broader civil society in this debate. A review of MSG meeting minutes indicates that the MSG's discussions have gone beyond the technical aspects of EITI reporting to broader extractive industry issues and challenges, including those related to budgeting royalty revenues at the local level and beneficial ownership transparency for companies in all economic sectors. Significant work remains on some key areas such as the creation of a publicly accessible beneficial ownership register, disaggregation of in-kind oil sales by buying company and formalization of the pilot program on subnational EITI implementation to fully integrate subnational reporting into the EITI process.

Colombia has used its EITI implementation in innovative ways, primarily to leverage a partnership with the Swiss Better Gold Association to incorporate stakeholders on the purchasing side of the value chain. Greater formalization of gold mining would lead to increased royalty and tax revenues while also mitigating a significant form of

environmental degradation. Most stakeholders consulted considered that the EITI was in the process of leading to the desired outcomes, including creating a more equitable distribution of royalty revenues. Stakeholders across the board considered that priorities for future EITI implementation should focus on strengthening systematic disclosures, especially pertaining to beneficial ownership, and expanding EITI activities at the subnational level. When asked about restrictions in contract transparency, stakeholders from all constituencies did not view the redacted portions of contracts as a barrier to transparency.

The Secretariat proposes that 1 additional point be added to the score on Outcomes and Impacts for this indicator.

1.2 Systematic disclosures of extractive industry data

Systematic disclosures of extractives data required by the EITI on government websites have remained strong since the previous Validation. The full text of laws and regulations are published on government agency websites, such as that of the Ministry of Mines and Energy's [website](#), the National Minerals Agency's [website](#) and the National Hydrocarbons Agency's [website](#). The National Hydrocarbons Agency hosts a publicly accessible petroleum cadastral [portal](#) and an oil and gas information [portal](#), which provide all information listed under Requirement 2.3.b. It does not appear that license information is available for bulk download in open format. A similar system for the mining sector was in effect during the previous Validation but it does not appear that this [portal](#) is updated regularly and license information is not available for bulk download in open format. All extractive contracts and licenses are published through the previously noted portals, but there are redacted portions of contracts. Data that, if disclosed, would be harmful to natural persons or legal entities and proprietary technical information are not publicly accessible. Audited financial statements of Ecopetrol covering the 2015-2022 period are published on Ecopetrol's [website](#). The annual and national budgets are published on the Ministry of Finance's [website](#) and revenue flows not recorded in the national budget are recorded in the General Royalty System. These off-budget revenues are publicly accessible through the SICODIS [portal](#) hosted by the National Planning Department. Ecopetrol and one of its subsidiary companies, Equion Energy, sold Colombian oil to commodity purchasing companies but the identities of all purchasing companies are not provided as this information is provided in aggregate in Ecopetrol's 20-F [form](#). Trafigura, an EITI supporting company, discloses their purchases of crude oil from Ecopetrol and Equion through their Payments to Governments [Report](#).

There are medium-term plans for integrating EITI disclosures in the routine systems of government, though it is not clear if there are plans for similar integration with the routine systems of companies. Efforts surrounding these medium-term plans can be found in EITI Colombia's 2020-2023 [work plan](#), which was extended for an additional two years. The EITI Colombia [website](#) serves as a robust tool for hosting extractive sector information while steps are made to fully integrate this information in the routine systems of government. There is a particular impetus to systematize the collection and publication of transportation revenues accruing to government from the transportation of oil, gas and coal. The work plan highlights efforts to mainstream EITI disclosures in a manner that is

accessible and understandable to local communities through the translation of technical language into more accessible and understandable verbiage and into local languages.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.3 Environment for citizen participation in extractive industry governance

This indicator considers the extent to which there is an enabling environment for citizen participation in extractive sector governance, including participation by affected communities.

Several laws and regulations provide an enabling statutory environment for citizen participation in the oversight of the extractive industries. For instance, Article 33 of [Law 136](#) granted the right to popular consultation, which enabled all citizens in an area with a potential extractive project to vote as to whether the project should move forward. However, successive Constitutional Court rulings in 2018 and 2019 have limited the effectiveness of popular consultations as a negative consensus on an extractive project is no longer sufficient to nullify its advancement. [Directive 08](#) of September 2020 reaffirmed the “consulta previa” as the process by which indigenous host communities can decide halt an extractive project if its negative environmental impact outweighs potential benefits. Consulted stakeholders’ opinions on the application of these legal provisions illustrated the gap between what was statutorily mandated by law and how the consulta previa was used in practice. Industry stakeholders commented that the consulta previa has become transactional in nature, with some host communities making their approval conditional on compensation from extractive companies. Civil society echoed doubts about the enabling environment for citizen participation in practice given that many communities found it difficult to access and understand information about potential costs and benefits that an extractive project would bring prior to participating in popular consults or the process of consulta previa.

Consulted members of civil society were of the opinion that mechanisms for civil society participation in the broader context in extractive industry governance had worsened since the last Validation in 2018. In addition to the misuse of the consulta previa and the restriction of popular consultations, consulted civil society members expressed concerns about the lack of enabling environment in the MSG leading to the lack of inclusion of issues such as fracking. These stakeholders also mentioned their concern with the lack of proper follow-up procedures on EITI recommendations and commitments agreed upon at the MSG table. This was particularly salient in the discussion of the work plan where no specific activities were defined in the public version that is available on EITI Colombia’s website. Stakeholders consulted from industry and government were of the opinion that there was an enabling environment for civil society and considered CSOs to be engaged in the EITI. Some mining industry stakeholders indicated that improved cooperation and information sharing with civil society and the general public was a motivating factor for their participation in the EITI.

Contrary to these views, consulted members of civil society indicated that not all relevant topics were included in MSG discussions. CSOs submitted a [report](#) titled Citizen Participation in the Extractive Sector in Colombia (referred to from here forward as the Civil Society Report) that noted that it often appeared to the constituency that industry and government stakeholders shared and set the agenda for MSG meetings, while CSOs were only notified after the agenda had been set. Civil society acknowledged that they were consulted during the drafting of Law 2056 that altered the distribution and allocation of royalty revenues but added that few civil society recommendations were included in the final version. The civil society comments on the draft Validation report also emphasised that this was not an EITI-specific consultation on the preparation of Law 2056. These stakeholders did not think that this law would increase transparency in the General Royalty System and referenced ongoing [allegations](#) of the [misuse of funds](#) by ex-government officials that had been documented in a recent MESA report.

Civil society engaged in the EITI appear to have sufficient technical capacity to engage in all aspects of EITI implementation, though this is not the case for all CSOs at the subnational level. The Civil Society Report noted that the technical language used in EITI reporting and industry and government outreach to subnational CSOs made it difficult for these communities to effectively participate in EITI implementation. Consulted members of civil society for this Validation process, did not think that the government was making sufficient effort to ensure that information was understandable to those not well-versed with the EITI process.

Stakeholders from all constituencies expressed that there were no government restrictions for CSO engagement in the EITI, with the wider civil society or in the creation and registration of CSOs. However, some civil society members consulted for this Validation process did not think the government was doing enough to create an enabling environment for CSO participation given the dangers presented by armed groups with interests in the extractives sector. Even without added government restrictions, civil society stakeholders consulted highlighted the risks associated with outreach to broader civil society in areas with extractive activity due to intimidation and killings of environmental defenders by non-state actors.

The Secretariat proposes that zero additional points be added to the score on Outcomes and impact for this indicator.

1.4 Accessibility and use of extractive industry data

This indicator considers the extent to which extractive sector data is accessible and used for analysis, research and advocacy. Colombia's disclosures on the extractive industries through EITI reporting and systematic disclosure appear to have addressed some of the data needs of key stakeholder groups. In particular, disclosures related to extractive contracts, beneficial ownership, the management of petroleum and mineral royalties transferred to the General Royalty System, rather than the Treasury, the national oil company Ecopetrol's financial management and the environmental impact of extractive activities appear to mostly address public demands for information from civil society and journalists. Disclosures of crude oil purchases by one of the buyers of Colombian

petroleum, Trafigura, have partly addressed demands for information, although Ecopetrol could provide greater data granularity on oil sales to compliment data provided by Trafigura, covering the national oil company's sales to other buyers.

Most extractive sector data is published in open format. The National Hydrocarbons Agency's website does not allow for bulk download of up-to-date license data, but this can be done for each individual license, in open format. There are some concerns about mining license data given that it does not appear that the National Minerals Agency's license cadastre has been updated since the beginning of 2020. In addition, mining license data is not yet available for bulk download in open format. Underlying data in EITI reports have been published in an open format and Colombia's open data portal is operational and data is in open format.

There is some evidence of stakeholders using and analysing extractive data disclosed through the EITI. Government efforts at data dissemination utilize extractive data disclosed through the EITI to create digital information pamphlets and social media posts. With the help of an international development partner, GiZ, EITI Colombia created a document detailing environmental payments.

There is scope for further strengthening EITI implementation by addressing aspects of the 2019 Standard that did not exist during Colombia's previous Validation. Key aspects include creating a register for environmental impact assessments, addressing gaps in contract transparency, pushing for public disclosure of beneficial owners and assessing the distribution of royalty payments in practice.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

1.5 EITI-related changes to extractive industry policy and practice

This indicator considers the extent to which EITI has informed changes in extractive sector policies and practices. Colombia operates a robust system for following up on EITI recommendations for reforms, though gaps are present in the current work plan to indicate which party is responsible for following up on EITI recommendations. Nevertheless, MSG meeting minutes show that recommendations were discussed and followed up on in practice. There have been tangible reforms attributable to EITI in government laws, regulations and administrative procedures. EITI Colombia has influenced the development of national legislation such as Law 2056 that amended the General Royalty System. Likewise, the Colombian government signed a memorandum of understanding with the EITI to share good practices concerning systematic disclosure that will help to refine administrative procedures.

The National Hydrocarbons Agency and the National Planning Department host comprehensive data portals concerning oil and gas licenses and contracts and the General Royalty System, respectively. The National Minerals Agency, however, does not appear to have kept the mineral cadastral portal up to date and there is room for

improvement both in regularity of updates and inclusion of all data points listed in Requirement 2.3. EITI Colombia often helps to improve the accessibility of data by acting as a data repository for information held by government entities that is not yet systematically disclosed, and for newly covered areas in EITI implementation such as gender disaggregated extractive industry data and some information on artisanal and small-scale mining. While further reforms are required to adhere to all aspects of the EITI Standard, in particular in the public disclosure of beneficial ownership information, reforms in systems and practices have been notable since the previous Validation.

EITI impact on company systems, procedures and practices can be seen most notably in efforts to include artisanal and small-scale mining operations in EITI reporting. The National Minerals Agency offers digital informational pamphlets and online systems to encourage the formalization of small-scale mining operations. Given that industry participation in the EITI process has focused on the provision of data required for EITI reports, there appear to be few impacts aside from regularity in reporting to the EITI. There is scope for strengthening EITI implementation by addressing new aspects of the 2019 EITI Standard, particularly related to continued reporting of employment data and strengthening in reporting of small and medium-scale companies.

The Secretariat proposes that 0.5 additional points be added to the score on Outcomes and impact for this indicator.

2. Outcomes and impact

This component assesses EITI Requirements 7 and 1.5, which relate to progress in addressing national priorities and public debate.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Work plan (Requirement #1.5)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 1.5 is fully met, as in the previous Validation. The objective of this requirement is to ensure that the annual planning for EITI implementation supports implementation of national priorities for the extractive industries while laying out realistic activities that are the outcome of consultations with the broader government, industry and civil society constituencies. The Secretariat's opinion is that the objectives of the work plan are aligned with national priorities, while the detailed activities, costings and timings of activities in the 'Investment project' that supports the EITI Colombia work plan have been disclosed during the period for the MSG's</p>

	<p>comments on the draft Validation report. The process of developing the work plan also fulfils the objective of having consultations with broader constituencies.</p> <p>EITI Colombia has regularly updated its work plan with a four-year validity. All stakeholders had an opportunity to contribute to it and agreed to extend the validity of the current work plan for two more years. EITI Colombia holds MSG discussions on progress in the implementation of the EITI Standard. However, given the lack of specific actions defined, the work plan does not seem to be the most effective mechanism of accountability. The civil society constituency acknowledges these discussions, adding the necessity of holding stricter progress analysis through the use of the work plan. It was also pointed out in consultations with stakeholders that the accountability process based on a discussion of the work plan falls short of reaching out to broader audiences and the public in general.¹ There were also different opinions regarding the work plan as a mechanism to evaluate how follow-up on recommendations from previous reports and the previous Validation is implemented and the outcomes of this implementation.</p> <p>Colombia's 2020-2023 work plan sets objectives in line with national priorities related to the extractive sector described in the National Development Plan. The National Development Plan covers all aspects of the Colombian economy and Colombia EITI informed extractive sector-related pillars of the National Development Plan during its formulation. EITI implementation has also served as a basis for the Government's Policy of Transparency and Integrity in the Mining and Energy Sector. The work plan includes broadly defined activities that would strengthen and mainstream EITI implementation in government systems and at the subnational level (Axis 1) and to strengthen the use and generation of information with a specific focus on systematic disclosure (Axis 4).</p> <p>The MSG has held yearly revisions of progress, as documented in its minutes.² However, the version of the work plan that is uploaded to the EITI Colombia website does not seem to be updated after each of these sessions. According to the MSG minutes and the Outcomes and Impact Validation Template, the work plan benefitted from an open consultation period that included opinions from local stakeholders and civil society organisations outside the MSG. The MSG's 'Outcomes and Impact' template notes an MSG meeting where the validity of the 2022-2023 work plan was extended until 2025. However, there is no description of the activities that will be extended or who will be responsible for leading on their implementation. The work plan includes multiple broad activities aimed at facilitating access to information to a broader audience. These range from reporting in a less technical language to producing specific analysis based on the demands of specific communities. These issues have been flagged by the civil society constituency in the report published by MESA in the context of this Validation. The work plan also</p>
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¹ This is reported in the Annex 1 of the document submitted by MESA, pointing out that it is necessary to have a road map for following up recommendations (p. 4).

² The MSG held discussions on 9 April 2021 (Minute 48), 19 February 2020 (Minute 43).

	<p>includes activities aimed at identifying stakeholders' needs regarding information that is disaggregated through the EITI process.</p> <p>The work plan pushes for stronger interoperability of the information between the different government agencies, to build more intuitive use of the data and to strengthen the public's use of the EITI portal to understand and use the information included in it and in the EITI Reports.</p> <p>The work plan does not include actions to address recommendations from the previous Validation or from EITI reporting, although stakeholder consultations indicated that some recommendations are directly discussed at the MSG meetings as part of overall implementation process and preparation of the EITI Reports. Moreover, activities do not include costings or funding sources nor a timetable for implementation, although the Outcomes and Impact template reports a budget allocation from the Colombian government that would allow EITI implementation to be fully funded until 2026. The International Secretariat is aware of a related 'Investment Project' for EITI implementation that the EITI Colombia secretariat submits to the Ministry of Mines and Energy. This document includes a thorough description of objectives and activities in line with the national priorities, and in line with the priorities and goals included in the work plan. The International Secretariat understands this is not a document approved by the MSG, but that its submission is the National Coordinator's responsibility. However, given the level of detail in the activities described and the identification of responsible agents in each activity, it can be assumed that this submission is based on an active discussion in the MSG. This document should be public, but it is not yet available on the EITI Colombia website.</p> <p>The work plan does not include any specific activity to address legal or regulatory obstacles for EITI implementation. This omission is outstanding when the work plan does not include any specific activity to strengthen contract disclosures or beneficial ownership information, despite the progress that has been achieved in contract transparency with the ANH and the ANM, and in terms of beneficial ownership legislation, and despite the work that the MSG has done in facilitating information on these topics with the production of Cartillas digitales.</p> <p>In its comments on the draft Validation report, civil society members argued for a downgrade in the assessment of Requirement 1.5. They recommended that the tripartite consultation in developing the EITI work plan be reinforced, and that spaces for in-depth debate on the energy transition should be established by the EITI. They also highlighted their concerns about limited progress in EITI implementation at the subnational level and called for the development of strategies for ongoing consultations with stakeholders at the subnational level.</p> <p>In its comments on the draft Validation report, the EITI Colombia Secretariat highlighted evidence in MSG meeting records of proactive MSG engagement in the development of the EITI work plan. The comments explained that the 'Investment Project' is the vehicle for the Ministry's prioritising of activities that are funded and is said to be available upon request from the government under the Freedom of Information Law. The comments also noted that the</p>
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	<p>MSG had undertaken a self-assessment of progress against each EITI Requirement in preparing for this Validation. On 16 May 2023, the EITI Colombia website published the full ‘investment project’ underpinning the EITI Colombia work plan for the first time, addressing the gaps in detailed planning identified in the previously published EITI Colombia work plan.</p> <p>Finally, the MSG’s comments on the draft Validation report call for the additional documents related to MSG discussions of the work plan and evidence of subnational EITI outreach be taken into account in the final Validation report. The MSG’s comments also commit to taking all stakeholders’ views into account in the development of the upcoming 2024-2027 EITI Colombia work plan, to ensure that the EITI process is expanded to cover new issues, but with specific actions.</p> <p>The Secretariat takes account of these clarification and notes the differences in opinions between the comments on the draft Validation report from civil society and from the EITI Colombia Secretariat. There is indeed evidence of the broader constituencies’ input to the development of the work plan and the ‘Investment Project’ provides the detailed information that is missing from the publicly accessible EITI Colombia work plan. The late publication of the detailed ‘investment project’ thus addresses the technical gaps identified in this Validation. While the Secretariat’s assessment remains borderline between ‘mostly met’ and ‘fully met’ given strong concerns from one constituency that their views are not adequately reflected in the EITI Colombia work plan, on balance the Secretariat considers that the objective of the work plan providing an accountability mechanism of the MSG vis-à-vis the broader public is fulfilled.</p>
<p>Public debate (Requirement #7.1)</p> <p><i>Exceeded</i></p>	<p>The Secretariat’s assessment is that Requirement 7.1 is exceeded. The information disclosed on the EITI Colombia website, as well as the production of reports on specific topics, and the development of websites and tools to facilitate public understanding of extractive information provide a strong base for public debate on extractive activities in Colombia. The objective of this requirement is to enable evidence-based public debate on extractive industry governance through active communication of relevant data to key stakeholders in ways that are accessible and reflect stakeholders’ needs. Available documentation provided in the Validation templates and consulted stakeholder views suggest that this broader objective has been fulfilled. However, civil society stakeholders consulted highlight a weak linkage between EITI Colombia and national debate, in particular in specific moments where national reforms have been undertaken. Stakeholders consulted also pointed out the need to strengthen data literacy strategies to increase and promote the use of data by local communities with extractive activities. The Secretariat’s view is that, despite concerns over the scope for further improving Colombia EITI’s contribution to public debate, the MSG has addressed all aspects of this requirement, including encouraged aspects.</p> <p>Information about EITI implementation, data and analyses is accessible on the EITI Colombia website. The MSG has produced brief summary-reports (<i>Cartillas digitales</i>) on specific issues about EITI implementation, such as beneficial ownership transparency, contract transparency, and environmental</p>

	<p>revenue streams. These reports include attractive and accessible infographics and tables with specific information. The MSG has also produced an in-depth and timely analysis of the impact that the COVID-19 pandemic had on the extractive industry in Colombia.</p> <p>EITI Reports are accessible on the EITI Colombia website with summary information that is downloadable and in open data format. This information includes visualisations that allow users to compare revenue data that is accrued to subnational and national entities disaggregated by revenue stream. Stakeholder consultations indicated that a major challenge for EITI implementation in the country is the lack of literacy in data analysis, in particular in the regions with extractive activities. Although the work plan includes as an activity generating information with territorial detail targeted to allow citizens to participate in decision-making activities, additional information describing how that territorial detail will be achieved would be welcome. The MSG is active in generating webinars and trainings on different topics related to EITI implementation, such as gender, good practices in the extractive sector, and beneficial ownership transparency. In 2020, EITI Colombia produced quarterly reports (Partial Bulletins) that included updated and timely information. However, the International Secretariat found no evidence of this exercise being repeated in 2021 and 2022. EITI Colombia has also developed online courses to understand the extractive sector's value chain that are available on their website.</p> <p>The EITI Colombia website is accessible and exhaustive in its contents. It includes easily accessible information on production of oil, gas and mining, contracts, and specific projects as well as summary figures that give the user an overall perspective of the extractive sector in Colombia.</p> <p>EITI Colombia has been active in promoting data use among interested stakeholders in the different communities with extractive activities by holding outreach and dissemination events in mining regions. These activities have also been organised by the civil society constituency. However, consulted stakeholders considered that this is still an area where more efforts should be done with a particular focus on strengthening data use by local communities and providing data that relates directly to the demands of these communities.</p> <p>EITI Colombia produced a specific analysis on the impact of COVID-19 on the extractive activities in Colombia with support from the GIZ. This document collected information from CSOs, local stakeholders, industry and government representatives. COVID-19 restrictions did not stop the MSG from convening meetings and discussing relevant issues that were later disclosed in minutes that are accessible on EITI Colombia's website.</p> <p>EITI Colombia information has been referred to in several news items and broadcasts (See examples here, here and here). Moreover, EITI Colombia has been an active participant in regional events on data use, EITI Reporting and EITI implementation. Recently, EITI Colombia signed a MoU with the EITI International Secretariat to donate the software EITI Colombia has been utilising for reconciling information for their EITI Reports with other Latin American and Caribbean countries. So far, this program, with support from</p>
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	<p>USAID, has helped Argentina, Dominican Republic, Ecuador, Guatemala and Trinidad and Tobago to strengthen their data gathering exercises.</p> <p>In its comments on the draft Validation report, civil society noted continued challenges in access to information from the EITI Colombia website given concerns over the technical language of the information published, weaknesses in the provision of open data, and the lack of sufficient training for the broader public to understand the data. In the comments on the draft assessments, the MSG committed to continue working on the dissemination of information and on developing tools to support the EITI process and progressively enhance the EITI's contribution to public debate, as proposed by civil society.</p>
<p>Data accessibility and open data (Requirement #7.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 7.2 is fully met. The objective of enabling broader use of information on the extractive industries through the publication of information in open data and interoperable format is mostly fulfilled as much of the information on EITI implementation is available on the EITI Colombia's website in open data formats. Moreover, information on the extractive sector is available in open data format on the websites of government agencies and on the open data portal of the Colombian government (www.datos.gov.co).</p> <p>EITI Colombia adopted the Colombian Government's open data policy, based on the Transparency and Access to Information Act of 2014, the International Open Data Charter and the open data portal of the Colombian government.</p> <p>Information on all branches of government and data of public activities is presented in accessible formats that can be exported to a CSV format at the Colombian government portal "datos.gov.co". Data on production, exports, and revenue of both mining and hydrocarbons can also be downloaded in open data from the EITI Colombia website and further analysed, though some data, such as license details and transportation revenues are not available for download in open data format. Consultations with stakeholders confirmed the steady progress made by EITI Colombia in making more information available and easy to analyse. However, several stakeholders pointed to the necessity of strengthening capacity building, in particular in local communities, to make the most of publicly available information.</p> <p>Ecopetrol publishes production information in open format through the Colombian government open data portal, and it discloses financial information through its regular reports to shareholders and the stock exchanges where it operates. SIMCO, the Colombian Mining Information System, also publishes production information in open data format by mineral, disaggregated by province.</p> <p>The MSG has made most EITI disclosures available in open and interoperable data format, through the EITI portal and the MSG has prepared summary data files for fiscal years 2018, 2019 and 2020.</p>

	<p>In its comments on the draft Validation report, the MSG would continue efforts to consider ways of improving the EITI's contribution to public debate, including the role of entities that participate in the EITI process.</p>
<p>Recommendations from EITI implementation (Requirement #7.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 7.3 is fully met. Implementation of the EITI Standard in Colombia has been a continuous learning process, where the MSG has actively analysed its own progress and provided recommendations to improve EITI implementation. EITI Colombia has held regular debates and analyses on EITI implementation, shortcomings identified by the different constituencies, and recommendations from Colombia's previous Validation and EITI reports. The MSG regularly discusses challenges of EITI implementation and tries to serve as a space to share different perspectives and learn from experience to bring EITI implementation forward. While the MSG has regularly considered recommendations and has acted upon them, as highlighted by some stakeholders consulted and in the MSG's comments on the draft assessment some recommendations have not been addressed to the full satisfaction of every stakeholder represented in the MSG. Nonetheless, while the Secretariat recognises the frustration of civil society about the lack of implementation of all strategic recommendations from the previous Validation, it does consider that there is a robust mechanism for follow-up on EITI recommendations overseen by the MSG.</p> <p>In its comments on the draft Validation report, civil society argued for a downgrade in the assessment of Requirement 7.3, noting that several recommendations from the previous Validation, such as those related to the environment or to subnational implementation, had not yet been implemented. The comments argued for the development of a broader communication, dissemination and training strategy for companies and civil society to meet the demands for information at the subnational level. The comments called for strengthening the MSG's mechanism for following up on EITI recommendations. In its own comments, the EITI Colombia Secretariat called for the MSG to continue its work on following up on EITI recommendations and to continue working on projects defined in the EITI Colombia work plan. In the common comments on the draft assessment, the MSG called for the MSG's efforts to be valued and for the MSG to continue working on activities defined in its work plan. The MSG also referred to the need to consider a broader communication, dissemination and training strategy for companies and civil society to meet the demands for information at the subnational level. The MSG's commitments to strengthen communications and training at the subnational level are welcome, but are not considered to reflect weaknesses in the MSG's system for following up on EITI recommendations.</p> <p>Despite not being included in the work plan as a specific activity, the MSG's 'Outcomes and impact' template describes a detailed list of all strategic recommendations from Colombia's previous Validation and the MSG's follow-up activities and progress on each recommendation from Validation. The MSG has documented progress in a majority of the recommendations from the previous Validation and from EITI Reports in the Validation templates. The MSG minutes show regular discussions on EITI implementation and on the need to address recommendations from previous Validations and from</p>

	<p>previous EITI reports. These discussions provide a regular space for following-up on recommendations, from previous Validations and EITI Reports, although there is not a specific mechanism for doing so in the EITI Colombia work plan or in its day-to-day interaction. Stakeholders from civil society also pointed out in consultations that despite regular discussions on some issues of importance, several issues remained unsolved. The civil society coalition engaged in the EITI (MESA) submitted a document for Validation that tracks progress on recommendations made by civil society representatives during Colombia’s first Validation. This document acknowledges the MSG’s important efforts to address these recommendations, but assesses that only five of the ten recommendations have been accomplished, while two are in the process of implementation, two recommendations are partly accomplished and one has not been accomplished. Nonetheless, there appears to be a robust mechanism for the MSG’s follow-up on EITI recommendations even though some of these recommendations have not yet been fully implemented in practice.</p> <p>The MSG has issued recommendations for strengthening the governance of the sector through webinars and capacity building exercises for public officers on beneficial ownership transparency and extractive resources revenue streams.</p>
<p>Review the outcomes and impact of EITI implementation (Requirement #7.4)</p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Requirement 7.4 is mostly met, which represents backsliding since the previous Validation. The MSG is an active group that continuously discusses progress of EITI implementation, although according to some stakeholders from the industry and civil society constituencies, it faces a challenge to have a stronger influence in the decision-making processes of the extractive activities.</p> <p>EITI Colombia stopped producing Annual Progress Reports in 2019. It had previously published Annual Progress Reports for 2018 and 2019. The MSG’s template on ‘Outcome and impact’ reports that MSG minutes #48 of 9 April 2021 include information of an MSG discussion on progress of EITI implementation. The MSG discussed and shared in the template an overview of the MSG’s responses to EITI strategic recommendations from the previous Validation, as well as a discussion on progress in meeting work plan objectives. EITI Colombia’s 2020 Report presents a thorough description of recommendations from previous EITI Reports and the actions described to address them.</p> <p>Despite there being no comparable exercise for fiscal year 2021, the MSG minutes reflect a regular discussion on progress and provide a narrative of the efforts to strengthen the EITI’s impact enriched by the regular discussion and exchange of ideas between the different stakeholders.</p> <p>Although the previous Validation concluded on a “satisfactory progress” assessment for all the EITI Requirements, the MSG did not report any discussion on the annual assessment of progress in meeting all EITI Requirements, not even the two requirements that have entered into force since 2019 (contract transparency and beneficial ownership disclosure), despite the progress that EITI Colombia has achieved in these two requisites. The MSG held consultations for the development of the new work plan;</p>

	<p>however, the MSG minutes do not reflect any broader consultation requesting feedback from all stakeholders on the EITI process and their perspective on the impact of the EITI.</p> <p>In its comments on the draft Validation report, civil society agreed with the assessment of Requirement 7.4 but called for the development of processes to improve public deliberations on the outcomes and impacts of the EITI process in order to preserve the EITI's legitimacy in the eyes of national stakeholders. They noted that, while the MSG had committed to disseminate more information about the outcomes of the EITI process, this should not only be civil society's responsibility but also the duty of government and companies. In its comments, the EITI Colombia Secretariat noted that the MSG periodically reviewed the outcomes and impact of the EITI process as well as progress on work plan activities and objectives, as evidenced in MSG meeting minutes. In the common comments agreed by the MSG on the draft Validation report, the MSG concedes that more work is needed in this aspect of the EITI process, but argued that there had been progress on Requirement 7.4 in reviewing progress in EITI implementation even if the annual review of outcomes and impact could be more thorough.</p>
<p>New corrective actions and recommendations</p>	
<ul style="list-style-type: none"> • To strengthen implementation in accordance with Requirement 1.5, Colombia is strongly encouraged to ensure that its detailed annual work planning for EITI implementation is consistently published on the EITI Colombia website and actively disseminated to key stakeholder groups beyond the MSG. Colombia is encouraged to explore ways to further strengthen the consultative process for developing the annual EITI Colombia work plan, including the detailed aspects of the planning. • To strengthen implementation, in accordance with Requirement 7.1, the MSG is encouraged to continue exploring alternatives to strengthen timely dissemination of data, such as the innovative Partial Bulletins that have been published before. • To strengthen follow up on recommendations in accordance with Requirement 7.3, Colombia is encouraged to use the EITI Colombia work plan as a reference document to plan specific activities carried out to address recommendations. • In accordance with Requirement 7.4, EITI Colombia is required to document their annual review of impact and outcomes in further detail in its meeting minutes or in a different means that the MSG agrees upon. This review should include a summary of EITI activities undertaken in the previous year and an account of their outcomes, an assessment of progress towards meeting each EITI Requirement (including any actions undertaken to exceed the requirements and address issues that the MSG identified as priorities), an annual overview of the MSG's responses and progress made in addressing the recommendations from Validation (be them strategic recommendations or recommendations on actual disclosure of information or EITI procedures), an annual assessment of progress towards achieving the objectives set in the work plan, and an annual narrative account of efforts to strengthen the impact of EITI implementation. The MSG is encouraged to utilise the Validation template of outcomes and impact to strengthen this exercise. This review should be enriched with consultations with the broader group of stakeholders. 	

3. Stakeholder engagement

This component assesses EITI Requirements 1.1 to 1.4, which relate to the participation of constituencies and multi-stakeholder oversight throughout the EITI process.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Government engagement (Requirement #1.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat’s assessment is that Requirement 1.1 is fully met, as in the previous Validation. Available documentation and stakeholder consultations confirmed that the objective of this requirement related to ensuring a full, active and effective government lead for EITI implementation, both in terms of high-level political leadership and operational engagement, as a means of facilitating all aspects of EITI implementation had been fully met, in the period from the previous Validation until the commencement of Colombia’s 2022 Validation in October 2022.</p> <p>The MSG is headed by the Ministry of Mining and Energy. The government constituency on the MSG is represented by the leading ministry, the National Planning Department (DNP) and the National Directorate of Taxes and National Customs (DIAN). The government has consistently ensured the implementation of the EITI is led by a senior official, with Vice Minister of Mining and Energy Carolina Rojas Hayes and Vice Minister of Mining and Energy Sandra Rocio Sandoval heading the MSG in August 2018 – November 2020 and December 2020 – August 2022 respectively. Both MSG Chairs appeared to have the confidence of all stakeholders, the authority and freedom to coordinate action on the EITI across relevant ministries and agencies, and were able to mobilise resources for EITI implementation. In addition, several sectoral agencies such as the National Hydrocarbon Agency, the National Mining Agency and the Energy-Mining Planning Unit participate in the MSG and working group meetings on a regular basis, providing advisory and technical assistance. MSG meeting minutes and stakeholder consultations confirm that representatives of the government constituency participate in the MSG meetings on a regular basis and contribute to the agenda items. Moreover, there is evidence of government representatives participating in various capacity-building activities, including thematic webinars.</p> <p>The government has also demonstrated continuous commitment to EITI by supporting EITI operation through regular budget allocations since 2014. In 2022, the investment project for “Strengthening of trust in the mining-energy institutions in Colombia (EITI Initiative)” was approved for the 2023-2026 period.</p>

	<p>In 2022, Colombia has undergone a political transition due to presidential and parliamentary elections. Stakeholders consulted didn't express any concerns related to working with the new government, but noted that there might be a shift in the national priorities. There is an indication that at least one MSG meeting has been held since the new government officials were appointed.</p> <p>In its comments on the draft Validation report, the MSG provided copies of letters from senior government officials in the new administration that demonstrated the continuity in the new government's commitment to the EITI despite the change in administrations in 2022.</p>
<p>Industry engagement (Requirement #1.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 1.2 is fully met, as in the previous Validation. Available documentation and stakeholder consultations indicate that the objective of this requirement related to ensuring that extractive companies are fully, actively and effectively engaged in the EITI, both in terms of disclosures and participation in the work of the multi-stakeholder group, and that the government ensures an enabling environment for this has been fully met.</p> <p>According to the Stakeholder engagement template, industry representation is organised through trade chambers and associations – Colombian Association of Oil and Gas Companies (ACP) and Colombian Association of Mining Companies (ACM). In addition, Ecopetrol is included in the MSG. Stakeholders consulted confirmed that there is regular communication with companies that are members of ACP and ACM as well as with Ecopetrol. Association representatives confirmed that while most communication is coordinated by respective associations, individual companies have the ability to reach out to the national secretariat and the MSG directly if needed. Available documentation confirms regular participation of association representatives in the MSG meetings and capacity-building activities. In addition, there is evidence that all data required for the EITI reporting process have been submitted in a timely and comprehensive manner. Stakeholders consulted noted that there is an enabling environment for company participation in the EITI.</p> <p>While it appears that there are extractive companies that are not members of either oil and gas or mining company associations, stakeholder consultations indicated that the MSG and the national secretariat conducted regular outreach activities to engage more companies in the EITI process. It was also noted in stakeholder consultations that the share of companies that are not currently members of company associations in total extractive revenues is relatively small.</p> <p>In its comments on the draft Validation report, the industry constituency noted that not all companies that were members of the Association of Mining Companies were engaged in the EITI process and therefore considered that the outcomes of the EITI Report necessarily reflected the results of the entire mining sector. In its own comments on the draft assessment, civil society called for a strategy to engage energy companies engaged in electricity generation, transmission and distribution in the EITI process as part of future work on the energy transition. The EITI Colombia Secretariat's own comments highlighted the evidence of industry engagement in MSG meeting minutes</p>

	<p>and noted the interest expressed by the country's largest gold producer, Aris Mining, to participate in the EITI process. The MSG's common comments on the draft assessment committed to consider ways of engaging electricity in the EITI process in future.</p>
<p>Civil society engagement (Requirement #1.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 1.3 is fully met. There is a fundamental difference of opinion between civil society and other constituencies over the scope of application of the EITI protocol: Participation of civil society, with the former considering that the scope included all civil society representatives working on extractive industry issues nationwide, while the latter consider that the scope include those CSOs that engage in EITI activities, including CSOs not directly represented on the MSG. Most stakeholders consulted that were substantially engaged in the EITI process, particularly from government and industry, considered that the objective of full, active and effective civil society engagement in all aspects of the EITI process, and within an enabling environment for such participation, had been fulfilled in the period under review. In its comments on the draft assessment, the EITI Colombia Secretariat highlighted the importance of the MSG having discussed the scope of Requirement 1.3 and the civil society protocol at its June 2022 meeting. Based on its perception that Requirement 1.3 relates to civil society's participation in the EITI process rather than broader civic space issues, the EITI Colombia Secretariat reiterated its views that there was no evidence of barriers to civil society's participation in the EITI process, including at the subnational level.</p> <p>However, some civil society representatives consulted considered that the objective was only mostly met given the activities of non-state armed groups in extractive areas under weak government control, as stated in the civil society report submitted for this Validation. In its comments on the draft Validation report, civil society criticised the preliminary assessment that there had been no restrictions on civil society's engagement in the EITI process or public debate on natural resource governance in the period under review and argued strongly for a downgrade in the preliminary assessment of Requirement 1.3 as 'fully met' in the draft Validation report. The comments considered that it should not be deduced that civil society freedoms to engage in public debate on natural resource governance simply because CSOs engaged in the EITI process had not been affected by government constraints. Indeed, the civil society comments argued that the distinction between government constraints directly impacting CSOs engaged in the EITI process and the impact on other CSOs was not aligned with the definition of civil society in the EITI protocol: Participation of civil society. Focusing particularly on civil society engagement at the subnational level, the civil society comments highlighted the asymmetry in access to information that was detrimental to civil society, the deterioration in minimum guarantees for the participation of CSOs in issues related to the extractive sector, the increase in conflict in mining and hydrocarbon areas, and the government's alleged lack of political will to promote dialogue processes with communities in resource-rich territories as examples of impediments to civil society engagement in the EITI process and public debate on extractive industry governance. They further alleged that there "may exist" links between illegal armed groups, subnational government officials and mining companies. Finally, the civil society</p>

	<p>comments argued that the civil society groups that engaged in the EITI process were not a “representative sample” and were not aware of the challenges faced by CSOs in seeking to participate in extractive sector governance or in terms of broader civic space. These comments are consistent with those included in the civil society submitted report prepared for the Validation process.</p> <p>The Secretariat’s view is that the objective of Requirement 1.3 remains fully met, as in the previous Validation that acknowledged constraints on civil society in some resource-rich regions with weak government control but did not consider these to affect CSOs’ engagement in all aspects of the EITI process. Noting the views of stakeholders consulted that civil society is able to operate, express, associate and engage freely on extractive industry governance issues within the EITI process, the Secretariat found no indication that intimidation, harassment or threats experienced by activists operating within the EITI process are undertaken or endorsed by government officials or state security forces. Government-led protective measures such as the National Protection Unit and the early warning system of the Office of the Ombudsman, along with broader efforts to strengthen the rule of law in areas with weak government control, are signs of government efforts to ensure that civil society is fully engaged in discussions around natural resource governance. Nevertheless, illegal armed groups maintain de facto control over certain areas of the country and appear to be the primary source of danger for civil society and appear to hold interests in some legal and illegal extractive projects. The concerns expressed by civil society in consultations and in the submitted report prepared by this constituency, about constraints faced by civil society groups working on extractive issues in subnational areas, particularly those resource-rich areas where there is weak government control, must be acknowledged. Yet while the MSG has not yet developed a mechanism to effectively handle such concerns, the Secretariat has not found evidence of a pattern of government constraints on civil society representatives that hindered their ability to engage in all aspects of the EITI process, including public expression on natural resource governance.</p> <p>A detailed assessment of progress towards Requirement 1.3 and adherence to the EITI protocol: Participation of civil society is provided in the external expert’s report on progress with Requirement 1.3 and adherence to the protocol in Annex to this report. In addition, the civil society submitted report prepared for this Validation can be consulted in this link. Colombian civil society participating in the EITI process and consulted for this Validation acknowledges that it is a safe platform to comment on the broader civic space constraints present due to illegal armed groups. These broader civic space constraints have been discussed by the MSG and are acknowledged by government and industry stakeholders. Consulted civil society representatives were of the opinion that these constraints did limit broader discussions around natural resource governance given that threats and violence against environmental defenders had increased since the previous Validation. While none of these constraints were considered to affect CSOs in relation to activities linked to the EITI process, it is unclear whether there is an EITI Colombia mechanism to address such broader civic space constraints when they arise. Government and industry stakeholders engaged in the EITI appear</p>
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	<p>committed to maintaining dialogue among all representatives within the multistakeholder group, though some in civil society considered that government and industry often share the same agenda.</p> <p>Colombia's broader civic space appears to have become more restricted since the previous Validation, with international rankings of civic space in Colombia declining somewhat since the previous Validation. There have been nationwide protests in the period under review that are not linked to the extractives sector, to which the Colombian government responded by enacting Law 2197 of 2022 (the Citizen Security Bill). The International Centre for Not-For-Profit Law cautions that this new law could lead to further restrictions on the right to protest, although there is no evidence that Law 2197 has been used to constrain civil society's ability to engage in public debate on natural resource governance or the EITI process since 2020. However, international rankings of civic space point to the mounting deaths of environmental activists by non-state forces as a severe threat to civil society that may lead to self-censorship should existing government efforts related to protection of environmental defenders, restoration of land to displaced persons and strengthening of the rule of law in areas under weak government control not prove successful. In its comments on the draft Validation report, civil society argued that the murders of 222 civil society activists in 2022 reflected the risks to democracy in Colombia and that the EITI process did not provide a space representative of broader citizen advocacy.</p> <p>In terms of expression, there do not appear to be any new constraints on civil society's ability to express itself on any aspect of the EITI process or natural resource governance. Consulted civil society stakeholders considered themselves able to express views critical of government and extractive companies during MSG meetings, EITI events and in EITI-related reports, with the civil society submitted report submitted by the civil society coalition (MESA) for this Validation serving as a prime example of civil society's ability to publicly criticize aspects of the Colombia EITI process. The civil society submitted report describes instances of violence against civil society that are perpetrated by non-state actors in resource-rich areas, but did not clearly attribute them to a pattern of government actions to restrict civil society space related to extractive industry governance. However, in its comments on the preliminary assessment, civil society raised concerns over the high degree of violence in areas under weak government control, arguing that there "may be" links between illegal armed groups that caused the violence and certain local government officials and mining companies. The murder of civil society activist Rafael Moreno in October 2022, amidst his opposition to a local nickel mine operated by South 32, is held as a prime example of this alleged collusion between armed groups and mining companies. However, the Secretariat's review of documents and stakeholder consultations did not identify a clear documented link between non-state perpetrators of violence against civil society and specific local or national government officials.</p> <p>In terms of operation, there do not appear to be government restrictions on civil society holding meetings related to the EITI process. There are no impediments to registration of civil society organizations, though the civil society submitted report notes that the former presidential administration</p>
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	<p>limited the timeliness and accessibility of some foreign funding by controlling disbursements to CSOs. However, there are no specific examples of these limitations to foreign funding having had an impact on the operation of civil society organisations engaged in the EITI process. Indeed, there are ample examples of CSOs accessing foreign funding without any restrictions, including from development partners such as GiZ and international NGOs.</p> <p>In terms of <u>association</u>, the broader civil society constituency has continued to freely associate in relation to the EITI process and in their broader activities related to natural resource governance. The MESA coalition continues to act as the constituency’s coordinator, with evidence of regular consultations and coordination between Bogotá CSOs and stakeholders based in other areas, including communities hosting extractive activities. Consulted stakeholders considered that there was no evidence of legal restrictions that affected civil society’s ability to associate but highlighted the insecurity, especially in communities hosting extractive activities in areas of weak government control, caused by non-state armed groups as a limit to association within the EITI process and in the broader public discussion on natural resource governance in practice. Other stakeholders consulted did not consider these alleged restrictions to have had an impact on CSOs substantially engaged in the EITI process.</p> <p>In terms of <u>engagement</u>, some members of civil society alleged challenges around their ability to shape the design, planning, discussions and implementation of the EITI process. These members stated that government and industry stakeholders set the agenda for the EITI process without proper input from civil society. As a result, some CSO members mentioned that EITI discussions on natural resource governance were superficial and remained at the national level, without delving into specific issues faced by communities hosting extractives activities. The allegations of exclusion and superficiality has caused some civil society members to question their involvement in the EITI process. The Secretariat acknowledges these civil society concerns, which are covered under the assessment of MSG oversight (see <i>Requirement 1.4</i>).</p> <p>In terms of <u>access to public decision-making</u>, civil society uses the EITI process to influence public decision-making, including through input to legal and regulatory reforms. Civil society was involved in the drafting of Law 2056 of 2020 that reformed the General Royalty System, which is an important source of revenue for communities where extractive activities take place. The MSG’s ‘Stakeholder engagement’ template for this Validation and the external expert’s report in annex to this Validation report provide additional examples of civil society access to public decision-making on the extractive industries. The Secretariat takes note of civil society concerns, raised in the civil society report for this Validation and in civil society comments on the draft Validation report, regarding the lack of civil society access to public decision-making. However, consultations with all constituencies confirmed that, in practice, civil society has been able to use the EITI process to influence public decision-making on governance of the extractive industries.</p>
Multi-stakeholder group (Requirement #1.4)	The Secretariat’s assessment is that Requirement 1.4 is mostly met, which represents backsliding from the previous Validation. The objective of this

<i>Mostly met</i>	<p>requirement is to ensure that there is an independent MSG that can exercise active and meaningful oversight of all aspects of EITI implementation that balances the three main constituencies' (government, industry and civil society) interests in a consensual manner. Available documentation and stakeholder consultations indicate that this objective is mostly met given active MSG oversight of the EITI process, but note that internal governance rules and procedures could be improved. There appears to be a different conception of the scope of the EITI process between many civil society stakeholders on the one hand and industry and government stakeholders on the other, which help explain the different constituencies' appreciation of progress towards the overall objective of the requirement. Several CSOs consulted do not consider the objective as met given their calls for greater MSG attention on extractive activities at the subnational level, particularly among communities hosting extraction activities in areas of weak government control. However, several government and industry stakeholders consulted considered that the objective was met given their focus on the core aspects of the EITI Standard. In their comments on the draft Validation report, civil society argued for a downgrade in the assessment given their frustration at the lack of progress on certain recommendations and the asymmetry of information between civil society on the one hand and government and industry on the other. The comments particularly raised concerns over the lack of project-level disaggregation of data on government revenues, and civil society's challenges in dissemination and information platforms. In their comments on the draft assessment, the EITI Colombia Secretariat noted that stakeholders beyond the MSG had been invited to its discussions. The Secretariat acknowledges civil society's frustrations at the lack of progress in following up on certain EITI recommendations and the perception of asymmetry in access to information among different constituencies on the MSG, but considers that the objective is in process of being fulfilled given the MSG's robust oversight of most aspects of the EITI process.</p> <p>The MSG consists of adequate representation from the three constituencies of government, industry and civil society. In addition, working groups (GATs) are formed when a more comprehensive discussion is needed on a particular implementation issue. Information on the membership of the multi-stakeholder group is available on Colombia EITI website. Stakeholders from all constituencies did not express concerns related to the process by which each stakeholder group nominated their representatives. Government seats are allocated to representatives of relevant ministries and changes of a particular person are due to rotation in those roles. For the industry constituency, the representation is coordinated by the petroleum and mining chambers that coordinate consultations with members of the broader constituency as well as the national oil company Ecopetrol. Members of these chambers also directly engage with the Colombia EITI national secretariat and MSG. Consulted stakeholders noted continuous efforts to reach out to companies that are currently not members of the chambers represented on the MSG, but highlighted the complexity of this process due to the existence of a significant number of small-scale producers. Civil society has used the wider mechanism of the MESA coalition to ensure consultations and selection of their representatives when refreshing their MSG representation. Moreover, civil society MSG members confirmed that they were operationally and in policy</p>
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	<p>terms independent of government and companies in the period under review. All changes in the MSG representation are reflected in the Stakeholder engagement template and followed each constituency's procedures.</p> <p>The MSG ToRs were approved in February 2014. The Stakeholder engagement template notes that the MSG decided to update the MSG regulations and several working group sessions were held on the topic. It is expected that the new ToRs will be approved later in 2023. The 2014 MSG ToRs seem to address all key aspects of Requirement 1.4.b. The Stakeholder engagement template indicates that there were no discrepancies between statutory MSG regulations and procedures in practice in the period under review. At the same time, stakeholder consultations indicated some delays related to sharing relevant documentation prior to MSG discussions and minutes of the MSG meetings were often published outside of the 15-day window mandated in the ToR. Indeed, the MESA civil society report submitted for this Validation alleged that there had been a delay of up to two years for the circulation of some draft MSG meeting minutes, which were only prepared in the preparations for this Validation. Some stakeholders consulted attributed the delay in publishing meeting minutes to COVID-19. In addition, it was noted that MSG discussions on EITI priorities could be expanded to discussions on emerging policy areas. Some consulted CSO stakeholders considered that the MSG's decision-making processes could be strengthened, including more inclusive discussion on topics that go beyond the EITI Standard, but are considered relevant to the national context. Consulted stakeholders expressed mixed opinions about the balance between the three constituencies on the MSG, with some civil society concerns about the inclusivity of the decision-making process. At the same time, there appeared to be a broad understanding, including among civil society stakeholders consulted, that all constituencies on the MSG were treated equally. However, there were differences of opinion, particularly from some civil society representatives, around challenges in the MSG agreeing on the scope of the EITI process in Colombia and around opportunities for improving the EITI Colombia Secretariat's operational management, such as advance circulation of documents ahead of MSG meetings and timely publication of meeting minutes. In its comments on the draft assessment, the EITI Colombia Secretariat explained that it circulated documents to the MSG as soon as it received them, with proposals of extensions to the period for comment in cases where documents were circulated late. The MSG meeting minutes provide a detailed account of the MSG discussions on these issues.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation of Requirement 1.1, Colombia EITI is encouraged to ensure that senior government officials from the new government are represented on the multi-stakeholder group and fully, actively and effectively engaged in the EITI process. • To strengthen implementation of Requirement 1.2, Colombia EITI is encouraged to continue outreach activities to ensure that companies that are not members of oil and gas or mining chambers are engaged in the EITI process. 	

- To strengthen implementation of Requirement 1.3, Colombia is encouraged to use its EITI implementation to provide an enabling forum for open discussion between government, industry and civil society about all aspects of natural resource governance, including the environment for citizen participation in both the EITI process and broader public debate on natural resource governance. The MSG is encouraged to regularly monitor developments regarding civil society's ability to engage in the EITI. In accordance with the EITI protocol: Participation of civil society, civil society MSG members are encouraged to bring any ad hoc restrictions that could constitute a breach of the protocol to the attention of the MSG. The government, in collaboration with the MSG, should document the measures it undertakes to remove any obstacles to civil society participation in the EITI.
- In accordance with Requirement 1.4, Colombia EITI should ensure that each constituency is treated as an equal partner in the MSG's decision-making, including on the scope of EITI implementation. Colombia EITI should ensure timely circulation of documents prior to their debate and proposed adoption of written records of MSG discussions and decisions. The MSG is encouraged to continue the dialogue on the scope of EITI implementation that reflect and balance priorities of all constituencies.

4. Transparency

This component assesses EITI Requirements 2 to 6, which are the requirements of the EITI Standard related to disclosure.

Overview of the extractive sector (Requirements 3.1, 6.3)

Overview of progress in the module

The 2020 EITI Report and government websites provide comprehensive information about the extractives sector in Colombia, including information on exploration activities and the contribution of the sector to the economy, as required by the EITI Standard. While EITI reporting and systematic disclosures provide extensive descriptions of the formal extractive sector, there is scope for greater integration of third-party assessments of the informal sector into EITI reporting, including artisanal and small-scale mining activities given the significance of small-scale gold production in the country.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
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<p>Exploration (Requirement #3.1)</p> <p><i>Exceeded</i></p>	<p>The Secretariat's assessment is that Requirement 3.1 is exceeded, which is an improvement on the previous Validation. The Secretariat's assessment is that the objective of public access to an overview of the extractive sector and its potential has been exceeded given extensive systematic disclosures by government, which appears in line with the views of stakeholders consulted.</p> <p>Public access to an overview of the extractive sector in the country and its potential, including recent, ongoing and planned significant exploration activities is provided through systematic disclosure on government websites and portals, including the ANH-hosted GeoVisor and the ANM-hosted SIMEC portals. EITI reporting consolidates information on extractive commodities with economic potential in the mining and oil and gas sectors and details plans to diversify export markets. Pilot studies have been conducted on particular artisanal and small-scale mining areas and the ANM's website contains information for miners wishing to formalize their operations. There are also numerous third-party studies on the ASM sector in the public domain, particularly concerning gold production and export, such as the OECD report on due diligence in the gold supply chain and the Global Financial Integrity report on illicit financial flows in the gold sector.</p>
<p>Contribution of the extractive sector to the economy (Requirement #6.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 6.3 is fully met, as in the previous Validation. Stakeholders consulted considered the objective of public understanding of the extractive industries' contribution to the national economy and the level of natural resource dependency in the economy had been fulfilled, which is in line with the Secretariat's assessment.</p> <p>Colombia systematically discloses information on the contribution of the extractive industries to the economy, with this information also centralised through EITI reporting and the EITI Colombia website. The mining, oil and gas sectors' contributions to the economy are provided in absolute and relative terms, including to GDP, government revenues and exports. Employment figures are provided in aggregate and relative to overall employment but gender and occupational disaggregation is limited to the scope of companies participating in the EITI reporting process. An overview of the location of mining, oil and gas activities is available through government websites that include portals such as the GeoVisor and SIMEC portal. Extractive investment data is disclosed through the Central Bank's website and extractive sector export data relative to total exports is provided through the National Tax and Customs Directorate website.</p> <p>While Colombia could be considered to have exceeded Requirement 6.3 due to the high level of systematic disclosure on government websites, the lack of gender-disaggregated employment data pertaining to the whole extractive sector, including systematic disclosures covering all extractives companies' employment, and the lack of references in EITI reporting to credible estimates of informal extractive activities support the Secretariat's assessment that the requirement is fully met, but not yet exceeded. Third-party publications from the OECD, OAS and non-profits provide insight into the contributions of the informal sector to the overall economy but these are not referenced by the MSG in the Transparency template or in the 2020 EITI Report. In its comments on the draft Validation report, civil society called for better</p>

	<p>coverage of the artisanal and small-scale mining sector and for a substantive debate on EITI extending to the ASM sector. In its own comments on the draft report, the industry constituency called for better reflection of other publicly available data on gender in the extractive industries in EITI Reports. The government's comments committed to reviewing the gender survey and the documentation derived from the gender policy. The civil society comments raise general concerns about insufficient public disclosures in the extractive industries, although these are not strictly related to the data listed in Requirement 6.3, such as "contracts, royalty reports, tax payments and conflicts of interest involving companies in the sector for which there is no information". The EITI Colombia Secretariat's comments note that coverage of gender had been improving in more recent EITI reporting and noted the publication of the guidelines for gender equality in the mining and energy sector agreed in 2019. The MSG's common comments on the draft assessment highlight the gender guidelines, which include a roadmap, toolbox and a second survey carried out in the sector in 2022.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation, Colombia is encouraged to use EITI reporting to further disaggregate employment data by company and occupational level within gender breakdowns, in accordance with Requirement 6.3.d, for the extractive sector as a whole. To strengthen implementation, Colombia is encouraged to use EITI reporting to collate data from existing third-party sources on informal extractive activities and provide an assessment of informal sector activity, including but not necessarily limited to artisanal and small-scale mining as requested by civil society. 	

Legal environment and fiscal regime (Requirements 2.1, 2.4, 6.4)

Overview of progress in the module

EITI reporting serves as a reference to where information on the legal framework and fiscal regime governing the extractives sector can be found systematically disclosed on government websites. Recent amendments to legislation and regulatory reform efforts, including the use of fiscal incentives to attract new extractive projects, is well-documented on government websites and through EITI reporting.

Colombia continues to serve as an example of good practice for other countries when it comes to contract and license disclosure, as required by the 2019 EITI Standard. In addition to regulatory agencies publishing full lists of mining and oil and gas contracts and licenses, Colombia publishes the full text of all contracts and licenses, including those awarded prior to 1 January 2021, aside from technical details that are redacted given that they are considered proprietary information.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Legal framework and fiscal regime (Requirement #2.1)</p> <p><i>Exceeded</i></p>	<p>The Secretariat's assessment is that Requirement 2.1 is exceeded, which is an improvement since the previous Validation. The Secretariat's assessment is that the objective to ensure public understanding of all aspects of the regulatory framework for the extractive industries has been exceeded due to systematic disclosure on government websites. Stakeholders consulted did not express particular views on progress towards this objective. The 2020 EITI Report describes the legal, environmental and fiscal regime for mining, oil and gas sectors, including the roles of government entities and the level of fiscal devolution. Relevant government websites are well-referenced through EITI reporting and provide the full text of broader laws and regulations that are summarized in the 2020 EITI Report. Colombia has exceeded this requirement by providing information on planned and ongoing reforms to the General Royalty System, for example, and detailed information on the fiscal incentives pertinent to the extractives sector through systematic disclosure.</p>
<p>Contracts (Requirement #2.4)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 2.4 is fully met. When consulted, industry and civil society stakeholders considered that the objective of contract transparency had been fulfilled. While Law 1712 of 2014 provides for certain economic rights information contained in documents that are not considered to be part of oil and gas contracts cannot be disclosed by law, as clarified in the government and EITI Colombia Secretariat's comments on the draft Validation report. The Secretariat's view is that the objective of Requirement 2.4 is fully met given that all active contracts and licenses appear to have been disclosed. In its comments on the draft Validation report, civil society acknowledged the important advances in contract transparency but highlighted the continued challenges in accessing and understanding contracts by stakeholders at the subnational level. Further improvements in the accessibility of contracts and licenses could help improve their use by a broader range of stakeholders.</p> <p>Relevant government policy on contract and license disclosure in the mining and oil and gas sectors is summarized in the 2020 EITI Report and links are provided to where the full text of these laws and regulations can be found on government websites. Government policy is in favour of contract and license disclosure, although there are legal constraints to publicly disclosing economic information that is not considered part of the contract. The redacted information consists of data that, if disclosed, is alleged by government and industry stakeholders to be harmful to natural persons or legal entities and proprietary technical information, such as variables used to calculate the economic contributions of extractive projects. However, this explanation of the rationale for redacting portions of published contracts has not yet been</p>

	<p>published. In practice, the ANH and ANM provide lists of all active licenses and contracts (including those awarded prior to 1 January 2021), as well as the full text, with annexes, amendments and riders other than what is expressly prohibited. It appears that the Colombian government has made great efforts to publish contracts in the mining sector and the concession contract webpage hosted by the ANM appears to publish the full text of numerous mining contracts. EITI reporting provides figures for each type of active mining contract and license and includes a link to where the text of these contracts and licenses are found on the ANM website. While there is no comprehensive review of which contracts and licenses are published (including annexes, amendments and riders in accordance with Requirement 2.4.c.ii) all contracts and licenses appear to be published on the ANM and ANH websites according to all stakeholders consulted. There does not appear to be an established plan in place to further improve the accessibility of published contracts and licenses.</p>
<p>Environmental impact (Requirement #6.4)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Colombia has made considerable efforts to disclose information on the environmental impact of the extractive industries, and that it has addressed a majority of aspects of Requirement 6.4. Thus, the Secretariat's assessment is that Requirement 6.4 is fully met, but not yet exceeded. There is scope for Colombia to expand its use of EITI reporting to provide an annual diagnostic of practices in environmental management, building on its existing work of centralising links to relevant datasets. Information on regular environmental monitoring procedures, administrative and sanctioning processes of governments and the roles and responsibilities of relevant government agencies are described through EITI reporting. Environmental liabilities, environmental rehabilitation and remediation programmes and planned or ongoing reform efforts do not appear to be addressed in the 2020 EITI Report or through systematic disclosure. Nevertheless, EITI Colombia has produced several reports and tools with support from German cooperation (GiZ), including an Environmental Payment Card and an Environmental Platform Study. While it does not appear that the National Authority for Environmental Licenses (ANLA) maintains a database of environmental impact assessments, the ANLA website does publish information about environmental measures of projects considered of national interest as well as figures on environmental complaints by department and extractive sector. In their comments on the draft Validation report, civil society and the EITI Colombia Secretariat requested that their efforts to expand EITI reporting to environmental issues be taken into account, given the importance of the issues for Colombia's EITI process.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation in accordance with Requirement 2.4, Colombia is encouraged to further improve the accessibility of all extractive contracts and licenses and consider ways to build the capacity of stakeholders with different levels of understanding of legal and contractual terms to empower them to use the extractive contracts and licenses that have been published. • To strengthen implementation of Requirement 6.4, Colombia is encouraged to strengthen its use EITI reporting as a diagnostic tool of potential non-trivial deviations in the issuance of Environmental Impact Assessments and other environmental management matters. Colombia is 	

encouraged to use EITI reporting to cover companies' environmental liabilities and rehabilitation and remediation programmes, responding to significant interest from civil society.

Licenses and property rights (Requirements 2.2, 2.3)

Overview of progress in the module

Colombia discloses most of the information related to contract and license awards as required by the EITI Standard, through government websites and publications of regulatory agencies for each extractive sector. Some information is not yet publicly disclosed, however, including application dates and coordinates for mining licenses and information on license transfers in both sectors. The National Hydrocarbon Agency (ANH) oversees the petroleum sector and also hosts the oil and gas cadastre. ANH's counterpart in the mining sector, the National Mining Agency (ANM), oversees the mining sector and manages the mining cadastre, though doubts remain as to the comprehensiveness and frequency of update of the mining register. There is no publicly accessible assessment of whether there were non-trivial deviations in the award and transfer procedures in the period under review.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Contract and license allocations (Requirement #2.2) <i>Mostly met</i>	<p>The Secretariat's assessment is that Requirement 2.2 is mostly met. While information on stakeholders' perception that there were no non-trivial deviations from statutory procedures in license awards and transfers in 2020 was confirmed in the period reviewed in the previous Validation, the results of the MSG's diagnostic of licensing practices was not covered in the 2020 EITI Report or in other publicly accessible documents. The objective of this requirement is to provide a public overview of awards and transfers of oil, gas and mining licenses, the statutory procedures for license awards and transfers and whether these procedures are followed in practice. Across the board, stakeholders voiced their satisfaction with the level of transparency in contract and license awards but were less clear where to find publicly accessible information on license transfers in mining and oil and gas. In their comments on the draft Validation report, civil society recommended that there be an annual review of licensing practices and of public consultations carried out as part of the licensing process. The EITI Colombia Secretariat's comments on the draft assessment argued that the 2021 report and a contracts booklet ('tableros') provided information on technical and</p>

	<p>financial criteria assessed in the transfer of mining and hydrocarbons licenses, as well as information on any deviation from statutory licensing procedures. However, while the additional documents clarify the technical and financial criteria assessed for government approvals of license transfers, they did not provide evidence of the MSG’s diagnostic of non-trivial deviations in extractive licensing in 2020 compared to statutory procedures. Thus, the Secretariat considers that the objective remains mostly met pending the completion of EITI Colombia’s annual diagnostic of extractive licensing practices.</p> <p>Colombia systematically discloses information on the award of mining licenses, though there were no new awards in the period under review. No information is provided to inform the public of transfers of mining licenses, including for the period under review. In oil and gas, government websites mirror information found in the 2020 EITI Report that shows that four oil and gas licenses were awarded in 2020, which is confirmed by third party sources. Like in mining, there is no information on potential transfers of licenses or participating interests in oil and gas licenses and contracts in the period under review. While technical and financial criteria are defined for the award of mining and oil and gas licenses, it is not clear from public sources whether the same criteria would apply in mining and oil and gas license transfers. It is not clear whether any weightings are applied to technical and financial criteria that value some over others. The EITI Colombia Secretariat’s comments on the draft assessment noted that the technical and financial criteria assessed in mining and hydrocarbons license transfers were contained in the 2021 report and the contracts booklet. Mining licenses can be awarded in three ways, either through “first in, first assessed”, direct negotiations or bid rounds. Stakeholders confirmed that there were no new mining licenses awarded in FY 2020. For oil and gas licenses, bid rounds or direct award by ANH are possible. Government stakeholders confirmed that the four hydrocarbon licenses awarded in 2020 were awarded through bidding rounds. Full lists are provided for both the winners of bidding rounds and unsuccessful bidders.</p> <p>The 2020 EITI Report does not provide evidence of a review of non-trivial deviations from statutory procedures in license awards and transfers in mining or in oil and gas. While the MSG’s comments on the draft Validation report argued that the findings of the MSG’s review of non-trivial deviations was contained in the 2021 report, the Secretariat could not find evidence of such a diagnostic in the additional documents cited in the MSG’s comments. Some mining industry stakeholders were of the opinion that the process for awarding contracts and licenses was too bureaucratic and time-consuming while oil and gas industry stakeholders noted that bid rounds had resumed after the COVID-19 pandemic delayed the introduction of new bid rounds.</p>
<p>Register of licenses (Requirement #2.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat’s assessment is that Requirement 2.3 is fully met. The objective of this requirement is to ensure the public accessibility of comprehensive information on property rights related to extractive deposits and projects. The Secretariat’s view is that this objective has been fulfilled given the comprehensive license information provided through the new ANM cadastral portal.</p>

	<p>In mining, the cadastral portal was last updated in January 2020 and it is unclear whether there have been transfers since this date that are not contained in the register. While this cadastral portal is still operating and provides information on license-holders, dates of award and expiry, and commodities covered by the mining license, the fact that the cadastral portal is no longer updated makes it unclear if this information is current or if the cadastral portal is missing information on mining licenses more recently awarded (or transferred). Furthermore, dates of application were not found in any mining portal, nor were coordinates of mining areas, though the geographic visualizer shows general areas of operation of major extractive activities that enable the public to see the size and location of license areas. In oil and gas, the license register takes the form of a PDF document with a last date of update as 31 December 2022. License-holder names as well as names of partners and their specific participating interest are listed for each license. Oil and gas license coordinates can be found through the Geographic Visualizer hosted by the ANH. ANH webpages document the various bid rounds for oil and gas licenses and provide dates of application, award and expiry as well as bidder information. Commodities covered by licenses are defined in the license text, which is publicly accessible for all licenses.</p> <p>EITI reporting was not used to address gaps in the mining cadastre or to distinguish the year in which mining licenses were awarded. While the EITI Colombia webpage on contracts and licenses provides an assessment of all active mining licenses as of 2021, without distinguishing the year of award, it is not possible to consider that the mining cadastre is up to date. There is no comment in the 2020 EITI Report as to the frequency of update of this mining license register. However, in their comments on the draft Validation report, the MSG, government and EITI Colombia Secretariat highlighted that the new ANM cadastral portal contained all information listed under Requirement 2.3.b for all active mining licenses, confirming that the EITI Colombia Secretariat had reviewed all active licenses in preparing comments on the draft assessment. Thus, the Secretariat is satisfied that the new ANM cadastral portal is now regularly updated and provides the required information on all active mining licenses. The availability of all required license information is also supported by the findings that all mining licenses and contracts have been publicly disclosed in full (see <i>Requirement 2.4</i>).</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 2.2, Colombia should use its EITI disclosures to conduct a public assessment of any non-trivial deviations from the applicable legal and regulatory framework governing contract and license transfers and awards in the period under review, with a view to enabling stakeholders to identify and address possible weaknesses in the contract and license allocation and transfer process. Colombia could expand its EITI disclosures to better document public consultation processes that are an integral part of the licensing procedures, to meet civil society's demands for this type of information. • To strengthen implementation in accordance with 2.3, Colombia is encouraged to use its EITI implementation to regularly assess the comprehensiveness and accuracy of contract and license information available from the mining and hydrocarbons license registers. 	

Beneficial ownership (Requirement 2.5)

Overview of progress in the module

Adherence to Requirement 2.5 on beneficial ownership is assessed in Validation as of 1 January 2020 as per the [framework](#) agreed by the Board in June 2019. The assessment consists of a technical assessment and an assessment of effectiveness.

Technical assessment

The technical assessment is included in the Transparency template, in the tab on Requirement 2.5. It demonstrates that Colombia has established a legal and regulatory framework for the collection of beneficial ownership information, but not for its public disclosure. Law 2010 of December 2019 established a private register to collect BO information that is managed by the National Directorate of Taxes and Customs (DIAN) and only accessible to certain government agencies. Law 2155 of September 2021 added to the legislative framework on BO and all Colombian companies are required to submit their BO information to DIAN by June 2023. Resolution No. 000037 strengthened existing legislation to capture the beneficial ownership of foreign legal entities whose Colombian investments are not made through Colombian legal entities already required to report BO information.

In practice, it appears that beneficial ownership information has been requested from all Colombian companies holding or applying for extractive licenses since January 2020. Resolution No. 00037 closes the loophole highlighted in the Global Financial Integrity January 2022 [report that](#) notes that foreign legal entities and other structures with less than 50% of assets in Colombia are not required to report BO. Companies are expected to report on BO ownership changes within a month and Article 68 of Law 2010 contains the sanctioning regime in the case of non-compliance. Like the BO register, the Companies Register is not accessible to the public, which means that legal ownership information of extractive companies is not publicly accessible in Colombia. The 2020 EITI Report details some information for those extractive companies that are listed on stock exchanges but does not include links to where each listed company's filings can be found online. In their comments on the draft Validation report, the industry constituency explained that publicly-listed companies reported the information required as part of their public listing by law. The comments highlighted the country's security context and the need to discuss how to overcome security concerns to beneficial ownership transparency over time.

Assessment of effectiveness

Colombia has used the EITI to document the existing legislation on beneficial ownership data and to detail some stock exchange information for those companies that are listed. Beneficial ownership information is not publicly accessible and there is no assessment from DIAN, the relevant authority, or the MSG as to how collection efforts are progressing ahead of the June 2023 deadline. The lack of independent verification, either by the MSG or the IA, on collection efforts, in particular, from high-risk companies that could be owned by politically exposed persons (PEPs) and foreign legal entities operating in the extractives

sector does not allow for a public understanding on the comprehensiveness of beneficial ownership information. Third-party assessments of the legal and regulatory environment for beneficial ownership disclosure such as the January 2022 Financial Action Task Force of Latin America's (GAFILAT) [Sixth Enhanced Follow-Up Report and First Technical Compliance Rating Report of Colombia](#) resulted in a finding of partial compliance, given the lack of access to Beneficial Ownership information by many government entities and the general public. This report also expresses doubts as to the mechanisms for quality assurance in place for reporting companies. Global Financial Integrity's January 2022 report echoes the doubts voiced in the GAFILAT report and also highlights potential loopholes in the regulations outlining the identification process for natural persons and the lack of collection of BO information from some foreign entities operating in joint ventures with Colombian companies.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Beneficial ownership (Requirement #2.5)</p> <p><i>Partly met</i></p>	<p>The Secretariat's assessment is that Requirement 2.5 is partly met. While Colombia enacted legislation defining government policy on beneficial ownership in September 2021, the deadline for companies to submit this information is June 2023.³ Given the extended deadline for reporting it appears too early for the MSG to provide an assessment on the comprehensiveness of collection efforts. The objective of this requirement is to enable the public to know who ultimately owns and controls the companies operating in Colombia's extractive industries to help deter improper practices in the management of extractive resources. Despite robust legislation in favour of collecting beneficial ownership information, the public does not have access to this information, leaving the objective of this requirement partly met. In their comments on the draft Validation report, civil society expressed support for this assessment and called for the development of a roadmap for progressing towards full beneficial ownership transparency. The EITI Colombia Secretariat's comments on the draft assessment note that, while there is no public beneficial ownership register yet, EITI Colombia had carried out a series of workshops and studies on the subject, had provided input to the development of the legal framework, had socialised beneficial ownership transparency with relevant government agencies and developed good practices in reviewing beneficial ownership data to improve due diligence in the licensing process. The comments noted that, while there were currently no provisions for beneficial ownership information to be publicly disclosed, this would be a priority for the MSG moving forward, at least for companies included in the scope of Colombia's EITI reporting. The MSG's common comments on the draft Validation report highlighted the progress</p>

³ The initial deadline for submission of beneficial ownership information was 31 December 2022. During consultations, government stakeholders clarified that the reporting deadline had been extended until June 2023.

	<p>achieved to date, even if there was more to do. The Secretariat acknowledges the significant work undertaken by the MSG and government authorities in establishing an enabling legal framework for beneficial ownership data collection and in launching the collection of such data. However, in the absence of an enabling legal and regulatory environment for the public disclosure of beneficial ownership data and the lack of assurances that ownership data has been requested from all companies holding or applying for mining and petroleum rights, combined with the lack of a published assessment of the comprehensiveness and reliability of beneficial ownership data collection to date, the Secretariat's view is that the objective is not yet fulfilled and thus that Requirement 2.5 is partly met.</p> <p>The Colombian government passed Law 2155 on Social Investment in September 2021, which details government policy on beneficial ownership and is regulated by Resolution 000164. These laws were highlighted again in the government constituency's comments on the draft Validation report. While a definition of beneficial ownership and politically exposed persons, and thresholds for their disclosure are defined in Law 2155, this law stops short of requiring the public disclosure of beneficial ownership information and only the tax authority (DIAN), the General Consult of the Republic, the Attorney General's Office and the Financial Information and Analysis Unit have access to this information. Law 2155 requires all Colombian companies to report BO information to DIAN, including those bidding and applying for extractive licenses. While Law 2155 does not fully account for foreign legal owners, a March 2022 resolution, Resolution No. 000037 of 2022, modified existing legislation to minimize conflicting language. Given that Colombian legal persons, permanent establishments and/or structures without legal persons are already required to report, foreign legal owners are only required to report when their investment is not made through a Colombian entity already required to report BO information.</p> <p>While Law 2155 was passed at the end of the period under review and initial collection efforts may still be underway, there is no assessment from the MSG on collection efforts and it is not clear what the MSG's approach is to ensure the public disclosure of this information. One government stakeholder indicated that the establishment of Law 2155 for the collection of BO information was in the government's interest and was not an initiative aimed at the public disclosure of this information. Likewise, while there is a company register with legal ownership information through the Single Tax Registry, this information is not publicly accessible. Concerning those government agencies that do have access to BO information, one government stakeholder noted that there should be more interagency communication to facilitate data sharing. This is particularly relevant given that the Ministry of Mines and Ministry of Environment do not have access to BO information.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 2.5, Colombia is required to disclose the beneficial and legal owners of all companies holding or applying for extractive licenses. To achieve this target, Colombia should establish an enabling legal and regulatory framework for the public disclosure of beneficial and legal ownership information on all oil, gas and mining companies. Colombia 	

should request all companies holding or applying for oil, gas and mining rights to disclose beneficial ownership information and provide adequate assurances for data reliability. Colombia's MSG should name those entities that have failed to disclose all or parts of the required beneficial ownership information. Colombia is encouraged to foster interagency communication and data-sharing to embed the use of beneficial ownership data in all aspects of extractives licensing and contracting, including during bid rounds for the award of extractives licenses.

State participation (Requirements 2.6, 4.2, 4.5, 6.2)

Overview of progress in the module

Information on state participation in the extractive sector in Colombia is publicly accessible and covers almost all the requirements in the EITI Standard. Ecopetrol is the only state-owned enterprise in the extractive sector in the country and represents 2.4% of Colombian GDP. The Colombian state holds 88.49% of Ecopetrol's voting capital.

Most of the information required is already systematically disclosed and available at Ecopetrol's website, the website of EITI Colombia, and in the statutory filings to financial exchanges (20-F form to the SEC) as well as in the reports Ecopetrol publishes every year, such as its Audited Financial Reports and its Sustainability Report. As an integrated company, Ecopetrol publishes information on all the value chain from exploration and extraction, transportation, refining and export. Ecopetrol also publishes information on its electricity activities as it is now advancing in the Energy Transition agenda. The legal framework is available on Ecopetrol's website and its governance structure can be found on the website and in the company's yearly reports.

Information on Ecopetrol's subsidiaries is available at its website, including revenues derived by Ecopetrol from each subsidiary.

Ecopetrol has included information that goes beyond the EITI Standard in its Sustainability Report in gender, such as the number of employees by type of position and gender, women in leadership positions, and the type of employment (i.e., permanent or temporary) by gender. Ecopetrol has also included information on its energy use and environmental indicators.

EITI Colombia website and the EITI Report are a good repository of information, and the use of infographics in the sections regarding the role of the state are helpful tools to bring information closer to the citizens.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>State participation (Requirement #2.6)</p> <p><i>Fully met</i></p>	<p>The Secretariat’s assessment is that Requirement 2.6 is fully met, as in the previous Validation. Ecopetrol, as the only Colombian SOE in the extractive sector, regularly discloses financial and operational information as well as a thorough overview of its legal structure and legal framework. Information allows citizens to understand the role of the company in the extractive sector and in the national economy. The objective of this requirement is to ensure an effective mechanism for transparency and accountability of the SOE’s and the state participation through a public understanding of whether the SOE’s management is undertaken in accordance with the relevant regulatory framework. Information that is systematically disclosed, although very technical, allows for a general understanding of the SOE’s management, hence reaching the objective. In their comments on the draft Validation report, civil society acknowledged Ecopetrol’s extensive systematic disclosures but raised concerns over alleged weaknesses in the SOE’s disclosures related to processes for transfers of assets, negotiations and commercial relations with consortiums, subsidiaries and contractor companies with which it does business. While the Secretariat recognises these additional calls for public disclosures, it considers that all information listed in Requirement 2.6 regarding the rules and practices of the national oil company’s financial relations with the state and with its own subsidiaries and joint ventures has been publicly disclosed.</p> <p>Ecopetrol systematically discloses financial and corporate information, its legal framework and its relations with the Colombian state. This information includes the rules and practices that govern the transfer of funds (through dividends) to the state as the major shareholder, and the rules for use of retained earnings (described in the law). The dividend policy is also explained in the form 20-F to the SEC. The rules regarding third-party financing and reinvesting are also disclosed on Ecopetrol’s website.⁴ These are also available at the website of the Ministry of Public Service (Ministerio de Función Pública), and in the statutory filings to financial exchanges (form 20-F to SEC). The rules and practices regarding the financial relationships between Ecopetrol and its different joint ventures and subsidiaries are described in the EITI Report and in systematically disclosed documents, such as Ecopetrol’s Audited Financial Statements and its 20-F report to the SEC. However, the International Secretariat could not identify specific rules regarding the dividends paid to the parent company by each of Ecopetrol’s subsidiaries, although stakeholders consulted confirmed that the rules for distribution of profits by Ecopetrol subsidiaries was the same as for any privately-held company. Nonetheless, disaggregated results per company are published in the audited financial statements and the 20-F form Colombia’s</p>

⁴ Article 39 of Ecopetrol statutes declare that the Stakeholders Assembly should decide the amount of dividends to be paid to the State and to each stakeholder. The rules for this are clear and set the parameters for assigning those payments: cover all debts that affect capital, maintain the legal reserve, pay taxes. The dividends must be assigned taking into consideration “the capacity of the society to fulfil its investment plan with its operational cash flow”. Regarding third party financing, the statutes (Art. 23, inc 35) states that the Board should approve issuing credits to companies within Ecopetrol group or as guaranties to third parties that support companies within the group. See [here](#)

	<p>2020 EITI Report provides a clear explanation of the participation of Ecopetrol in the oil and gas sector.</p> <p>Since the Colombian state owns less than 90% of Ecopetrol's shares, Ecopetrol is not included in the Nation's General budget and the Government of Colombia does not inject additional funding to Ecopetrol's budget. However, it is the Congress of Colombia that approves the issuance of new debt by Ecopetrol and the Government of Colombia, as indicated by law. Ecopetrol's audited financial statements are systematically disclosed on its website on an annual basis. Information on financial relations between Ecopetrol and its subsidiaries are systematically disclosed. Ecopetrol's audited financial statements disclose a list of all equity interests held by Ecopetrol in different extractive companies and projects and the revenues each subsidiary contributes to Ecopetrol. Changes to state participation in different subsidiaries are disclosed in its audited financial statements, as well as in its 20-F form. These publications provide a solid basis of transparency on the financial relations between the Colombian state and Ecopetrol in practice, on which the EITI could build in terms of coverage of the practices of procurement, contracting and corporate governance. Ecopetrol discloses information on the composition and the appointment procedure of the Board of Directors. The process is clearly described on Ecopetrol's website. It also includes information on the code of conduct of the company as well as information on the compensation of directors and management. Information on capital expenditures is available at the 20-F form of Ecopetrol for fiscal years 2019, 2020 and 2021. Operating expenses are also disclosed in its 20-F form. Ecopetrol publishes information on its supplier relationship plan, that includes a description on its policy of procurement and subcontracting, although a description of actual practices related to procurement and contracting by Ecopetrol does not yet appear publicly accessible. These disclosures were highlighted again in the industry constituency comments on the draft Validation report.</p>
<p>Sale of the state's in-kind revenues (Requirement #4.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 4.2 is fully met. The objective of this requirement is to ensure transparency in the sale of in-kind revenues, and to allow the public to assess whether the sales values correspond to market values and ensure the traceability of the proceeds from the sale of those commodities to the national treasury. Information published gives an oversight of the volumes and values that the Colombian state received from the proceeds of the sale of oil in the production sharing agreements signed by the Colombian state. However, civil society stakeholders consulted raised some questions regarding the lack of disaggregated data by individual sale. In a document tracing progress of 10 recommendations from civil society stakeholders in the 2018 Validation, these civil society stakeholders highlighted this recommendation as the one with the least progress on follow-up to date. In their comments on the draft Validation report, civil society asked for a downgrade in the assessment given the lack of disaggregation in Ecopetrol's onward sales of oil and gas to third parties and the lack of publication of oil sales contracts. The government's comments on the draft assessment highlighted the public availability of key terms of the marketing contract between the government and Ecopetrol, despite the fact that the contract itself is not publicly available. The Secretariat recognises civil society's demands for additional information encouraged under Requirement 4.2 regarding the national oil company's own sales (not on behalf of</p>

	<p>government) and publication of the oil sales contracts, but considers that these are encouraged, rather than required, provisions of Requirement 4.2.</p> <p>Ecopetrol was, in the period under review, the sole company responsible of receiving and selling crude oil in-kind revenues according to the contracts that ANH signs on behalf of the Colombian state with different companies. The state (through the ANH) renewed a contract with Ecopetrol for selling in-kind oil in the period from October 2020 to October 2022. The contract, the description of the process and the technical and financial criteria do not appear to be publicly accessible.</p> <p>Information on in-kind revenues of oil is disclosed at the EITI Colombia website. Volumes received and sold by the state and the revenues transferred to the state are disclosed at the EITI Colombia website, the ANH website, and the 20-F form. The volumes of royalties commercialised by Ecopetrol as well as the monetary value derived from those transactions are reported on the EITI Colombia website. The EITI Report includes detailed descriptions of the process with accessible infographics. However, there is no disaggregation of the volume delivered to Ecopetrol by company with information solely presented for the total value of the amount sold by Ecopetrol.</p> <p>Ecopetrol discloses its buyer selection process although a list of all buying companies is not publicly available, as mandated in Requirement 4.2b. The MSG is encouraged to publish whether there are any concerns related to data reliability. Moreover, Trafigura publishes in its Payments to Governments Report that provides the volumes by cargo bought from state-owned enterprises in EITI implementing countries. For the year 2020, it discloses crude bought from Ecopetrol and one of its subsidiaries, Equion Energía.S.A. Stakeholder consultations with government representatives confirmed that ANH has only one contract signed for the sale of in-kind revenues and that this sales contract is with Ecopetrol.</p>
<p>Transactions related to state-owned enterprises (Requirement #4.5)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 4.5 is fully met, as in the previous Validation. The objective of this requirement is to ensure the traceability of payments and transfers involving SOEs and strengthen public understanding of whether revenues accruable to the state are effectively transferred to the state and to assess the level of state financial support for SOEs. Information disclosed describes the revenues that the Colombian state receives from the state-owned enterprise, Ecopetrol, thus the objective of Requirement 4.5 has been fulfilled. In their comments on the draft Validation report, the industry constituency highlighted Ecopetrol's extensive systematic disclosures of EITI data.</p> <p>Information regarding the role of Ecopetrol in the Colombian economy is clearly described. Ecopetrol discloses payments to government and its contribution to the national economy. Payments to government are disclosed and reconciled by revenue stream and disclosed in Ecopetrol's audited financial statements. EITI Colombia's website and Colombia's 2020 EITI Report differentiate between the revenue streams that must be paid by the SOE and those that are paid by every company. These revenue flows have been reconciled and are included in Colombia's EITI Report.</p>

	<p>Revenue from Ecopetrol's subsidiaries is disclosed in Ecopetrol's audited financial statements. Volumes and revenue received by Ecopetrol as the only authorised company to sell the government's in-kind revenue is also disclosed and reconciled at the EITI Colombia website and in Ecopetrol's 20-F form. Given the role of Ecopetrol as a company that falls below 90% of state-owned shares, it is not part of the national budget and does not receive funding from the State.</p>
<p>Quasi-fiscal expenditures (Requirement #6.2)</p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 6.2 is not applicable in Colombia, as in the previous Validation. The objective is that where state-owned enterprises undertake extractive-funded expenditures on behalf of the government that are not reflected in the national budget, these are disclosed to ensure accountability in their management. There is no evidence that the state-owned enterprise undertook expenditures on behalf of the government in the period under review.</p> <p>The government subsidises gasoline and other fuels (gas) for household consumption. A fund for the stabilisation of oil prices (Fondo de Estabilización de Precios de los Combustibles, FEPC) was established in 2007. This Fund receives resources from the national budget. The sole responsibility of this Fund falls under the Ministry of Finance and is recorded in the national budget.</p> <p>In May 2022, the Colombian government announced that it would allocate part of the dividends received from Ecopetrol to fund the deficit that the FEPC has been running. An extraordinary assembly of shareholders in 17 June 2022 approved this extraordinary dividend. The International Secretariat could not verify that this share of extraordinary dividends to compensate the FEPC's deficit was recorded in the national budget (it was not possible to verify information on the Ministry of Finance website). Press analyses point out that the National budget for 2023 established the possibility of utilising Ecopetrol's extraordinary dividends to reduce the deficit of FEPC. However, the International Secretariat does not have clarity on whether this was managed off-budget. This specific issue should be described and assessed in Colombia's future EITI Reports.</p> <p>The EITI Report states that Ecopetrol does not participate in any form of quasi-fiscal expenditures, although it does not provide a detailed explanation to confirm this lack of participation. However, it was confirmed in stakeholder consultations held during this Validation that Ecopetrol did not undertake public social expenditure on behalf of the government.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation, Colombia is encouraged to disclose all the transfers, retained earnings, reinvestment, and third-party financing related to Ecopetrol's joint ventures and subsidiaries. This should include the value of dividends paid by each of its subsidiaries to the parent company. Ecopetrol is encouraged to describe its procurement and subcontracting practices. • To strengthen implementation, Colombia is encouraged to consider disclosing in-kind revenue data broken down by individual sale, type of product and price. These data should also consider disclosing the ownership of the product sold and describing whether the contract was sold on spot or term prices. Moreover, EITI Colombia is encouraged to disclose the description of the process for selecting the buying companies, as well as the technical and financial criteria used 	

to make the selection, as well as any material deviation from the legal and regulatory framework.

- To strengthen implementation, EITI Colombia is encouraged to document the manner in which FEPC was financed using Ecopetrol's dividends to provide clarity as to whether these dividends constitute forms of quasi-fiscal expenditures by Ecopetrol.

Production and exports (Requirements 3.2, 3.3)

Overview of progress in the module

Colombia discloses key data on extractives production and export through systematic disclosure with EITI reporting used to fill in gaps in the systematic disclosure of mineral export values. The government's systematic disclosures provide production values for mining and hydrocarbons, although mineral export volumes are not publicly available disaggregated by individual commodity for all minerals exported in the period under review. Production and export data is disaggregated to all levels required by the 2019 EITI Standard but have not yet fulfilled all encouraged levels of disaggregation, i.e., by region, company and project.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Production (Requirement #3.2)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Colombia has fully met Requirement 3.2. The Secretariat concludes that the objective of this requirement has been fulfilled, given that Colombia's EITI Reports disclosed oil and gas volumes to all encouraged levels of disaggregation while sufficient information to estimate production values is publicly accessible through systematic disclosures on the ANH and ANM websites. In their comments on the draft Validation report, the industry constituency provided a link to Ecopetrol's 20-F filings to the U.S. Securities and Exchange Commission. Civil society's comments called for greater disaggregation of production data, by region, company and project. However, the Secretariat's view is that this additional disaggregation in production data is encouraged, but not strictly required, under Requirement 3.2.</p> <p>In the oil and gas sector, production volumes are systematically disclosed online to levels of disaggregation encouraged by the EITI Standard. The government's comments on the draft Validation report highlighted the availability of oil and gas</p>

	<p>production data from the ANH website, including information on production values.</p> <p>In the mining sector, production volumes are disclosed through EITI reporting by commodity at the national level. For mining projects considered to be ‘Projects of Strategic National Interest’, there are public disclosures of production volumes disaggregated to levels encouraged by the EITI Standard, but this production data is not comprehensive of all production in the mining sector (including from projects not deemed of ‘strategic national interest’). It is also unclear whether production data was provided by the National Minerals Agency (ANM) or the Colombian Mining Association (ACM), as conflicting citations are used on the 2020 EITI Report and on the EITI Colombia website. However, as highlighted in the government’s comments on the draft Validation report, there is public availability of comprehensive mineral production volumes and values through the ANM website, including detailed guidance on accessing this data.³ Indeed the information published by ANM on the production volumes on which royalty liabilities are calculated provides sufficient information on total mineral production volumes recorded by the government.</p>
<p>Exports (Requirement #3.3)</p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Colombia has mostly met Requirement 3.3, which represents backsliding from the previous Validation. The Secretariat’s view is that the objective has not yet been fully met given that reference prices are not available to allow for the calculation of estimates of mining export volumes. Industry’s comments on the draft Validation report provided a link to Ecopetrol’s audited financial statements. Civil society’s comments called for greater disaggregation of export data, by region, company and project.</p> <p>In the oil and gas sector, export volumes and values are systematically disclosed online, albeit not yet disaggregated by API grade or type of gas nor by region, company or project as encouraged by Requirement 3.3. Export data are disaggregated by fuel subgroup and country of destination. In the mining sector, export values are systematically disclosed for some commodities, while EITI reporting provides export values fully disaggregated by commodity. However, mineral export volumes do not appear to be publicly available. While export values are not yet disaggregated by region, company or project, such disclosures are encouraged, not strictly required by the EITI Standard. In their comments on the draft Validation report, the government and EITI Colombia Secretariat argued that all mineral export volumes and values are publicly disclosed on the DANE and ANM websites. However, export volumes and values appear to be publicly accessible for certain mineral commodities like coal, oil and ferronickel, but not for each mineral commodity exported in the period under review.</p>
<p>New corrective actions and recommendations</p>	

³ The ANM website provides mineral production volumes and values through the page (<https://www.anm.gov.co/>) in the route = PROCEDURES AND SERVICES> SECTOR INFORMATION AND STATISTICS In the drop-down list of "Type of Royalty and/or Economic Considerations" in the option "Volumes of mineral exploitation associated with the payment of royalties" This section publishes the mineral exploitation information (associated with the payment of royalties) More information on how to explore the ANNA Mining tool at: <https://www.youtube.com/watch?v=NdZ5gkwfc-o> <https://youtu.be/ym66zqfXTdk>

- To strengthen implementation in accordance with Requirement 3.2, Colombia is encouraged to publish mineral production data disaggregated by region, company and project to meet the civil society demands for this type of information. Colombia could further expand its use of EITI disclosures to improve transparency around government controls of production monitoring and reporting, as well as the methodology for calculating mineral production data.
- In accordance with Requirement 3.3, Colombia is required to disclose total export volumes for each mineral commodity exported. To strengthen implementation of Requirement 3.3, Colombia is encouraged to disaggregate export figures in mining and oil and gas by region, company and project.

Revenue collection (Requirements 4.1, 4.3, 4.4, 4.7, 4.8, 4.9)

Overview of progress in the module

Colombia has disclosed comprehensive and reliable data on government revenues from the petroleum and mining sectors, with a significant share of information available in open data format. While consultations did not reveal concerns related to comprehensiveness and data reliability of the 2020 Colombia EITI Report, materiality thresholds were not established to determine material companies and revenue streams. Rather, target reconciliation coverages were used to ensure a comprehensive selection of companies. Stakeholders considered that all major companies were included in the scope of Validation with small-scale companies representing the portion of companies not covered. There appears to be growing demand for disclosure of information encouraged by or going beyond the EITI Standard (such as fracking) and greater collaboration on the scope of EITI reporting among all sectors of the MSG could lead to more inclusive reporting in the future and ensure that disclosures address national priorities.

There is scope for improvements surrounding transportation payments to better understand the revenues derived from the transportation of mineral commodities. Likewise, integration of transportation data into government systems would improve access to information and ensure ongoing efforts toward systematic disclosure. The introduction of a materiality threshold for transportation revenues, as well as for other revenue streams and companies, could provide greater quality assurances as to the comprehensiveness of companies and revenue streams included in EITI reporting.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective	Summary of progress in addressing the EITI Requirement
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action and assessment	
<p>Comprehensive disclosure of taxes and revenues (Requirement #4.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.1 is mostly met, which represents backsliding from the previous Validation. The objective of this requirement is to ensure comprehensive disclosures of company payments and government revenues from oil, gas and mining as the basis for a detailed public understanding of the contribution of the extractive industries to government revenues. Available documentation and stakeholder consultations confirmed that this objective is mostly met, considering high reporting coverage, but noting limited discussions on materiality thresholds. In their comments on the draft Validation report, civil society argued that there were no assurances that the scope of EITI disclosures was comprehensive in the mining sector, given the lack of sufficient information on medium-scale, small-scale and artisanal mining from the consideration of material government revenues. Civil society called for more information on artisanal and small-scale mining and revenues accruing to the government. The EITI Colombia Secretariat's comments highlighted the comprehensive coverage of the coal and hydrocarbons sectors and noted that the dedicated study on artisanal and small-scale mining had demonstrated that most of the gold production that was not covered in EITI reporting was informal or artisanal and did not give rise to material revenue flows to the government. The comments highlighted the materiality decisions that were documented for the 2020 EITI Report, including alternatives considered and the rationale for agreeing the thresholds selected, as well as the dedicated study on ASM. However, the Secretariat's view is that the lack of confirmation by the tax authority that no material company payment to government had been excluded from the scope of reconciliation continues to be a concern, given that this had been the practice by EITI Colombia in past EITI Reports reviewed in the previous Validation. Indeed, the lack of this confirmation raises concerns over the potential for certain extractive companies making material payments to government may have been omitted from the scope of the latest EITI Report.</p> <p>According to the 2020 Colombia EITI Report, the MSG selected material revenue streams and companies on the basis of a target reconciliation coverage ratio, reaching 95.56% of the total extractive sector revenues for the 2020 fiscal year. The reconciliation coverage accounted for 98.62% of total government revenues from the oil and gas sector and 79.01% of government revenues from the mining sector. The 2020 Colombia EITI Report lists 39 material extractive companies (belonging to 24 business groups) and four government agencies that were included in the reporting scope. Stakeholder consultations indicated that the scope of EITI reporting was focused on large and medium-size companies and that the remaining extractive sector revenues were generated by a large number of small-scale producers. While stakeholder consultations indicated no significant concerns about the selection of reporting companies and material revenue streams, there is no evidence of the MSG agreeing upon a reporting threshold for selecting material companies and revenue streams, and there is limited evidence of discussion on the rationale for the agreed reporting scope. Compared to the previous Validation, the 2020 Colombia EITI Report and other documentation did not include confirmation from relevant government agencies that no extractive company accounting for a share of government extractive revenues considered to be significant by the MSG (for example, 1% of total government revenues) was</p>

	<p>excluded from the scope of reporting. This gap is a concern given the lack of public assurances that all extractive companies making material payments to government were included in the scope of reconciliation. At the same time, the 2020 EITI Report provides information on a pilot project for the gold sector that was conducted in association with the Swiss Better Gold Association. The project included collection of revenue and non-revenue data from small and medium-size gold companies. The 2020 EITI Report provides a list of the revenue streams considered material and a description of relevant revenue streams is available in the 2020 Colombia EITI Report and through various sources available in the public domain. It does not appear that the revenue streams listed in provision 4.1.c were explicitly considered, although stakeholders consulted did not express any concerns about selected revenue streams, including related to exclusion of signature, discovery and production bonuses.</p> <p>Document analysis and stakeholder consultations confirmed that all companies considered material by the MSG and all government agencies receiving material payments fully reported all payments in accordance with the agreed reporting scope. The 2020 EITI Report showed that the final discrepancy between company and government reporting was 0.003% of total government extractives revenues. Such a small discrepancy bolsters assurances that reconciled financial data are comprehensive. The total extractive sector's revenues, including any revenues below the materiality thresholds, are publicly available through Colombia EITI website (Cifras informe de cotejo, Tab 2).</p>
<p>Infrastructure provisions and barter arrangements (Requirement #4.3)</p> <p><i>Not applicable</i></p>	<p>The Secretariat's assessment is that Requirement 4.3 is not applicable.</p> <p>The 2020 Colombia EITI Report and the Transparency template confirm that there are no regulations, agreements or sets of agreements involving the provision of goods and services in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities.</p> <p>Stakeholders consulted noted that there is a mechanism defined in Law 1819 for engaging private companies in building infrastructure in designated zones (areas affected by the armed conflict, for example). Such companies are applicable for tax reduction. However, it was noted that this mechanism does not entail full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities.</p>
<p>Transportation revenues (Requirement #4.4)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 4.4 is mostly met. The objective of this requirement is to ensure transparency in government and SOE revenues from the transit of oil, gas and minerals as a basis for promoting greater accountability in extractive commodity transportation arrangements involving the state or SOEs. The Secretariat's assessment is that this objective is mostly met given the lack of disaggregation of public disclosures about the national oil company's transportation revenues by individual company making such payments. Available documentation and stakeholder consultations indicate continuous efforts related to strengthening transparency of transportation data. At the same time, there is limited evidence that the progress related to compiling and systematically disclosing transportation revenue information since the previous Validation has been fully maintained, which indicates that the objective of this requirement is mostly met.</p>

	<p>The 2020 Colombia EITI Report includes a brief overview of transportation of oil, gas and coal minerals in Colombia. Available documentation and stakeholder consultations indicate that the following transportation revenues contributed to the national income in 2020:</p> <ul style="list-style-type: none"> • Oil and gas: Crude oil is transported primarily by pipelines, with Cenit (100% subsidiary of Ecopetrol) leading the transportation business. Crude oil can be also transported by tank trucks, however, the share of this method of transportation has been continuously decreasing. Oil and gas pipeline transportation tax and port consideration have been identified as revenue streams contributing to government revenues. • Natural gas: Natural gas is transported by pipelines, with a number of operators involved in the transportation business. Oil and gas pipeline transportation tax and port consideration revenue streams both contribute to government revenues. However, the port consideration is not applicable for this commodity as there was no export of natural gas in the fiscal year under review. • Coal: Transportation of coal is carried out by public and private railways. The public railways are operated by a private company Fenoco through a concession granted by the state. Right of transit and port consideration are the relevant revenue streams contributing to government revenues. The applicability of Requirement 4.4 to these revenue streams requires further clarification by the MSG. <p>Stakeholders consulted noted that no specific materiality threshold was agreed for transportation revenues for the 2020 fiscal year. However, there appeared to be a mutual agreement that oil and gas pipeline transportation tax, right of transit and port consideration were considered as material transportation revenue streams for the fiscal year under review, based on thematic reports and previous discussions held by the MSG. In their comments on the draft Validation report, the EITI Colombia Secretariat confirmed that the MSG had not established a materiality threshold for disclosing transportation revenues.</p> <p>The Transparency template and stakeholder consultations indicated that there had been limited changes in rules and practices since preparation of the 2017 EY study on transportation. The study provides information on the transportation arrangements, definitions of relevant transportation taxes and other relevant payments as well as methodologies used to calculate them. It also includes information on volumes of the transported commodities and revenues received by government entities and SOEs for the 2016 fiscal year.</p> <p>As for the oil and gas sector, the 2020 EITI Report indicates that the total volume transported by oil pipelines was 1.017m bd in 2020. Ecopetrol's sustainable management report notes that Ecopetrol's pipeline transportation tax amounted to approximately COP 164m, or USD 45m. This figure is only provided in aggregate and is not disaggregated by company. The 2020 Colombia EITI Report and Transparency template do not provide information on volumes of natural gas transportation, values of pipeline transportation tax for natural gas and values of port consideration. Available documentation indicates that the amounts of oil and gas pipeline transportation tax are publicly available through the government's</p>
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	<p>open data portal. However, the portal does not seem to provide data for the 2020 fiscal year. In addition, there appear to be differences in total amounts disclosed in the portal and the 2017 EY study on transportation. Stakeholders consulted flagged that collection of information is challenging considering a significant number of municipalities receiving pipeline transportation tax. When it comes to port consideration, the contractual information of the ports is available through the website of the National Infrastructure Agency (ANI), but the amounts collected by relevant agencies and municipalities do not appear to be publicly disclosed. In their comments on the draft Validation report, the EITI Colombia Secretariat explained that the Hydrocarbon Transportation Information System (SiTH) maintained by the Ministry of Mines and Energy enables calculations of transportation rates and revenues, although the system is not yet publicly accessible even if the Ministry has indicated that information is available upon request. The comments note that Resolution 72146 of 2014 set the pipeline transportation rates but that these rates are revised every four years, with new rates currently under debate for the period from 2023 to 2027. The MSG comments include a commitment to move forward on publicly disclosing this information in future.</p> <p>As for the coal sector, the 2020 EITI Report and the MSG’s ‘Transparency’ template for this Validation do not include information on volumes and values of transportation (right of transit and port consideration). These data also do not appear to be available elsewhere in the public domain. Available documentation does not include a clear statement on the applicability of Requirement 4.4 to transportation revenues from the coal sector.</p> <p>Consulted stakeholders indicated that some information on transportation revenues is available online, but noted that further work would need to be done to ensure comprehensiveness and comparability of data.</p>
<p>Level of disaggregation (Requirement #4.7)</p> <p><i>Mostly met</i></p>	<p>The Secretariat’s assessment is that Requirement 4.7 is mostly met. Stakeholders noted that the objective of ensuring disaggregation in public disclosures of company payments and government revenues from oil, gas and mining has been mostly met, however further progress can be achieved on disclosure of information at the project level. In its comments on the draft Validation report, civil society argued for a downgrade in the assessment, noting that civil society’s requests for project-level disaggregation of financial data since 2013 had not yet been addressed to date. The comments highlighted the value of project-level data for host communities in particular. The EITI Colombia Secretariat’s comments on the draft assessment highlight that taxes are levied on both mining and hydrocarbons companies at the level of the tax identification number, i.e., by company, and not by individual project. With respect to non-tax revenues, the comments explain that the ANH website provides information on royalty revenues (and production) disaggregated by individual field. The EITI Colombia Secretariat’s comments note that there had been an attempt to consult civil society on the level of disaggregation in data disclosures, but that there had been no response from the constituency. The Secretariat’s view is that the objective is mostly met, given that some non-tax revenue data (on revenues other than royalties) has not yet been disclosed disaggregated by individual project, despite being levied on this basis.</p>

	<p>Reconciled financial data found on the Colombia EITI website is disaggregated by individual company, government entity and revenue stream, but not yet by project. While there are documented MSG discussions in meeting minutes (see here and here) of what constitutes a project, a review of these meeting minutes did not find that the MSG had ultimately agreed upon a definition. The EITI Colombia Secretariat's comments highlighted a presentation on project-level reporting by the IA EY in 2017, at the MSG's 32nd meeting. However, these meeting minutes also demonstrate that there are ongoing discussions around how a project should be defined. There is also limited evidence to confirm that the MSG has mapped which revenue streams were levied at a project level, nor that it has documented any extractive project that covers several contracts, licenses or agreements that share substantially interconnected infrastructure, where applicable.</p>
<p>Data timeliness (Requirement #4.8)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 4.8 is fully met, as in the previous Validation. Stakeholders consulted considered that the objective of timely disclosures had been fulfilled, although some stakeholders noted relatively short timeframes for addressing the comments to the draft EITI Report. The Secretariat concurs and notes that there is still room for improvement as it pertains to sufficient turnaround time to address comments to the draft EITI Report. Colombia has published EITI Reports within the Board-approved timelines since the previous Validation. The latest 2020 EITI Report was published in December 2021, within one year of the end of the fiscal period covered by the EITI Report.</p>
<p>Data quality and assurance (Requirement #4.9)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 4.9 is fully met, as in the previous Validation. Analysed documentation and stakeholder consultations suggest that the objective of ensuring the reliability of disclosures of company payments and government revenues from oil, gas and mining has been fully achieved. In their comments on the draft Validation report, civil society has called for more dialogue on the MSG for all stakeholders to understand the methodology adopted to ensure reliable data in the EITI Report. However, the EITI Colombia Secretariat's comments noted that there was no evidence of deviations from the agreed upon procedures, referencing evidence of MSG discussions and decisions related to the methodology for quality assurances, and expressed its view that the objective had been fulfilled. These views were echoed in the MSG's common comments on the draft Validation report.</p> <p>The 2020 EITI Report was prepared by the Beta Group based on the terms of reference (ToRs) for the Independent Administrator (IA) approved by the MSG and broadly consistent with the standard ToRs for IAs endorsed by the EITI Board. Stakeholders consulted didn't express any concerns related to the selection process or final deliverables of the IA. At the same time, stakeholder consultations indicated that there were disagreements on the scope of EITI reporting, in particular with regard to civil society proposals for expanding the scope of EITI reporting beyond required aspects of the EITI Standard submitted not during the elaboration of the ToR for the EITI Report but rather during the MSG's review of the draft EITI Report.</p> <p>Available documentation (see, for example, Colombia EITI website here) and stakeholder consultations confirmed that all government agencies and all</p>

	<p>companies reported the required data and complied with data quality and assurance mechanisms, including signatures from senior officials/management. The 2020 EITI Report notes that its Independent Administrator, Beta Group, published a diagnostic report on the legal framework and audit practices of government entities and extractive companies in 2021, but it remains unclear where this report can be publicly accessed. This is also confirmed by a relatively small discrepancy between government and company reporting, totalling 0.003% of government extractives revenues in 2020. The 2020 EITI Report describes applicable quality assurance mechanisms used by the Independent Administrator (IA) in detail but there is no clear statement from the IA on the comprehensiveness and reliability of reconciled financial data. Nonetheless, the International Secretariat considers that the review of underlying audit and assurance practices in government and extractive companies, combined with the full compliance of reporting entities with the agreed quality assurances for EITI reporting, imply that the reconciled data is comprehensive and reliable.</p> <p>The 2020 Colombia EITI Report and thematic studies include clear references and non-financial (contextual) information is clearly sourced. The report also confirms that appropriate provisions for safeguarding confidential information were agreed and implemented.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 4.1, Colombia is required to agree which payments and revenues are material, including appropriate materiality definitions and thresholds. The MSG should document the options considered and the rationale for establishing the definitions and thresholds. Colombia should ensure that all extractive companies making material payments to government are comprehensively covered by its EITI reporting. • To strengthen implementation, Colombia is encouraged to continue monitoring whether there are any regulations, agreements or sets of agreements involving the provision of goods and services in full or partial exchange for oil, gas or mining exploration or production concessions or physical delivery of such commodities in line with Requirement 4.3. • In accordance with Requirement 4.4, Colombia is required to ensure disclosure of tariff rates and volume of the transported commodities as well as disclosure of revenues received by government entities and SOE(s), in relation to transportation of oil, gas and minerals. • In accordance with Requirement 4.7, Colombia is required to disaggregate EITI data by each individual project. If multiple agreements are substantially interconnected, the MSG must clearly identify and document which instances are considered a single project. • To strengthen implementation in accordance with Requirement 4.9, Colombia is encouraged to ensure that there is multi-stakeholder agreement on the scope of EITI reporting prior to the commencement of data collection, at the stage of development of the ToRs for the IA. Colombia is strongly encouraged to ensure that future EITI Reports document a clear assessment of the comprehensiveness and reliability of financial data on government revenues from the extractive industries. 	

Revenue management (Requirements 5.1, 5.3)

Overview of progress in the module

The Ministry of Finance and the Auditor General's (AG) office systematically disclose information on the budget process and revenue management, along with recent reforms to the General Royalty System (SGR). The 2019-2020 EITI Report summarises information found on government websites and the SICODIS portal provides extensive information on the distributions of extractive royalties. The AG's office provides annual audits of the SGR while the Department of National Planning hosts the SICODIS portal. Colombia could use EITI reporting to publicly disclose information on production levels and commodity prices that would help inform debate around resource dependency and revenue sustainability.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
<p>Distribution of extractive industry revenues (Requirement #5.1)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 5.1 is fully met, as in the previous Validation. The objective of this requirement is to ensure the traceability of extractive revenues to the national budget and ensure the same level of transparency and accountability for extractive revenues that are not recorded in the national budget. Stakeholder consultations and disclosures suggest that the objective has been met.</p> <p>It appears that all revenues are recorded either in national and subnational budgets or are recorded through the General Royalty System (SGR), with financial statements provided for both the national budget and the SGR. Subnational payments were reported unilaterally by companies and financial statements were not provided for subnational budgets. The 2020 EITI Report provides detailed information on the functioning of the SGR along with links to systematic disclosure of budgeted and allocated royalties through the SICODIS portal.</p> <p>The 2020 EITI Report describes the management of public finances though it is not clear from EITI reporting or government websites whether Colombia adheres to international revenue classification standards. EITI reporting summarizes recent changes to legislation that affect the General Royalty System. In their comments on the draft Validation report, civil society welcomed the recommendation to publish financial reports at the subnational government level and called for more capacity building and the development of tools by the MSG for subnational stakeholders to be able to use information on subnational revenue flows. This was considered highly important to address the civil society</p>

	<p>perception that information on subnational revenue flows and their management was not transparent. The EITI Colombia Secretariat's comments noted that these recommendations would be taken into account.</p>
<p>Revenue management and expenditures (Requirement #5.3)</p> <p><i>Fully met</i></p>	<p>The Secretariat's assessment is that Requirement 5.3 is fully met, but not yet exceeded given that some encouraged aspects of this requirement remain to be addressed.</p> <p>Colombia addressed some aspects of Requirement 5.3 through EITI reporting and through information hosted systematically on government websites. Concerning expenditure decisions stemming from the national budget, the Ministry of Finance is the responsible government entity and systematically discloses information on the subject. Royalties are not recorded in the national budget but the General Royalty System (SGR) is well-summarized through EITI reporting. The Department of National Planning (DNP), the National Minerals Agency (ANM) and the National Hydrocarbons Agency (ANH) systematically disclose information on revenue management and expenditures from the SGR, including a description of extractive royalty revenues earmarked for specific programmes and geographic regions and the methods for ensuring efficiency and accountability in their use. The Auditor General's website provides publicly accessible audit reports of the SGR as well as of the national budget and extractives sector while the DNP, ANM and ANH provide additional information on the management of royalties and financialization of mineral and hydrocarbon resources.</p> <p>While the MSG has provided information on revenue management and expenditures, it has not yet addressed information related to production and commodity price assumptions that would shed light on revenue sustainability, resource dependence and revenue forecasting. Therefore, it cannot yet be concluded that Colombia has exceeded all technical aspects and the overall objective of this requirement. In their comments on the draft Validation report, civil society raised concerns over the lack of EITI disclosures to date on budget assumptions, production and commodity price projections. The comments also called for more information on earmarked revenues for specific ethnic community groups in accordance with the provisions of Law 2056 of 2020. The EITI Colombia Secretariat's comments noted that this recommendation would be taken into account.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • To strengthen implementation, Colombia is encouraged to reference national revenue classification systems and international standards such as the IMF Government Finance Statistics Manual. Colombia is encouraged to publish financial reports at the subnational government level for payments made directly to local government units by extractive companies. • To strengthen implementation, Colombia is encouraged to use its EITI disclosures to provide timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependence relating to production and commodity prices. Colombia is also encouraged to strengthen disclosures of extractive industry revenues earmarked for ethnic groups under Law 2056 of 2020. 	

Subnational contribution (Requirements 4.6, 5.2, 6.1)

Overview of progress in the module

Subnational payments and transfers are both present in Colombia with extractive companies paying various taxes to subnational government entities and a royalty distribution system that transfers royalty revenues to ten different subnational funds. Extractive companies also perform mandatory and voluntary social and environmental expenditures in the areas where they operate. While it is understood that there is a robust system of subnational payments and transfers, EITI reporting does not consider these payments and revenue streams in terms of materiality and it is therefore difficult to understand their relevancy. Nevertheless, these payments and transfers were included in the previous Validation report and continue to be documented.

Without a full exploration of materiality considerations surrounding subnational payments and transfers, the MSG's decision to reduce the reporting of subnational revenue streams from ten to five is not fully explained in the latest EITI report. The 2020 EITI Report does not address data quality and assurance procedures surrounding subnational payments and transfers but given that the subnational contribution of extractive companies does not appear to be systematically disclosed on government websites, EITI reporting plays an integral role in making this information available to the public. Reporting of these payments and transfers is limited to companies participating in the EITI reporting process and is unilateral. Therefore, these payments and transfers were not included in the reconciliation and are not comprehensive of the mining and oil and gas sectors as a whole. Concerning transfers, the 2020 EITI Report documents upcoming changes to the General Royalty System that aim to improve the efficiency and effectiveness of subnational transfers to communities affected by extractive activities. While EITI reporting covers mandatory and voluntary payments, further efforts to include local government units in the reporting process would give the public greater insight into how these payments and transfers are used and would allow for a comparison between figures reported by extractive companies and government entities.

Progress by requirement and corrective actions

The detailed assessment of progress in addressing each EITI Requirement or corrective action is available from the data collection templates referenced in the annex to this report.

EITI Requirement / past corrective action and assessment	Summary of progress in addressing the EITI Requirement
Subnational payments (Requirement #4.6)	The Secretariat's assessment is that Requirement 4.6 is mostly met, which represents backsliding from the previous Validation. It is the Secretariat's opinion that certain aspects of the requirement, such as an explanation for the reduction of subnational revenue streams included in the scope of EITI

<p><i>Mostly met</i></p>	<p>reporting, were not addressed and that the objective is mostly met. In their comments on the draft Validation report, civil society argued for a downgrade in the assessment given the decline in direct subnational payments disclosed and the lack of reconciliation of direct subnational payments. However, the EITI Colombia Secretariat's and the MSG's common comments emphasised that the MSG had continued to consider direct subnational payments as non-material and thus not part of the scope of reconciliation, based on its assessment of the materiality of these revenue flows at the MSG's 28th meeting in 2017. Thus, while the Secretariat acknowledges the views of some MSG members that direct subnational payments are not material, the lack of review of the materiality of these payments since 2017 combined with strong concerns from civil society over the lack of reconciliation of these direct subnational payments support the Secretariat's view that the objective is mostly fulfilled. Indeed, the MSG's materiality decisions in preparing the 2020 and 2021 EITI Reports do not indicate that the MSG considered the value of actual direct subnational payments in deciding to exclude these payments from the scope of reconciliation. The civil society comments indicate that the constituency would want the materiality of these direct subnational payments to be reconsidered by the MSG.</p> <p>Extractives companies make direct subnational payments to local government units through various taxes levied at the local level. While the previous Validation identified ten revenue streams applicable at the subnational level, the 2020 EITI Report only includes five revenue streams and an assessment of materiality of direct subnational revenues is not publicly available to explain the reduction in the number of revenue streams disclosed in the scope of reporting. While nearly all material companies reported these direct payments, one material company did not report them. This information can be found on the EITI Colombia website. These payments are not reconciled as it does not appear that local government units reported information on direct subnational payments. There was a drastic reduction in subnational direct payments that is not fully explained in the 2020 EITI Report.</p> <p>Given the lack of discussion around materiality in EITI reporting, it is unclear whether the MSG considers subnational direct payments to be material, which would affect the Secretariat's assessment of this requirement. Some civil society and government stakeholders noted that while these subnational payments are smaller than subnational transfers through the General Royalty System, some local governments are very reliant on these funds. A government stakeholder was of the opinion that there should be a government platform to increase transparency around direct subnational payments. Data on direct subnational payments were collected through MSG-approved reporting templates, which ensures data quality and assurances of subnational payment data, as laid out in Requirement 4.9. Going forward, EITI reporting could provide discussions around the materiality of subnational payments to consider whether they should continue to be disclosed through EITI reporting.</p>
<p>Subnational transfers (Requirement #5.2)</p>	<p>The Secretariat's assessment is that Requirement 5.2 is fully met. Colombia EITI has demonstrated that subnational transfers of extractive revenues exist in both the mining and oil and gas sectors. Through the SICODIS portal, stakeholders at the local level are able to view the revenue-sharing formula and</p>

Fully met	<p>assess whether the transfer and management of subnational transfers of extractive revenues are in line with statutory entitlements, which fulfils the objective of this requirement.</p> <p>The revenue-sharing formula, as defined in Law 2056 of 2020, is the same for mining and oil and gas, with one variable of the formula used to represent each extractive commodity. These commodities are assigned different values that are used in the revenue-sharing formula to determine the amount of royalty paid. The amount to be transferred to each of the ten funds that receive subnational transfers from the SGR is based on a percentage share of the overall SGR budget. A comparison is made between notional amounts to be transferred via the budget and the actual amount transferred based on royalties received in the preceding year. These comparisons are disaggregated by local government units and can be viewed through the SICODIS portal hosted by the National Planning Department (DNP). The SICODIS portal provides detailed information on budgeted and actual transfers, appears up to date and allows the public to see the change in distribution of subnational transfers mandated by Law 2056. Data quality and assurances pertaining to subnational transfers are built into the General Royalty System and consist of dedicated processes such as the System for Monitoring, Tracking, Control and Evaluation (SMSCE) and the Index on Management of Royalty Projects (IGPR). The SGR is also subject to congressional oversight and approval. The MSG has not provided information on how extractive revenues earmarked for specific programs or investments at the subnational level are managed, or how disbursements are managed, although this is encouraged, not strictly required, under Requirement 5.2.</p> <p>While the MSG has not provided any recommendations on how to improve the revenue-sharing mechanism, the 2020 EITI Report notes that 2020 was the last fiscal year to operate under the SGR system as established by Law 1530 of 2012. As of 1 January 2021, the SGR will operate under the system set forth in Law 2056, which aims to improve processes, direct greater investment to the poorest municipalities and improve the autonomy of subnational entities. Government stakeholders consulted listed the redistribution of royalty payments and the increased decision-making power for Indigenous and Afro-Colombian communities as key aspects of Law 2056. These stakeholders also pointed out that while greater investment will flow to underserved municipalities, it will also decrease royalty investments for communities that historically received a larger share. A different government stakeholder clarified that while Law 2056 does redistribute the amount of royalty payments that departments and municipalities receive, the overall level of royalty distribution from the General Royalty System has increased, which could lead to sustainability issues in the future. An industry stakeholder also referenced financial sustainability issues on the company side as Law 2056 no longer allows companies to deduct royalties from their tax payments. Multiple civil society stakeholders pointed out that regardless of the laws in place, a lack of management and monitoring of these funds at the subnational level often leads to misuse. In one consultation with civil society, members shared links (here and here) to media reports detailing the solicitation of bribes by the government</p>
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	agency in charge of the approval of community projects funded through the General Royalty System.
<p>Social and environmental expenditures (Requirement #6.1)</p> <p><i>Mostly met</i></p>	<p>The Secretariat's assessment is that Requirement 6.1 is mostly met. Concerning social expenditures, the 2020 EITI Report confirms that there are both contractually mandated and voluntary social expenditures. EITI reporting discloses mandatory environmental expenditures established by law but does not indicate whether voluntary environmental expenditures were made by companies in the period under review. The objective of this requirement is to enable a public understanding of extractive companies' social and environmental contributions and to assess how well these companies comply with their legal and contractual obligations when it comes to social and environmental expenditures. It is the Secretariat's assessment that the objective has been mostly met. In their comments on the draft Validation report, civil society called for a downgrade in the assessment given the lack of evidence of an MSG materiality discussion related to social and environmental expenditures, gaps in companies' disclosures of their environmental payments, the lack of disaggregation of in-kind mandatory social expenditures and the identity of all beneficiaries of extractive companies' mandatory social expenditures. The EITI Colombia Secretariat's and MSG's common comments emphasise the gradual progress achieved in transparency of social and environmental expenditures and highlighted practical constraints to requiring more disaggregated information on social and environmental expenditures from companies. The comments noted that a comparison of extractive companies' expenditures with provisions of their contracts and of the statutory legal framework could be possible in future but would require significant additional resources. The public dashboard tracking social expenditures was highlighted in the comments, although the dashboard does not specify the identify of beneficiaries of mandatory social expenditures. The Secretariat agrees that reconciliation of social and environmental expenditures is only encouraged, not strictly required, by the EITI Standard but emphasises the lack of granular information on any in-kind mandatory social expenditures and the identity of beneficiaries of all mandatory social expenditures, as well as the gaps in extractive companies' disclosures of their environmental payments to government. Nonetheless, the Secretariat's view is that the objective is mostly met given the gradual progress achieved in public disclosures of social and environmental expenditures, even if more comprehensive and disaggregated disclosures are needed.</p> <p>There is no evidence that the MSG set a specific threshold for selecting material social and environmental expenditures, implying that the general threshold for selecting material revenue streams applies (<i>see Requirement 4.1</i>). Several civil society stakeholders consulted noted that while some of these payments may not be material, they are important in the local context. All material companies participating in EITI reporting were asked to report environmental payments. These payments are reported by revenue stream and by company but not all companies filled out this section of their reporting templates. Of the 24 material companies, only eight companies reported forest use fees and 14 companies reported water use fees and other environmental payments. Other environmental payments to government were reported by 12 companies. The government does not yet systematically disclose the value of</p>

	<p>mandatory social expenditures by extractive companies, although the EITI Report discloses some companies' disclosures of their mandatory social expenditures. All 13 material oil and gas companies and all but one of the eleven material mining companies reported social expenditures. Mandatory and voluntary social expenditures are disaggregated by extractive sector and by company and revenue stream. It is possible to see the value of each payment made to each department and the number of projects these payments are meant to fund. It appears that mandatory and voluntary social expenditures are usually made in cash but one mining stakeholder consulted stated that social expenditures can also be made in kind. It is unclear if material companies made in-kind social expenditures in the period under review, although EITI reporting only lists payments made in cash. There is no indication of the nature of projects funded by social expenditures and the identity of beneficiaries receiving mandatory social expenditures is not disclosed.</p> <p>With regards to environmental payments, the 2020 EITI Report indicates that there are mandatory environmental payments made to government. The Environmental Payments study published in 2020 by EITI Colombia indicates which government agency collects each revenue stream and describes these revenue streams in detail but does not list environmental payments made by companies in 2020. Environmental payment information is unilaterally supplied by companies. Despite the fact that some material companies did not report environmental expenditures, those mandatory environmental payments that are disclosed are disaggregated by revenue stream and by company. EITI reporting does not list environmental expenditures to third parties as is encouraged in Requirement 6.1.d. In its common comments on the draft assessment, the MSG explained that social and environmental expenditures were not reconciled because this was not practicable. Such reconciliation is only encouraged by the EITI Standard, not strictly required.</p>
New corrective actions and recommendations	
<ul style="list-style-type: none"> • In accordance with Requirement 4.6, Colombia's MSG is required to establish whether direct payments from companies to subnational government entities are material. If material, Colombia's MSG must define which revenue streams are relevant for this requirement and agree a procedure to address data quality and assurance of information on subnational payments, in accordance with Requirement 4.9. • To strengthen implementation of Requirement 5.2, Colombia is encouraged to agree a procedure to address data quality and assurance of information as it pertains to subnational transfers, in accordance with Requirement 4.9. Colombia is also encouraged to consider reporting on how extractive revenues earmarked for specific programmes or investments at the subnational level are managed, and actual disbursements. During the expansion of Colombia EITI to subnational entities, Colombia is encouraged to address issues related to the use, or misuse, of royalty payments. • In accordance with Requirement 6.1, Colombia is required to agree a procedure to address data quality and assurance of information as it pertains to social and environmental expenditures, in accordance with Requirement 4.9. Colombia should ensure public disclosures of all payments made by extractive companies to the government related to social and 	

environmental expenditures mandated by law, regulation or contract, where such payments are material.

Background

Overview of the extractive industries

An overview of the extractive industries is accessible on the [country page](#) of the EITI webpage for Colombia.

History of EITI implementation

The history of implementation is accessible on the [country page](#) of the EITI webpage for Colombia.

Explanation of the Validation process

An overview of the Validation process is available on the EITI website.⁵ The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, while the more detailed [Validation procedure](#) includes a standardised procedure for undertaking Validation by the EITI International Secretariat.

The International Secretariat's country implementation support team was Emmanuel Aguilar Burgoa, while the Validation team was comprised of Olesia Tolochko, Esteban Manteca and Riley Zecca. The internal review for quality assurance was conducted by Mark Robinson, Francisco Paris, Alex Gordy and Lyddia Kilpi.

Confidentiality

The detailed data collection and assessment templates are publicly accessible, on the internal Validation Committee page [here](#).

The practice in attribution of stakeholder comments in EITI Validation reports is by constituency, without naming the stakeholder or its organisation. Where requested, the confidentiality of stakeholders' identities is respected, and comments are not attributed by constituency. This draft report is shared with stakeholders for consultation purposes and remains confidential as a working document until the Board takes a decision on the matter.

Timeline of Validation

The Validation of Colombia commenced on 1 October 2022. A public call for stakeholder views was issued on 1 September 2022. Stakeholder consultations were held virtually from 8 November 2022 to 6 January 2023. The external expert appointed by the EITI Validation Committee to review progress on Requirement 1.3 on civil society engagement and adherence to the EITI protocol: Participation of civil society, M4D Consulting, submitted its report in December 2022. The draft Validation report was finalised on 28

⁵ See <https://eiti.org/validation>

March 2023. Following a request from the Colombia EITI MSG, the deadline for MSG comments on the draft Validation report was extended to 10 May 2023. Following comments from the MSG on 10 May 2023, the Validation report was finalised for consideration by the EITI Board.

Resources

- Validation data collection file – [Stakeholder engagement](#)
- Validation data collection file – [Transparency](#)
- Validation data collection file – [Outcomes and impact](#)