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**Tripartite National Committee - CNT**  
Initiative for Transparency of Extractive Industries  
EITI Colombia  
Avenue 43 No 57-31 CAN  
Zip Code: 111321

Subject: Follow-up round of comments Tripartite National Committee EITI-Colombia.

Dear Sirs,

In response to the follow-up to the round of comments that the Committee National Tripartite (CNT) has requested from members and government agencies that accompany the EITI Colombia process (Extractive Industries Transparency Initiative) on the observations made in the Validation Report with respect to Requirement 5.2 Subnational Transfers, and, in addition to previously shared comments, we would like to emphasize the following points:

- a) The formula for the distribution of revenues for royalties is defined in the framework of the General System of Royalties (SGR per its acronym in Spanish), created by the Political Constitution of Colombia (articles 360 and 361) and regulated by Law No.1530 of 2012 and Decree No.1082 of 2015.
- b) The budget distribution of the resources of the SGR between funds and beneficiaries is carried out on a biennial basis<sup>1</sup> and they are published in the Official Gazette through the Law or Budget Decree of the SGR, thus:
  - i) Decree No.4950 of 2011 determine the distribution for the fiscal year 2012,
  - ii) Law No.1606 of 2012 determined the distribution for 2013-2014,
  - iii) Law No.1744 of 2014 determined the distribution for 2015-2016, and
  - iv) Decree No.2190 of 2016 determined the distribution for 2017-2018
- c) Although the SGR is complex due to its wide normative and operational development, it is important to indicate that it is an ordered system, created by the Constitution, therefore, an assessment of discrepancies between **the budgeted and the executed**, is based on the distribution determined in the formula and that is embodied in the biennial budget. This comparison process is only possible over a period of time that spans more than a year (the budgeted and the executed funds extend over different fiscal years). Foreseeing this complexity, per constitutional mandates the "*Órganos Colegiados de Administración y Decisión (OCAD)*" were created and constitute the legal mechanism for the approval of the use of funds from royalties and the "*Sistema de Monitoreo, Seguimiento, Control y Evaluación (SMSCE)*" for monitoring the investments of SGR resources.
- d) The SMSCE includes tools such as Gesproy that allows the reporting and monitoring of information on projects executed with resources of the SGR, to which other systems

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<sup>1</sup> According to Article 65 of Law No.1530 of 2012, the budget of the SGR covers a biennial term which begins January 1<sup>st</sup> and ends on December 31 of the year following its start.

created by the “*Departamento Nacional de Planeación*” of support management that contributes with the traceability of the resources of royalties such as SICODIS and *Mapa Regalias*. These last two tools are of public access for citizens and duly socialized and implemented throughout the national context.

In conclusion, taking into account that the EITI Colombia Reports disclose the current regulations and the distribution and allocation of royalty resources, it should be considered that the distribution formula and the distribution calculations are public (see annex), available for any citizen, therefore, we believe that Requirement 5.2 of the EITI Standard that establishes that **"Implementing countries should disclose the formula by which the distribution of income is made, if any, as well as any discrepancy between the amount of the transfer calculated according to the income distribution formula and the amount actually transferred between the central government and each sub-national body in question"**, is addressed sufficiently in accordance with the previous points and it is broadly complemented in the **ABC supplement of Regalias** prepared by the National Technical Secretariat ([http://www.eiticolombia.gov.co/sites/default/files/inline/files/220518\\_ABC\\_sistema\\_gral\\_regalias.pdf](http://www.eiticolombia.gov.co/sites/default/files/inline/files/220518_ABC_sistema_gral_regalias.pdf)).

Sincerely,

**YESID RARRA VERA**

Director of Investments and Public Finances

Annex: in three (4) Folio Annex 1. Regulatory framework for the distribution of SGR resources.

CC Cowater Sogema Independent Validator, Ontario-Canada  
EITI International Secretariat, Oslo, Norway

Reviewed by: José Mauricio Vega Lopera