

Validation of Colombia

Report on initial data
collection
and stakeholder
consultation

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Abbreviations

AOG	Alliance for Open Government
ACP	Petroleum Colombian Association
AMR	Alliance for Responsible Mining
ANH	National Hydrocarbons Agency
ANLA	National Authority of Environmental Permits
ANM	National Mining Agency
CSOs	Civil Society Organizations
CTN	National Tripartite Committee
DANE	National Administrative Department of Statistics
DIAN	National Directorate of Taxes and Customs
DNP	National Planning Department
FARC	Revolutionary Armed Forces of Colombia
GSR	General System of Royalties
IAFAPP	International and Ibero-American Foundation for Administration and Public Policies
IDB	Inter-American Development Bank
MEPU	Mining and Energy Planning Unit
MESD	Ministry of Environment and Sustainable Development
MME	Minister of Mines and Energy
MSG	Multi-stakeholder Group
PEPs	Politically Exposed Persons
SIMCO	Colombian Mining Information System
STN	National Technical Secretariat
ToRs	Terms of Reference
UPME	Mining and Energy Planning Unit
USAID	United States Agency for International Development
WB	World Bank

Executive Summary

The Government of Colombia announced its commitment to implement the EITI at the EITI's 6th Global Conference in Sydney in May 2013. The EITI Board designated Colombia as an EITI Candidate in October 2014. In July 2017, Colombia requested an early Validation, ahead of the original 1 July 2018 deadline. In December 2017, the EITI Board agreed that Colombia's Validation under the 2016 EITI Standard would commence on 1 January 2018.¹

This report presents the findings and initial assessment of the International Secretariat's data gathering and stakeholder consultations. The International Secretariat has followed the Validation Procedures² and applied the Validation Guide³ in assessing Colombia's progress with the EITI Standard. While the assessment has not yet been reviewed by Colombia's MSG or been quality assured, the Secretariat's preliminary assessment is that Colombia has met all of requirements of the EITI Standard except for requirement 5.2 on subnational transfers. This report includes a number of recommendations for strengthening EITI implementation and enhancing its contribution to improved governance of Colombia's extractive industries.

Overall conclusions

The EITI has been implemented against an evolving and challenging backdrop. The increased extractives' contribution to economic growth was welcome during the boom years of 2012-2013. In recent years the sector's fiscal and economic contribution has declined. This has brought increased public scrutiny, particularly on the issue of distributions of extractives royalties. Illegal and criminal mining has continued to develop to unprecedented proportions, as popular anti extractives sentiments have multiplied. Several extractives projects are currently on hold following fierce opposition from local communities.

The EITI has catalysed unparalleled constructive engagement around the extractive industries. Stakeholders across all constituencies acknowledge that the EITI has provided a structured platform to discuss revenue transparency, revenue allocation, macroeconomic contribution and a myriad of challenges in environmental payments, social contributions and illegal mining. Government, industry and civil society have addressed a number of key issues through the EITI by producing new data, compiling currently-scattered data in one place, investigating poorly-understood issues, like the complex royalty distribution system, through continuous capacity-building collaboration with key government agencies. Crucially, the EITI has shed light on a number of areas of extractive industry regulation, thereby driving improvements in monitoring practices at both national and subnational level. Several studies have improved understanding of key issues of local concern such as minerals transportation and environmental fee collection. Colombia's EITI helped to identify institutional gaps, made recommendations for improvements and maintained an open collaboration with relevant government agencies to follow up on

¹ EITI (December 2017), 'The Board agreed that Colombia's Validation will start on 1 January 2018, accessed [here](#) in April 2018.

² <https://eiti.org/document/eiti-validation-procedures>

³ <https://eiti.org/document/eiti-validation-guide>

reforms.

The EITI has also pioneered innovative channels for data collection and publication to improve extractives data accessibility, launching an online platform for data collection, disclosure and compilation of information required under the EITI Standard. Colombia's EITI portal has created a one-stop-shop platform for accessing extractive sector data, both on company payments and government revenues and on licensing, mining and hydrocarbon contracts, geo-referenced production, and transfers to regions and municipalities.

While EITI Colombia has made important contributions to extractive industry transparency, it remains shy of its full potential as an instrument to drive broader reforms. Communication efforts have been effective at the national level, but have been limited at the subnational level, and crucially amongst communities hosting extractives activities. The wealth of EITI data has not been extensively used to drive public debate or to support policy-making. The EITI's diagnostic role has yet to be fully matched by additional analytical work and effective communication to all stakeholders. While Colombia's EITI has positioned itself as an independent and credible provider of information on the extractives, the use of EITI data has been weaker and has yet to capitalise on the opportunity to drive tangible improvements in accountability and greater evidence-based debate. Planned revisions to the Mining Code present an opportunity for Colombia's EITI to provide evidence-based input to policy-making and the legislative process.

Two areas present strong potential for Colombia's EITI to play a crucial coordination role. The EITI could act as a coordinator of efforts by entities ranging from companies to Ecopetrol, environmental authorities, institutions fighting illegal mining and those with oversight for the management of extractives revenues in coordinating outreach to host communities. There is also strong potential for the EITI to play a greater role as a diagnostic tool monitoring the implementation of current reforms across government agencies with jurisdiction over the extractive industries, facilitating information-sharing across different databases and coordinating cross-cutting reforms. This coordinating function would be of particularly value in areas such as formalisation of illegal mining, supply-chain traceability, legal and beneficial ownership transparency of license-holders, and enforcement of environmental standards. Adequate resourcing and institutionalisation of the EITI by the new administration will be key to ensuring the EITI reaches its full potential to drive reforms. Finally, building on Ecopetrol actual transparency practices, Colombia is encouraged to explore further disclosure of commodity trading aspects such as oil sales to third parties. Similarly, building on the government 'strong commitment to beneficial ownership disclosure, EITI-Colombia is encouraged to ensure that preparations for implementing this requirement are on track.

Recommendations

While the following report includes recommendations for specific improvements the MSG may wish to consider implementing, the following is a list of strategic recommendations that could help Colombia make even greater use of the EITI as an instrument to support reforms.

1. To strengthen implementation, the government is encouraged to ensure that its commitment is sustained across different political administrations, including through the provision of sustainable sources of funding.
2. To further strengthen implementation and maintain the high-level collaboration with other constituencies in the MSG the industry constituency is encouraged to ensure consistent representation at levels commensurate with other constituencies. The industry constituency is encouraged to make full use of EITI data and findings from reports to drive improvements in extractives sector management.
3. To strengthen implementation, the government is encouraged to ensure the enabling environment for CSO participation in EITI implementation is maintained, including at the local and rural levels and through innovative ways to channel local stakeholders' views into national EITI discussions.
4. To strengthen implementation, EITI Colombia is encouraged to consider more efficient ways of balancing the MSG's more bureaucratic duties with more in-depth analysis and discussions linked to broader reform priorities. EITI Colombia is encouraged to ensure documents relevant to MSG discussions are circulated with ample time for review prior to MSG discussions and decisions.
5. To strengthen implementation, EITI Colombia and wider stakeholders are encouraged to liaise closely with relevant government entities in the modernization of the cadastre and other systems maintained by the sector regulators ANM and ANH with the aim of ensuring routine and accessible disclosure of data listed in Requirements 2.2 and 2.3. In particular, EITI Colombia is strongly encouraged to ensure that information on mining, oil and gas license transfers is disclosed to levels commensurate with information on license allocations.
6. To strengthen implementation, Colombia is encouraged to consider piloting beneficial ownership reporting in the forthcoming EITI Report in order to increase awareness of beneficial ownership transparency and pilot beneficial ownership definitions and thresholds. In particular, the MSG may wish to consider the various types of control that can be exercised over a company. EITI Colombia may also wish to conduct broader outreach to the companies on the objectives of beneficial ownership transparency, as well as hold conversations with government agencies on how to make such disclosures mandatory.
7. To strengthened stakeholders' understanding of the complex issue of illegal gold mining, EITI Colombia is encouraged to expand EITI reporting of informal gold production and exports, drawing on all available relevant information. EITI Colombia is encouraged to liaise with DANE to coordinate with the government agency's plans to expand coverage of commodities.
8. To strengthen implementation, Colombia is encouraged to review materiality definitions for its EITI reporting based on previous reporting exercises, with the aim of establishing, ahead of reconciliation, a materiality threshold for selecting companies that ensures that all payments that could affect the comprehensiveness of EITI reporting be included in the scope of reconciliation.

9. To strengthen implementation, EITI Colombia is encouraged to work with Ecopetrol on exploring the scope for disclosing Ecopetrol's crude oil sales to third parties to levels commensurate with information on the sales of the state's in-kind revenues.
10. To strengthen implementation, the government and the MSG are encouraged to explore ways to bring more transparency to direct subnational revenue collection and uses of extractives revenues at the subnational level.
11. To further strengthen implementation, Colombia may wish to make progress in implementing project-level EITI reporting (for project-specific revenue flows) ahead of the deadline for all EITI Reports covering fiscal periods ending on or after 31 December 2018, agreed by the EITI Board at its 36th meeting in Bogotá.
12. To strengthen implementation, Colombia is encouraged to increase its efforts to publish more up-to-date EITI data to ensure a higher relevance and usefulness for public debate and policy-making. To make future reporting exercises cost efficient while credible, the government and the MSG are encouraged to explore ways to maximise the use of information made public through other sources and the use of the online cost-efficient tools already developed to ensure a sustainable solution for future reporting.
13. To strengthen implementation, EITI Colombia is strongly encouraged to ensure that all production and export data is consistently sourced from official government data.
14. In accordance with Requirement 5.2.a, Colombia should ensure that the specific formula for calculating transfers to individual local governments be disclosed and explained, to support an assessment of discrepancies between budgeted (allocated) and executed subnational resources. Given the high level of public interest in this issue, Colombia may wish to consider including LGUs in the reporting process for subnational transfers to reconcile these transactions.
15. To strengthen implementation, the MSG is encouraged to explore collaboration with the Ministry of Finance to link the EITI better to the portal of economic transparency and to develop indicators to improve the comprehension of the extractive industry contribution to the economy at the national level.
16. To strengthen implementation, EITI Colombia is encouraged to explore playing a more active role in promoting the use of revenue tracking tools and coordinating a more concerted effort to include this information in reaching out to regions and communities.
17. To strengthen implementation, especially at the subnational level, the MSG and the government are encouraged to explore ways of expanding EITI reporting on both mandatory and voluntary social expenditures with a view to enhancing transparency on key issues of interest to local stakeholders.
18. To strengthen implementation, particularly at the subnational level, EITI Colombia is encouraged to develop a robust communicational strategy, including capacity-building at the regional and community levels, and follow a time-bound implementation plan. The strategy could bolster the EITI's role in coordinating efforts across several government agencies related to extractives, particularly in subnational outreach.
19. To strengthen implementation and to make future reporting exercises cost efficient, EITI Colombia is encouraged to collaborate with other government agencies, especially the regulators ANH (hydrocarbons) and ANM (mining) to ensure that these agencies' information system are integrated as mainstreamed EITI disclosure mechanisms.
20. To strengthen implementation EITI Colombia is encouraged to canvass stakeholders broadly in following up on past EITI recommendations and designing the scope of future work plans and EITI reporting exercises, for instance CSOs' calls for tax liability calculation reports.

Figure 1– Initial Assessment Card

EITI Requirements		LEVEL OF PROGRESS				
		No progress	Inadequate	Meaningful	Satisfactory	Beyond
Categories	Requirements					
MSG oversight	Government engagement (#1.1)					
	Industry engagement (#1.2)					
	Civil society engagement (#1.3)					
	MSG governance (#1.4)					
	Work plan (#1.5)					
Licenses and contracts	Legal framework (#2.1)					
	License allocations (#2.2)					
	License register (#2.3)					
	Policy on contract disclosure (#2.4)					
	Beneficial ownership (#2.5)					
	State participation (#2.6)					
Monitoring production	Exploration data (#3.1)					
	Production data (#3.2)					
	Export data (#3.3)					
Revenue collection	Comprehensiveness (#4.1)					
	In-kind revenues (#4.2)					
	Barter agreements (#4.3)					
	Transportation revenues (#4.4)					
	SOE transactions (#4.5)					
	Direct subnational payments (#4.6)					
	Disaggregation (#4.7)					
	Data timeliness (#4.8)					
	Data quality (#4.9)					
Revenue allocation	Distribution of revenues (#5.1)					
	Subnational transfers (#5.2)					
	Revenue management and expenditures (#5.3)					
Socio-economic contribution	Mandatory social expenditures (#6.1)					
	SOE quasi-fiscal expenditures (#6.2)					
	Economic contribution (#6.3)					
Outcomes and impact	Public debate (#7.1)					
	Data accessibility (#7.2)					
	Follow up on recommendations (#7.3)					
	Outcomes and impact of implementation (#7.4)					

Legend to the assessment card

	No progress. The country has made no progress in addressing the requirement. The broader objective of the requirement is in no way fulfilled.
	Inadequate progress. The country has made inadequate progress in meeting the requirement. Significant elements of the requirement are outstanding and the broader objective of the requirement is far from being fulfilled.
	Meaningful progress. The country has made progress in meeting the requirement. Significant elements of the requirement are being implemented and the broader objective of the requirement is being fulfilled.
	Satisfactory progress. The country is compliant with the EITI requirement.
	Beyond. The country has gone beyond the requirement.
	This requirement is only encouraged or recommended and should not be taken into account in assessing compliance.
	The MSG has demonstrated that this requirement is not applicable in the country.

Introduction

Brief recap of the sign-up phase

The Vice-Minister of Mines Natalia Gutierrez announced Colombia's intention to become an EITI Candidate country at the 6th EITI Global conference in Sydney in May 2013. On September 2013, Presidential Spokesperson Maria Lorena Gutierrez Botero delivered an address to EITI on behalf of President Juan Manuel Santos ratifying the government's announcement that Colombia would implement the EITI as a mechanism to strengthen transparency in the mining and energy sectors.

The multi-stakeholder group (MSG) was constituted over the June-December 2013 period. The MSG held its first meeting on 6 February 2014.⁴ In July 2014, Vice-Minister of Mines César Diaz submitted Colombia's EITI candidature application. Colombia was admitted as an EITI candidate at the 28th EITI Board in Naypyidaw, Myanmar, on 15 October 2014.⁵

Objectives for implementation and overall progress in implementing the workplan

Article 1 of the MSG's February 2014 terms of reference (ToR) defines the objectives and mission of the Colombian's MSG, including five key mandates⁶: setting and leading the implementation of the National Action Plan, assessing and reviewing the plan's implementation, taking proactive and efficient executive decisions, setting recommendations for Colombia's EITI Candidature application, and ensuring that the EITI is effectively institutionalised, according to Colombian laws and regulations.

Every successive EITI Colombia work plan has included objectives aligned with national priorities. The EITI Colombia website contains a detailed narrative description of the work plan's elaboration and key objectives, including the underlying rationale, planned, timed and costed activities, and specific links between the EITI and other reform efforts. The 2014-2016 work plan includes a general objective: to provide accurate, timely, contextualized and socially useful information to strengthen transparency in the extractives value chain for the benefit of local and national sustainable development. To achieve this general objective, the work plan established four objectives⁷, including generating information in line with EITI Colombia's remit, disclosing information in line with the EITI Standard, promoting the effective use of EITI information, and guaranteeing the organization and operations of EITI Colombia's MSG.

The 2016 Annual Progress Report highlighted as relevant achievements⁸ harmonized and articulated work between different stakeholders, successful production of EITI Reports covering 2013 and 2014-2015 years, exhaustive analysis of key extractives issues (including subnational payments, weaknesses in production data, data collection from key governmental entities, environmental payments, beneficial

⁴See Minute 1: http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta_CTN%201.pdf

⁵To see the decision of the Board: <https://eiti.org/document/28th-board-meeting>

⁶To see MSG's Regulations: <http://eiticolombia.gov.co/sites/default/files/documentos/1.%20Reglamento%20CTN%20EITI%20Colombia.pdf>

⁷To see the work plan 2014-2016: <http://www.eiticolombia.gov.co/sites/default/files/documentos/Plan%20Operativo%20EITI%20V1.pdf>

⁸https://eiti.org/sites/default/files/documents/colombia_annual_prog_report_2016.pdf

ownership), and capacity-building and dissemination at the regional level.

History of EITI Reporting

Colombia has produced three EITI Reports covering fiscal years from 2013-2016. The MSG has published reports with a two-year time-lag.⁹ Yet from the start, EITI Colombia provided an extensive amount of detailed information on the mining and oil sector online through its website, innovating in a number of manners by including coverage of illicit exploitation of minerals, explanation of contracts, Ecopetrol operations, policies on royalties and reporting on environmental issues.

Summary of engagement by government, civil society and industry

Initial members of the MSG were selected over the June-December 2013 period. The MSG was formalised at its first meeting on 6 February 2014. The MSG approved its own ToR at the first meeting. Analysis of meeting attendance shows that attendance in the 2014-2017 period has been consistent, on the part of members both from government as well as from civil society and industry. Stakeholder engagement in the design, implementation and monitoring of the EITI process has been strong, as evidenced in MSG meeting minutes and the scope of issues covered by Colombia's EITI reporting. Additional details on MSG members' meeting attendance are available in Annex B.¹⁰

Key features of the extractive industry

The extractive industries' contribution to national GDP represented 6.47% in 2015. The fall in commodity prices and changes in global mining and energy demand patterns caused a sharp reduction in the sector's contribution to the economy in subsequent years. The 2014-2015 EITI Report shows revenues declining to USD 13.2bn in 2014 and USD 4.33bn in 2015. On average oil exports declined by 18% annually during the 2013-2015 period. Foreign direct investment in the sector slumped by 21.1% as well. The country holds significant reserves of coal, gold, nickel, copper, limestone, emeralds, iron, construction materials, silver, platinum, salt and plaster, with estimates of the value of reserves ranging up to USD 28tn according to Colombia's Ministry of Mines and Energy (MME).¹¹

Colombia's extractive industries are composed of two large sectors, hydrocarbons, developed mainly onshore, and mining, a more diverse industry in terms of techniques, productive processes (underground, open pit, etc.) and operation sizes (large-scale industrial mining, artisanal and small-scale mining, etc.). Colombia's hydrocarbon sector is composed of an active upstream sector of exploration and production and a downstream sector composed of trading, transport and refining.¹² The main areas of commercial hydrocarbon deposits are Meta, Casanare, Arauca, Santander and Huila, among other areas. As of 2015, the government of Colombia had signed 450 exploration and production agreements with 114 oil companies. More than three quarters of production were concentrated among five companies: Ecopetrol (40%), Meta Petroleum (23%), Occidental de Colombia (5%), Equion Energía Ltd (5%) and Mansarovar

⁹The EITI Report covering 2014-2015 years was multi-annual. In this case, the report was published in December 2016.

¹⁰<http://eiticolombia.gov.co/comite-tripartito-nacional>

¹¹<https://www.minminas.gov.co/documents/10180/23923540/Valoracion+de+Reservas+Mineras+2016.pdf/fb3e5447-14b1-4008-b7c0-dc9824a53d9f>

¹²<http://www.anh.gov.co/portalsegmentacion/Paginas/LA-CADENA-DEL-SECTOR-HIDROCARBUROS.aspx>

Energy Colombia Ltd. (4%).

The mining sector is developed throughout the country including minerals such as thermal and metallurgical coal, nickel, precious metals (gold, lead, silver, platinum), emeralds, and a wide range of industrial and construction materials. According to Decree 1666 of 2016¹³, the mining industry is classified in terms of production scale, mineral groups and level of formalisation, with categories for subsistence mining, exploration, development and production.

Explanation of the Validation process

Validation is an essential feature of the EITI implementation process. It is intended to provide all stakeholders with an impartial assessment of whether EITI implementation in a country is consistent with the provisions of the EITI Standard. It also addresses the impact of the EITI, the implementation of activities encouraged by the EITI Standard, lessons learnt in EITI implementation, as well as any concerns stakeholders have expressed and recommendations for future implementation of the EITI.

The Validation process is outlined in chapter 4 of the EITI Standard¹⁴. It has four phases:

1. Preparation for Validation by the multi-stakeholder group (MSG)
2. Initial data collection and stakeholder consultation undertaken by the EITI International Secretariat.
3. Independent quality assurance by an independent Validator who reports directly the EITI Board
4. Board review

The [Validation Guide](#) provides detailed guidance on assessing EITI Requirements, and more detailed [Validation procedures](#), including a standardised procedure for data collection and stakeholder consultation by the EITI International Secretariat and standardised terms of reference for the Validator. The Validation Guide includes a provision that: “Where the MSG wishes that validation pays particular attention to assessing certain objectives or activities in accordance with the MSG work plan, these should be outlined upon the request of the MSG”. The Colombia’ MSG did not request any issues for particular consideration.

In accordance with the Validation procedures, the International Secretariat’s work on the initial data collection and stakeholder consultation was conducted in three phases:

1. Desk Review

The desk review was conducted in the period 1 to 26 January and included documents provided by EITI-Colombia, including:

- The EITI work plan and other planning documents;
- The multi-stakeholder group’s Regulations;
- Minutes from multi-stakeholder group meetings;
- EITI Reports, and associated documentation;
- Communication materials; and
- Annual progress reports.

In accordance with the Validation procedures, the Secretariat has not taken into account actions undertaken after the commencement of Validation.

¹³ <https://www.minminas.gov.co/documents/10180/23517/37238-Decreto-1666-21Oct2016.pdf/17f4f90c-4481-47cd-a084-c7fa0319f9cf>

¹⁴ <https://eiti.org/validation>

2. Country visit

A country visit took place on 29 January to 02 February 2018. All meetings took place in Bogota. The Secretariat met with the multi-stakeholder group and its members, the Independent Administrator and other key stakeholders, including stakeholder groups that are represented on, but not directly participating. Annex D lists all stakeholders consulted.

3. Reporting on progress against requirements

This report provides the International Secretariat initial assessment of progress against requirements in accordance with the Validation Guide. It does not include an overall assessment of compliance.

The International Secretariat's team comprised: Jaqueline Terrel, Francisco Paris and Sam Bartlett.

Part I – MSG Oversight

1. Oversight of the EITI process

1.1 Overview

This section relates to stakeholder engagement and the environment for implementation of EITI in country, the governance and functioning of the MSG, and the EITI work plan.

1.2 Assessment

Government engagement in the EITI process (#1.1)

Documentation of progress

Public statement: Senior government representatives of the Government of Colombia have made repeated unequivocal public statements of support for the EITI, including former Minister of Mines and Energy Federico Rengifo Vélez's public statement on 16 May 2013 and former Vice-Minister of Mines Natalia Gutierrez Jaramillo's public commitment on 24 May 2013, both published in the national press.¹⁵ Several letters have been exchanged between senior government representatives¹⁶ and the EITI Chair and International Secretariat.¹⁷ On a number of occasions, Colombia's President Juan Manuel Santos has expressed support for EITI implementation, including at the Anti-Corruption Summit on May 2016 in London and in meetings with EITI Chair Fredrik Reinfeldt on March 2017 in Bogota. There, he expressed *"his hopes that, by the end of his term in office, he would leave a stronger EITI-Colombia with a clear strategy for addressing the challenges of the Colombian oil, gas and mining sector"*. The government's commitment has been reaffirmed in different international fora such as the Open Government Partnership (OGP).

¹⁵ <https://eiti.org/sites/default/files/documents/EITI%20Candidature%20Application-Colombia.pdf>

¹⁶ Including the Minister of Mines and Energy, Federico Rengifo Vélez and Vice-Ministers of Mines, Natalia Gutierrez Jaramillo and César Díaz Guerrero.

¹⁷ <http://www.eiticolombia.gov.co/candidatura>

Senior lead: Minister of Mines Federico Rengifo Vélez's July 2013 letter, followed by a September 2013 letter from the Administrative Department of the Presidency, appointed the Ministry of Mines and Energy as the Leader of the EITI Process and Vice-Minister of Mines Natalia Gutierrez as the "Champion Leader". These letters included the commitment of creating a national multi stakeholder committee. Since 2013 subsequent Vice-Ministers of Mines (Cesar Diaz in September 2013-August 2014, Maria Isabel Ulloa in August 2014-June 2016) have provided substantial support to the EITI. The current EITI Champion since June 2016 is Vice-Minister of Mines Carlos Cante. Both Maria Isabel Ulloa and Carlos Cante have served in the EITI International Board. The lead agency and EITI Champion seem to have the confidence of all stakeholders and the authority and freedom to coordinate action on EITI across relevant ministries and agencies.

Active engagement: As reflected in the consistent high-level leadership of EITI in Colombia, the government has been actively engaged in EITI implementation. The Secretary of Transparency in the Office of the President leads OGP support for EITI implementation as part of the government's OGP action plan (Commitment 8 of the 2nd Colombia's OGP action plan). Government entities with jurisdiction over the extractive industries are represented on the MSG and most of the 31 MSG meetings have been chaired by the EITI Champion. Other relevant government agencies such as the Ministry of Finance, the National Directorate of Taxes and Customs (DIAN), the National Planning Department (DNP), the National Mining Agency (ANM), the National Hydrocarbons Agency (ANH) and others, have regularly participated in MSG meetings as observers in the 2014-17 period and collaborated with EITI Colombia through technical working groups.

The EITI Champion has been able to mobilise resources for EITI implementation. Since 2017, resources from the national budget have been allocated to support EITI implementation through the hosting agency, the Ministry of Mines and Energy. In 2017, the Government of the Colombia covered around USD 366,350 of EITI implementation costs, while the 2017-2019 work plan plans for government funding of USD 708,333 for fiscal-year 2018. The government has allocated staff dedicated to EITI implementation. Implementation has also been supported by a number of development partners including the Inter-American Development Bank (IADB), the World Bank (WB), the International and Ibero-American Foundation for Administration and Public Policies acting as contractors to the EU and the United States Agency for International Development (USAID).

Colombia has also actively engaged in EITI at the global level, with several senior government representatives having served on the EITI International Board since 2016¹⁸ and the government co-hosting the 2nd EITI Regional Conference for Latin America and the Caribbean on 18-21 November 2013 in Bogota.¹⁹

Stakeholder views

Most stakeholders acknowledged the government engagement in the EITI implementation process. While they noted that the government's commitment to the EITI had been sustained through different ministerial top officials' teams, the rotation at this level (four ministers, and vice-ministers, five EITI national coordinators) had sometimes entailed additional time to brief and reengage new authorities. Some stakeholders noted that engagement from government agencies has been important and useful for understanding the industry including technical aspects and tax regime. They welcomed for example the engagement of the Ministry of Environment since 2017.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in

¹⁸Vice-Ministers of Mines Maria Isabel Ulloa and Carlos Cante have served in the EITI Board since 2016.

¹⁹<https://drive.google.com/drive/u/0/folders/OB2vpk9qluK8WT2dPeUFxRkFpY1k>

meeting this requirement. The government is engaged in the EITI process. Relevant government agencies have played an active role in implementing the EITI including engaging in the MSG process both as full members and as observers and collaborating in different technical support groups. Some other agencies have expressed interest in collaborating with the EITI more thoroughly.

Industry engagement in the EITI process (#1.2)

Documentation of progress

Active engagement: Representatives from industry have been actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process. In 2015, industry representatives signed an “Adhesion agreement” to disclose information as required under the EITI Standard²⁰, a commitment that was renewed in 2016 with a “Letter of intention” for the 2016 EITI Report.²¹ In addition, material companies have signed waivers of tax confidentiality for each of the three reporting exercises. Companies’ participation in EITI reporting has covered all of the largest oil and mining companies, and participation in reporting has increased over the three EITI Reports published to date.

The industry associations, the Petroleum Colombian Association (ACP) and the Colombian Mining Association (ACM), have been engaged in the EITI from the outset.²² Companies have been active in the MSG and through its technical support groups. Industry representatives have participated in a wide range of meetings related to EITI implementation. Analysis of MSG meeting minutes show that they have actively participated in the discussions and drafting of Colombia’s implementation objectives and strategy, including the EITI work plan. Several capacity-building workshops were conducted for reporting companies during this phase and during the preparations of each EITI Report.²³

Enabling environment: The implementation of EITI in Colombia demonstrates that there is a sufficiently enabling environment for industry participation. The tax code in Colombia includes provisions preserving confidentiality for taxpayer information. The MSG has developed a system, annual tax confidentiality waivers for reporting companies that has effectively circumvented these restrictions for the purposes of EITI reporting. The tax confidentiality waivers are only for one year, not open-ended. There is no evidence of any other obstacles to company participation in the EITI process. The Ministry of Justice introduced a bill of anti-corruption legislation to Congress in July 2017, which includes provisions institutionalising the EITI in Colombia and requiring beneficial ownership transparency.²⁴

Stakeholder views

Industry representatives from both mining and hydrocarbons and on and off the MSG confirmed their commitment to the EITI. Mining representatives stressed that the EITI was an important part of their social responsibility strategy and commitment to good governance. Mining representatives considered that the EITI had been important in their engagement with investors and other stakeholders. Oil and gas

²⁰<https://eiti.org/blog/colombia-extractive-industry-advances-transparency>

²¹For the second EITI Report, the process was modified seeking greater agility. This time, companies unilaterally generated the document and sent it to the MME.

²²See Letter by Alejandro Martinez, ACP President in

http://www.eiticolombia.gov.co/sites/default/files/documentos/21_carta_Director_ACP_ViceMinas.pdf

²³ On 10 March 2016, 40+ representatives from industry held a training workshop with participation of EY Peru, Guillermo Garcia, Exxon representative to the EITI Board and Francisco Paris from the International Secretariat.

²⁴ http://www.imprenta.gov.co/gacetap/gaceta.mostrar_documento?p_tipo=05&p_numero=109&p_consec=49034

representatives acknowledged the importance of building trust on the sector's management through the EITI's tripartite dialogue. Company officials acknowledged the need to strengthen engagement with local stakeholders. Some CSOs welcomed industry's continuous engagement in the MSG, although they lamented that they had at times missed top representatives from the industry associations being more engaged in the EITI process.

When asked about their willingness to expand implementation in areas such as social and environmental payments, most companies consulted welcomed these aspirations. Yet some acknowledged that, while most large companies were prepared to engage on more ambitious issues, not all companies were equally willing to go beyond the minimum requirements of the EITI Standard. They agreed that while future engagement with the EITI was not under discussion, industry would need to find the best approach to responding to other constituencies' aspirations to expand the scope of EITI implementation. Stakeholders from all constituencies considered that there were areas on which there was consensus that focus should be placed, including curbing the threat of illegal and criminal mining activities and improving engagement with local stakeholders to promote better-informed debate and public understanding.

Many stakeholders noted that taxpayer confidentiality provisions remained the key barrier to annual EITI reporting. Some stakeholders expressed concern about the lack of a more sustainable solution for waiving taxpayer confidentiality provisions for EITI reporting, to avoid the need for companies to waive confidentiality provisions for each reporting cycle. Government and industry stakeholders acknowledged the need to address this issue in the near future. The Tax office DIAN expressed willingness to explore legal options including multi-year waivers or open-ended waivers.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in meeting this requirement. There is an enabling environment for company participation. Challenges to EITI reporting posed by taxpayer confidentiality provisions have been overcome through annual confidentiality waivers signed by all reporting companies. Mining, oil and gas companies are actively and effectively engaged in the EITI process, both as providers of information and in the design, implementation, monitoring and evaluation of the EITI process. There is scope for strengthening industry's participation in EITI implementation to ensure that the EITI realises its full potential however. While industry is engaged in all aspects of implementation, it could do more to ensure consistent high-level representation at EITI activities, further strengthen intra-constituency coordination, and enhance its contribution to outreach, particularly at the local level. Nonetheless, industry's participation to date has ensured the constituency's engagement in EITI implementation.

Civil society engagement in the EITI process (#1.3)

Documentation of progress

The Constitution of 1991²⁵, the Law on Transparency and the Right to Access to the Public Information (Law 1712/2014)²⁶ and several other laws protect civil liberties for civil society to freely express

²⁵See: <http://servicios.minminas.gov.co/compilacionnormativa/docs/arb/5159.htm>

²⁶See: <http://suin.gov.co/viewDocument.asp?ruta=Leves/1687091>

themselves, associate with one another and operate in Colombia. While the legal framework and its application is generally conducive to civil society's participation in the EITI process in the capital Bogotá and the main urban centres, the country has faced significant risks related to the high level of crime and violence, particularly in rural areas.²⁷

The National Congress ratified in November 2016 the peace agreement between the government and the guerrilla group "Revolutionary Armed Forces of Colombia" (FARC). After four years of negotiation, this marked the end of a violent conflict that had lasted five decades. However, there remain major concerns about other pockets of violence in the country. Amnesty International has reported that there was an increase in homicides of human rights defenders in 2016-2017, including indigenous leaders, Afro-descendants and peasants.²⁸ In addition, Global Witness' 2016 report on "Defenders of the Earth" found that activists in areas related to natural resources (mining, logging and agribusiness) still faced dire conditions including numerous killings.²⁹ This situation has led to civil liberties' watchdogs such as Civicus to rate Colombia's civic space as repressed. The report on "Civic Space Under threat in Extractive Industries Transparency Initiative Countries"³⁰ highlighted that the killing of human rights activists was a particularly serious problem in Latin America EITI implementers including Colombia.

Expression: Articles 20 and 73 of the Constitution of 1991 ensure freedom of expression, including freedom to express opinions and to publish in the press, as well as the right to transmit and receive information through mass communication media and freedom from censorship. There is a robust media industry in Colombia including independent news outlets that publish content critical of the government, including in the extractive industries. Colombia passed Law 1712 in 2014 to regulate the transparency and access to public information. CSOs engaged in the EITI process have published numerous reports that are critically to the industry, including issues from fracking to the EITI itself.³¹ There is no evidence that, in practice, CSOs engaged in EITI implementation have been censored or restricted to participate in the EITI process because of coercion or reprisal.

Operation: Colombia passed the Statutory Participation Law (Law 1757/2015) in 2015 to promote, protect and guarantee citizen participation in the political, administrative, economic, social and cultural life in Colombia. It establishes that every national development plan should promote the participation of the community in the decisions that affect them, that the Government supports and protects different social organizations, and that public institutions should facilitate and promote citizen participation in the matters of its competence. There are several other legal instruments institutionalising civil society's freedom of operation, including international treaties such as the International Covenant on Civil and Political Rights as well as the American Convention on Human Rights which guarantee the freedom of association (Articles 21,22 and 16).³² There are two systems for registering CSOs in Colombia, including through the registry of legal representatives of foreign non-profit private law entities and through registration as a non-profit organization.³³ The registration process is reportedly simple³⁴ and there has

²⁷See: United Nations 'Office on Drugs and Crime. Violence, Crime and Illegal Arms Trafficking in Colombia in https://www.unodc.org/pdf/Colombia_Dec06_en.pdf

²⁸See: <https://www.amnesty.org/es/countries/americas/colombia/report-colombia/>

²⁹See: <https://www.globalwitness.org/en/campaigns/environmental-activists/defenders-earth/>

³⁰See: <http://www.civicus.org/documents/CIVICUSMonitorFindings.EITI.Countries.pdf>

³¹ <http://mesatransparenciaextractivas.org/Recursos/Publicaciones>

³²See: <http://www.ohchr.org/en/professionalinterest/pages/ccpr.aspx> and https://www.oas.org/dil/treaties_b-32_american_convention_on_human_rights.pdf

³³See: <https://www.ccb.org.co/Preguntas-frecuentes/Registros-Publicos/Sobre-nuestros-registros/Fundaciones-y-Asociaciones-ESAL-ONG/Como-se-registra-una-ONG>

³⁴See: <https://www.ccb.org.co/Preguntas-frecuentes/Registros-Publicos/Sobre-nuestros-registros/Fundaciones-y-Asociaciones-ESAL-ONG>

been no media coverage of instances where a CSO's registration was rejected. There is no evidence of that CSOs involved in the EITI have faced challenges registering their organisations.

There are no legal barriers to domestic or foreign funding that apply to NGOs in Colombia. CSOs engaged in the EITI have received funding from sources like international development partners such as the EU and the World Bank (MDTF), National Endowment for Democracy, Ford Foundation. All in all, these elements ensure an enabling framework for civil society to operate freely in relation to EITI implementation.

Association: There is no evidence to suggest that there are restrictions or limitations on NGOs in terms of their ability to associate, communicate and cooperate with other national or international NGOs. There is an enabling legal framework, with Articles 38, 39, 103 of the 1991 Constitution guaranteeing freedom of association, for the promotion of activities individuals may wish to pursue in society. In practice, CSOs interested in the EITI process have not been restricted from associating with other organizations. They have participated in joint outreach activities, including those organised by academic institutions those organised by NGOs.³⁵ Though their "Mesa para la Transparencia de las Industrias Extractivas" network, they have regularly published reports on a wide range of issues. Some of these reports have been funded, in full or part, by development partners such as the EU (through the International Ibero-American Foundation for Administration and Public Policies (FIIAPP) programme).³⁶ Some organizations in the Mesa network have received support from international donors such as the National Endowment for Democracy.³⁷ The network collaborates internationally with NGOs such as PWYP and Global Witness, both in participating in international workshops and on specific reports.³⁸ All available evidence indicates that CSOs have been able to communicate and cooperate freely with each other regarding the EITI process.

Engagement: Civil society is actively contributing to the design, implementation, monitoring and evaluation of the EITI process. After the Ministry of Mines and Energy's invitation to CSOs in 2013, the Civil Society's Steering Group was created to convene the broader civil society constituency's preparations for EITI implementation. This process resulted in the formation of the "Mesa para la Transparencia de las Industrias Extractivas" network and the selection of CSO representatives to the MSG and the steering committee ceased to operate once Colombia became an EITI Candidate. Evidence such as civil society's 2014 letter to Vice-Minister of Mines presenting three of civil society's MSG representatives have described civil society's MSG nominations procedures as free, open and independent of any outside coercion.³⁹ Six CSOs are represented on the MSG, although the Mesa network has been instrumental in channelling the broader constituency's engagement in EITI. Civil society representatives on the MSG are engaged with their broader constituency. CSOs have refreshed their MSG representation following the constituency's agreed procedures and now include MSG representatives from the regions, while ensuring a proper handover between old and new representatives. The civil society constituency has been key in dissemination, outreach and capacity-building workshops such as the "Informative Discussions and Dissemination Workshops about the EITI", EITI Colombia's regional dialogue

³⁵See: <http://www.mesatransparenciaextractivas.org/>

³⁶ See:

<http://mesatransparenciaextractivas.org/Portals/0/Publicaciones/Transparencia%20en%20miner%C3%81a%20y%20petro%C3%81leos.pdf?ver=2018-02-02-092041-757>

³⁷ See for example <http://crudotransparente.com/>

³⁸ <http://mesatransparenciaextractivas.org/La-Mesa/Miembros>

³⁹ See: http://www.eiticolombia.gov.co/sites/default/files/documentos/31a_comunicacion_oficial_delegados_sociedad_%20civil.pdf. In addition, to analyze other letters, see: <http://www.eiticolombia.gov.co/comite-tripartito-nacional>

exercises (in San José de Uré – Córdoba, Neiva – Huila, and Medellín – Antioquia) and in the two subnational implementation pilots in Agua Azul and Jagua de Ibirico. Two NGOs part of the Mesa network, Transparency for Colombia and Forum for Colombia, undertook two parallel subnational implementation pilots in Acacias and Hatonuevo on their own. In late 2017, the National Secretariat developed workshops in four municipalities: Montelíbano, el Bagre, Barrancabermeja and Barrancas.⁴⁰ There is evidence of robust debate within the CSO constituency on EITI-related issues and CSOs have conducted analytical work on the extractives sector.⁴¹

Access to public decision-making: CSOs have been able to use the EITI process to promote public debate. For example, through public events, workshops and conferences organised by or with participation of wider civil society. Since 2013 the “Mesa de la Sociedad Civil para la Transparencia en las Industrias Extractivas” network has created a space for wider civil society to participate in EITI Colombia. This network has published a wide range of investigative work related to core topics of implementation of the EITI. This platform is an example of CSOs’ ability to express critical views and to make proposals including suggestions for improved governance. For example, the report titled “Transparencia en minería y petróleo: Lo bueno, lo malo y lo feo” commissioned by the Colombian chapter of Transparency International emphasised obstacles created by state entities to timely and complete public access to information, in contrast to legal provisions (such as Law 1712/2014) ensuring freedom of access to information.⁴²

Stakeholder views

None of the CSOs stakeholders consulted expressed any concerns about infringements of any aspect of the Civil Society Protocol. Stakeholders corroborated that there had been an adequate enabling environment for civil society to be actively engaged in the EITI and to express their views without any repercussions or intimidations. They confirmed that the space for civil society in big cities was more vibrant and free of obstacles to participation, but that journalists, local activists, union leaders and other CSOs based in the regions, particularly rural areas, faced a different reality. The civil society representatives consulted confirmed that this situation had not affected the constituency’s engagement in all aspects of EITI implementation.

Civil society stakeholders consulted confirmed their commitment to the EITI. Several CSOs considered that the wider Mesa network had been an agile and effective mechanism not only for discussions on core EITI issues but also in generating broader debate on challenges and governance gaps in the extractive industries. They emphasised the importance of channelling new views and ideas from the broader constituency through regular renewals of representatives on the MSG. More veteran CSO representatives explained that they had remained engaged in the process and had made sure new representatives were well briefed about EITI issues. They highlighted the importance of preserving the institutional memory built since well before Colombia had become an EITI Candidate in 2014. A number of CSO stakeholders considered that civil society could have made more thorough use of EITI data, both in EITI Reports and in the several studies commissioned in the last three years. They highlighted CSOs’ role in demanding more timely and accurate information but lamented that the wealth of information brought to light by the EITI

⁴⁰EITI Colombia. Implementación Iniciativa EITI Colombia. Participación de la sociedad civil. (2017)

⁴¹ <http://mesatransparenciaextractivas.org/Recursos/Publicaciones>

⁴²To see the platform: <http://www.mesatransparenciaextractivas.org/biblioteca>. To see the Report:

<http://www.mesatransparenciaextractivas.org/biblioteca/ArtMID/1461/ArticleID/7044/Transparencia-en-miner237a-y-petr243leos-lo-bueno-lo-malo-y-lo-feo>

was not always fully used by CSOs.

Several CSOs noted that they had been able to access adequate funding for their activities, including for commissioning research and analytical pieces on EITI-related issues. This had allowed CSOs to be engaged in the design, implementation, monitoring and evaluation of the EITI process. While they considered that this level of engagement would be sustainable in future, they expressed concern over the likelihood of securing future funding to ensure adequate engagement was sustained, including at regional and community levels.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in meeting this requirement. There are no suggestions of any legal, regulatory or practical barriers to civil society's ability to engage in EITI-related public debate, to operate freely, to communicate and cooperate with each other, to fully, actively and effectively engage on EITI-related matters or in relation to the EITI process. CSOs can speak freely on transparency and natural resource governance issues, as well as to ensure that the EITI contributes to public debate. In addition, civil society is fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process. Minutes of MSG meetings and stakeholder consultations showed that stakeholders are taking part in outreach and efforts to promote public debate, especially on regional level.

MSG governance and functioning (#1.4)

Documentation of progress

Multi-stakeholder group composition and membership: The Ministry of Mines and Energy, together with civil society and the private sector, established the MSG, named the "National Tripartite Committee-EITI" (CTN), to oversee EITI implementation.⁴³ EITI Colombia comprises two key bodies: the CTN, chaired by the Vice-Minister of Mines as EITI Champion, supported by a national technical secretariat (NTS) led by the EITI national coordinator. The CTN was formed of representatives of three government entities, three civil society organizations and three representatives of industry or organizations including state-owned Ecopetrol.

Table 1 – Member organizations of the MSG

Government constituency	<ul style="list-style-type: none"> • Ministry of Mines and Energy (MME) as the leader and Vice - Minister of Mines as the EITI Champion • National Planning Department (DNP) • National Directorate of Taxes and Customs (DIAN)
Civil society	<ul style="list-style-type: none"> • Crudo Transparente • Conciudadania⁴⁵

⁴³ See: <https://eiti.org/sites/default/files/documents/EITI%20Candidature%20Application-Colombia.pdf>

⁴⁵ In November 2014, CSIR Sucre) was replaced by ARM
http://www.eiticolombia.gov.co/sites/default/files/documentos/31_ADHSC%2016.%2006062014%20-%20Carta%20de%20renuncia%20del%20CSIR%20sucre%20al%20CTN.pdf

constituency ⁴⁴	<ul style="list-style-type: none"> • Alliance for Responsible Mining (ARM)⁴⁶
Industry constituency	<ul style="list-style-type: none"> • ECOPETROL • Petroleum Colombian Association (ACP) • Mining Colombian Association (ACM)⁴⁷

The list of MSG representatives is also provided in Annex A. Each member organization serves on the CTN for three years, with an option for re-election for another term. The invitation to participate in the MSG was open and transparent. Article 6 of the MSG's Regulations mentioned that the selection of MSG members is to be independent and free from outside coercion for each constituency, following agreed and transparent criteria.⁴⁸ Prior to the formation of the MSG a number of awareness-raising and capacity-building activities were conducted as documented in the candidature application. Each stakeholder group has had the right to appoint its own representatives.⁴⁹ There is no reason to believe that the nomination process was not independent and free from any suggestion of coercion, with clear documentation of the process followed in Colombia's candidature application.⁵⁰ In practice, all three constituency groups have a flexible approach for designating who represents the member organizations. The MSG's governance documents do not lay out procedures for the replacement of MSG members. Nonetheless, participating institutions have often replaced their representatives during the 2014-2017 period, although this does not appear to have compromised the integrity of the MSG process.

Civil society representation: CSOs participate directly in the EITI as members of the MSG, as well as through the different technical working groups and through the wider CSO network ("Mesa de la Sociedad Civil para la Transparencia en las Industrias Extractivas").⁵¹ Civil society representation in the EITI was selected through an open process which included organizations that have a recognized track record in transparency, governance and extractive issues. After Vice-Minister of Mines Natalia Gutierrez's announcement of Colombia's intentions to implement the EITI in 2013, the Ministry of Mines and Energy invited "National Forum Foundation for Colombia", "Foundation Avina", "University of Externado of Colombia" and "Transparency for Colombia" (TI-Chapter) to design the process through which the civil society constituency would agree and coordinate its participation in the EITI process. A steering group formed from these organizations was created on November 2013⁵² and the group agreed its ToR in December 2013.⁵³ The selection process was agreed within the "Mesa Ampliada de Sociedad Civil", which represents the majority of CSOs engaged on extractives and governance related issues, and open to all CSOs, with no evidence that any CSOs were excluded from the process. The civil society groups involved in the EITI appear to be operationally, and, in policy terms, independent from government and industry.

Industry representation: Industry representation covers most of the companies operating in the extractive industries, including state-owned company Ecopetrol. Each industry sub-sector is represented by the

⁴⁴"Crudo Transparente" y "Conciudadanía" replaced in early 2018 Foro Nacional por Colombia and Transparencia Colombiana.

⁴⁶Since November 2016 this is the replacement of the Universidad Externado de Colombia originally elected to participate in the CTN. See: http://eiticolombia.gov.co/sites/default/files/documentos/carta_designa_alianza_mineria_reem_ueexternado.pdf

⁴⁷Its former name was "Sector of the Large-Scale Mining Sector (SMGE in its Spanish acronym)".

⁴⁸See: <http://www.eiticolombia.gov.co/sites/default/files/documentos/1.%20Reglamento%20CTN%20EITI%20Colombia.pdf>

⁴⁹ See Article 6th in the ToR of the MSG:

<http://www.eiticolombia.gov.co/sites/default/files/documentos/1.%20Reglamento%20CTN%20EITI%20Colombia.pdf>

⁵⁰ See: <https://eiti.org/sites/default/files/documents/EITI%20Candidature%20Application-Colombia.pdf>

⁵¹See: p.42. <https://drive.google.com/drive/folders/OB2vpk9qluK8WUW1pUXVxU20zYW8>

⁵² See: <https://drive.google.com/drive/folders/OB2vpk9qluK8WUW1pUXVxU20zYW8>

⁵³ See: http://eiticolombia.gov.co/sites/default/files/documentos/reglamento_mesa_ampliada_sc.pdf

respective industry association: the Colombian Petroleum Association for the hydrocarbon sector and the Colombian Mining Association for the mining sector. Ecopetrol is a MSG member on its own right. The initial representatives from industry were appointed in 2013. Representatives on the MSG from the industry associations have remained more consistent than other constituencies, with less rotation among individuals. In one change, in December 2014, the ACM Economic Director Raul Buitrago was replaced by the ACM Legal Directors Catalina Nino and Santiago Angel.⁵⁴

Government representation: Government representation on the MSG includes officials from agencies directly related to the extractive industries. The member organizations from the government were appointed in 2013. The current EITI Champion Vice-Minister of Mines Carlos Cante was appointed in July 2016.⁵⁵ While the government representation has been institutionally stable with the same government agencies as members, there have been some replacements and rotations in the individuals representing government agencies on the MSG. Rotation of MSG representatives has followed internal replacements within each government entity.

Terms of reference: The ToR for the MSG were agreed on 11 March 2014. The ToR, available on the EITI-Colombia webpage⁵⁶, include the Statutes of EITI Colombia (which cover the EITI Colombia Conference, functioning of the MSG, EITI Champion, national secretariat), the MSG's Code of Ethics and a memorandum of understanding (MOU) among the three constituencies. Through the MOU, stakeholders agreed the principles, general scope and commitments to EITI objectives.

The MSG's ToR cover all aspects listed under Requirement 1.4.b. The multi-stakeholder group is mandated to implement, oversee and assess the activities related to EITI implementation in line with provisions of its ToR (Art.4 and 5). The CTN's meetings follow a previously-agreed agenda, on which the parties can provide feedback or input (Art.4.3). The National Secretariat has as a duty the circulation of documents and recommendations adopted in each session to be analysed per each constituency (Art.13). Participation is open, free and is not restricted in any way, as confirmed in Article 4 of the MSG's ToR (Art.4.2 and 4.4). There are not per diems or any other compensation for meetings attendance, members serve on the MSG *ad honorem*. There is an established practice of inviting observers from different stakeholders' groups (Art.7). The ToR require deliberations and decisions be summarized in the meeting's minutes and define the MSG's decision-making mechanism as by consensus (Art. 10, 11 and 12).⁵⁷

The MSG has met regularly, including ten times in 2014, six times in 2015, seven times in 2016 and six times in 2017. In line with provisions of the MSG's ToR, observers have regularly been invited to participate in MSG meetings. Internal discussions have been open and thorough and decision-making has been inclusive with active participation of all constituencies. There is no evidence that any MSG decisions has ever been taken other than by consensus, with no indication of voting or of any party having been over-ruled in MSG meeting minutes. The MSG meeting minutes and summaries of attendance are available on the EITI-Colombia website.⁵⁸ Analysis of meeting attendance for the 2014-2017 period⁵⁹ reveals consistent attendance from a majority of representatives from all constituencies. For example, the Ministry of Mines' extractive sector's planning unit (UPME) has participated in 17 of the 31 MSG

⁵⁴To see more details, the list of Minutes here: <http://www.eiticolombia.gov.co/comite-tripartito-nacional>

⁵⁵ See Minute 23, July 2016.

⁵⁶ See: <http://eiticolombia.gov.co/sites/default/files/documentos/1.%20Reglamento%20CTN%20EITI%20Colombia.pdf>

⁵⁷See: <http://www.eiticolombia.gov.co/sites/default/files/documentos/1.%20Reglamento%20CTN%20EITI%20Colombia.pdf>

⁵⁸ <http://www.eiticolombia.gov.co/comite-tripartito-nacional>

⁵⁹ See: <http://www.eiticolombia.gov.co/comite-tripartito-nacional>

meetings.

Capacity of the MSG: All organizations represented in the MSG, including from civil society, are recognised for their knowledge, direct involvement and track record of participation in the extractive sector. In addition, there have been numerous capacity-building activities over the 2013-2017 period. The 2017-2019 work plan included plans for capacity-building activities for MSG members, supported by sufficient funding.⁶⁰

National secretariat: The MSG is supported by a national secretariat composed of four staff, including Gloria Patricia Gamba, who has served as national coordinator since June 2017⁶¹, and three officers covering technical support, communication and administrative issues. The national secretariat appears to have the confidence of all three constituencies, based on a review of MSG meeting minutes.

Stakeholder views

Stakeholders consulted concurred that the MSG had functioned well and served its purpose. Stakeholders consulted from all constituencies expressed broad appreciation for the good dynamic of tripartite dialogue and engagement over the course of EITI implementation. No stakeholder consulted expressed any major concerns about stakeholders' representation on the MSG. However, some stakeholders from all constituencies noted that some organisations from all three constituencies had sometimes been represented at too junior a level to ensure adequate oversight of the process. The issue of rotation of representatives from a number of civil society organizations and government agencies did not seem to have affected the MSG's functioning according to the overwhelming majority of stakeholders consulted, although some stakeholders considered that inconsistent representation sometimes led to a lengthier decision-making process in order to brief new MSG representatives. Some stakeholders commented that sustaining top officials and executives' interest and dedication over more than three years of EITI implementation had been challenging, particularly when MSG proceedings were often devoted to more perfunctory duties such as revision and approval of bureaucratic documents.

Civil society stakeholders shared their frustrations that background information and documentation was often only circulated a few days before MSG meetings. They considered that many substantive discussions ended up being rushed with little time to seek experts' views and that CSOs on the MSG often felt rushed by the national secretariat to express their views. However, they noted that this had not been a major obstacle to the MSG's functioning even if more time for reviewing documentation and providing input to MSG discussions would foster more detailed input in future.

As noted in the stakeholder views on each of the three constituencies' engagement, many stakeholders consulted from all constituencies considered that the MSG devoted significant time and resources to addressing complex technical issues and numerous bureaucratic aspects. They acknowledged that this was part of EITI implementation, not least given requirements linked to external grants and internal procedures of the host Ministry of Mines and Energy. However, they lamented that more time had not been available for more debate on substantive issues, such as broader reforms linked to following up on EITI findings and recommendations.

⁶⁰ See: <http://www.eiticolombia.gov.co/node/24>

⁶¹ See: <http://www.eiticolombia.gov.co/comite-tripartito-nacional>

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. The MSG has been formed and includes self-appointed representatives from each stakeholder group with no suggestion of interference or coercion, even if internal constituency nominations procedures have yet to be publicly codified. The mechanism for civil society nominations on the MSG was open to the public and CSO members of the MSG are operationally and in policy terms independent from government and companies. The ToR for the MSG addresses the requirements of the EITI Standard and stakeholders have not highlighted any significant deviations from the ToR in practice, aside from at times excessively short timeframes for reviewing documents ahead of MSG meetings. However more generally, meetings are convened with sufficient advance warning and MSG members generally appear to have sufficient time to review documents ahead of meetings. Attendance of the large majority of MSG members is consistent, with stakeholders considering that the rotation of MSG representatives from government and civil society had not constrained the MSG's oversight of implementation. The MSG does not practice of a policy of per diems or other honorariums for attending EITI activities.

Workplan (#1.5)

Documentation of progress

Colombia has had two work plans in the last four years.⁶² The 2014-2017 work plan included a number of activities funded primarily by a grant from the World Bank's Multi-Donor Trust Fund to 2016 and project-specific World Bank funding until 2017. The 2017-2019 work plan is expected to be financed primarily from the government's budget, alongside other sources including a grant for subnational implementation from the Extractives Global Programmatic Support (EGPS) fund. The assessment below is based primarily on the current work plan covering 2017-2018.

Publicly accessible workplan: Work plans and other documents produced as foreseen in successive work plans are available on the EITI Colombia website.⁶³

Objectives of EITI implementation: The general objectives of EITI implementation in Colombia are set out in the work plan. The stated objective for EITI Colombia is listed as "strengthening transparency through the value-chain leading to local and national sustainable development". There are three detailed sub-objectives, including contributing to the adequate disclosure of information about the extractive sector, promoting informed public debate and support good governance of the extractive sector. The objectives reflect national priorities set out in Colombia's last National Development Plan.⁶⁴ All constituencies were fully consulted in drafting the work plan, including through a number of meetings facilitated by an external consultant.⁶⁵ The MSG approved the work plan on its meeting of 17 November 2017.⁶⁶

Measurable and time-bound activities: The 2017-2019 work plan includes activities that are measurable

⁶² See: <https://eiti.org/document/colombia-eiti-20142016-work-plan> and <https://eiti.org/document/colombia-20172019-work-plan>

⁶³ See: <http://www.eiticolombia.gov.co/plan-de-accion-nacional>

⁶⁴ See: <https://www.dnp.gov.co/Plan-Nacional-de-Desarrollo/Paginas/Que-es-el-Plan-Nacional-de-Desarrollo.aspx>

⁶⁵ With support from USAID, a consultant Maria Prado was hired to facilitate MSG discussions on the work plan. Her report is not publicly available.

⁶⁶ See: http://eiticolombia.gov.co/sites/default/files/documentos/160218_acta_sesion_30_171117.pdf

and time-bound. The information presented for each activity includes suggested time frame, output(s), outcome indicator, funding and comments.

Activities aimed at addressing any capacity constraints, legal or regulatory obstacles: Addressing capacity constraints and legal or regulatory obstacles to EITI implementation are not explicitly mentioned in the work plan. However, there is evidence that these issues have been addressed in the preparations for agreeing the road map for beneficial ownership for instance. The MSG commissioned a legal review of Colombia's current regulations related to beneficial ownership disclosure requirements in 2017.

Activities related to the scope of EITI reporting: The work plan lists a number of areas the MSG agreed to include in the scope of the EITI including disaggregation of revenue data by project, beneficial ownership disclosure, information on transport activities, commodity trading, artisanal and small-scale mining and addressing the causes of social conflict around mining. The work plan also includes a subnational EITI pilot, integration of EITI reporting into government systems and progressing with mainstreamed EITI implementation.

Recommendations from Validation and EITI reporting: The work plan explicitly states that recommendations from the IA through EITI reporting and other reports commissioned by EITI Colombia will be considered, debated and followed-up in preparation of future EITI Reports (activities 1.2.1 and 2.1).

Funding from domestic and external sources: The 2017-2019 work plan outlines the costs of implementation for each activity. According to the work plan, costs for EITI implementation were estimated at USD 638,350 in 2017. Subsequently, the National Secretariat secured additional funding from the EU, increasing the work plan budget to USD 691,350. Of the total work plan costs, the World Bank's EGPS was responsible for USD 273,000, the European Union (FIAPP Program) for USD 52,000 and the government for around USD 366,350. It is important to highlight that according to the contract agreed with the Independent Administrator, the 2016 EITI Report cost USD 218,000, 75% of which (USD 163,500) was to be funded by the World Bank and 25% (USD 54,500) by the government.

Stakeholder views

Stakeholders confirmed that extensive consultations had been undertaken in preparing the latest work plan, with the assistance of an external consultant. Several civil society stakeholders commented that they had insisted on the inclusion of actions related to small-scale mining and environmental aspects in future EITI Reports as part of their input to the 2017-2019 work plan. Some stakeholders considered that the final work plan did not reflect the rich depth of discussions leading to its drafting and ended up representing a summary of the MSG's minimum ambitions for the coming years.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. The 2017-2019 EITI Colombia work plan is publicly accessible, produced in a timely manner and updated annually, with objectives aligned with national priorities. The work plan also

includes specific activities to follow up on recommendations from EITI reporting. The three constituencies have consulted their broader stakeholder groups in preparing annual work plans. Delays in work plan implementation appear reasonable given funding constraints.

Table 2 – Summary initial assessment table: MSG oversight

EITI provisions	Summary of main findings	International Secretariat' initial assessment of progress with the EITI provisions
Government oversight of the EITI process (#1.1)	The government is fully and actively engaged in the EITI process. Government's agencies have played an active role in implementing the EITI including engaging in the MSG process as observers and collaborating in different technical support groups. Other agencies collaborate with the EITI as expert resources.	Satisfactory progress
Company engagement (#1.2)	There is an enabling environment for company participation. Challenges to EITI reporting posed by taxpayer confidentiality provisions have been overcome through annual confidentiality waivers signed by all reporting companies. Mining, oil and gas companies are actively and effectively engaged in the EITI process, both as providers of information and in the design, implementation, monitoring and evaluation of the EITI process.	Satisfactory progress
Civil society engagement (#1.3)	There are no suggestions of any legal, regulatory or practical barriers to civil society's ability to engage in EITI-related public debate, to operate freely, to communicate and cooperate with each other, to fully, actively and effectively engage on EITI-related matters or in relation to the EITI process. CSOs can speak freely on transparency and natural resource governance issues, as well as to ensure that the EITI contributes to public debate. In addition, civil society is fully, actively and effectively engaged in the design, implementation, monitoring and evaluation of the EITI process. Minutes of MSG meetings and stakeholder consultations showed that stakeholders are taking part in outreach and efforts to promote public debate, especially on regional level.	Satisfactory progress
MSG governance and functioning (#1.4)	The MSG has been formed and includes self-appointed representatives from each stakeholder group with no suggestion of interference or coercion, even if internal constituency nominations procedures have yet to be publicly codified. The mechanism for civil society nominations on the MSG was open to the public and CSO members of the MSG are operationally and in policy terms independent from government and companies. The ToR for the MSG	Satisfactory progress

	<p>addresses the requirements of the EITI Standard and stakeholders have not highlighted any significant deviations from the ToR in practice, aside from at times excessively short timeframes for reviewing documents ahead of MSG meetings. However more generally, meetings are convened with sufficient advance warning and MSG members generally appear to have sufficient time to review documents ahead of meetings. Attendance of the large majority of MSG members is consistent, with stakeholders considering that the rotation of MSG representatives from government and civil society had not constrained the MSG's oversight of implementation. The MSG does not practice of a policy of per diems or other honorariums for attending EITI activities.</p>	
Work plan (#1.5)	<p>The 2017-2019 EITI Colombia work plan is publicly accessible, produced in a timely manner and updated annually, with objectives aligned with national priorities. The work plan also includes specific activities to follow up on recommendations from EITI reporting. The three constituencies have consulted their broader stakeholder groups in preparing annual work plans. Delays in work plan implementation appear reasonable given funding constraints.</p>	Satisfactory progress.
<p>Secretariat's recommendations:</p> <ul style="list-style-type: none"> • To strengthen implementation, the government is encouraged to ensure that its commitment is sustained across different political administrations, including through the provision of sustainable sources of funding. • To further strengthen implementation and maintain the high-level collaboration with other constituencies in the MSG the industry constituency is encouraged to ensure consistent representation at levels commensurate with other constituencies. The industry constituency is encouraged to make full use of EITI data and findings from reports to drive improvements in extractives sector management. • To strengthen implementation, the government is encouraged to ensure the enabling environment for CSO participation in EITI implementation is maintained, including at the local and rural levels and through innovative ways to channel local stakeholders' views into national EITI discussions. • To strengthen implementation, EITI Colombia is encouraged to consider more efficient ways of balancing the MSG's more bureaucratic duties with more in-depth analysis and discussions linked to broader reform priorities. EITI Colombia is encouraged to ensure documents relevant to MSG discussions are circulated with ample time for review prior to MSG discussions and decisions. 		

Part II – EITI Disclosures

2. Award of contracts and licenses

2.1 Overview

This section provides details on the implementation of the EITI requirements related to the legal framework for the extractive sector, licensing activities, contracts, beneficial ownership and state participation.

2.2 Assessment

Legal framework (#2.1)

Documentation of progress

Legal: The 2016 EITI Report provides a description of the legal framework and fiscal regime for the mining and hydrocarbon sectors.⁶⁷ It includes a list of the main laws and rules regulating both the mining⁶⁸ and hydrocarbons⁶⁹ sectors, including an overview of new regulations enacted in 2016.⁷⁰ Links are provided to the ministry's database of laws and regulations applicable to the sector⁷¹, including Decree No.1073 of 2015 that provides a compilation of all regulations related to the mining sector.⁷² Standard incentives and recent tax reforms related to the extractives are detailed.

Government agencies: The report describes that two agencies, the National Hydrocarbons Agency (ANH) and the National Mining Agency (ANM), are responsible for oversight of the mining, oil and gas sectors respectively. The ANH is responsible for managing exploration and exploitation hydrocarbons contracts, while the ANM administers mining titles, the cadastre system and enforces mining policy in general. Both are supervised by the Ministry of Mines and Energy and both are in turn responsible for issuing regulations for their sectors.⁷³ The 2013-2014 and 2015 EITI Reports previously included a description of the roles of these main regulatory bodies.⁷⁴

Fiscal: The 2016 EITI Report also includes a thorough explanation of the tax regime for both mining and oil and gas, including applicable tax rates nationally⁷⁵ and subnationally.⁷⁶ The report also details recent tax reforms in 2016.⁷⁷

⁶⁷ <http://www.eiticolombia.gov.co/content/marco-normativo#inicio>

⁶⁸ These include the country's constitution, oil and mining codes, the Mines and Energy ministry procedures, the national mining policy, detailed regulations on mining policy, the mining national agency, inspection and supervision of the sector, royalty collection and distribution, environmental regulations, social contributions and access to information. See <http://www.eiticolombia.gov.co/content/marco-normativo-mineria#inicio>

⁶⁹ In the case of hydrocarbons these include norms on awarding of licenses, supervision and inspection of the sector, royalty collection and distribution, environmental licenses, sustainable development aspects such as use of hydrological resources, national environmental fund, biodiversity, use of forestry resources, and access to information. See <http://www.eiticolombia.gov.co/content/marco-normativo-hidrocarburos#inicio>

⁷⁰ <http://www.eiticolombia.gov.co/content/reformas-normativas#inicio>

⁷¹ <http://servicios.minminas.gov.co/compilacionnormativa/docs/arb01/22611.htm>

⁷² http://servicios.minminas.gov.co/compilacionnormativa/docs/decreto_1073_2015.htm

⁷³ <http://www.anh.gov.co/la-anh/Normatividad/Forms/AllItems.aspx> and <http://acmineria.com.co/normativa>

⁷⁴ https://eiti.org/sites/default/files/documents/colombia_2015_eiti_report.pdf and

https://eiti.org/sites/default/files/documents/2013_colombia_eiti_report-es.pdf

⁷⁵ <http://www.eiticolombia.gov.co/content/regimen-nacional#inicio> and <http://www.eiticolombia.gov.co/content/regimen-fiscal-nacional#inicio>

⁷⁶ <http://www.eiticolombia.gov.co/content/regimaen-fiscal-subnacional#inicio>

⁷⁷ <http://www.eiticolombia.gov.co/content/reforma-tributaria#inicio>

Fiscal devolution: The report describes the 10 types of payments levied as direct subnational payments⁷⁸ and the mechanism for subnational transfers of mining, oil and gas royalties and income tax.⁷⁹

Reforms: The 2016 EITI Report provides an overview of new mining regulations enacted in 2016⁸⁰ and recent tax reforms in 2016.⁸¹

Stakeholder views

Stakeholders did not express any concerns or reservations regarding the EITI Reports' description of the legal framework or tax regime, nor any concerns about the comprehensiveness of information presented in EITI Reports.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in meeting this requirement. The 2016 EITI Report provides a comprehensive description of the legal framework and fiscal regime governing the extractive industries, including the degree of fiscal devolution, and addresses recent applicable reforms. It also includes a description of the roles of the main regulatory bodies.

License allocations (#2.2)

Documentation of progress

The 2016 EITI Report provides comprehensive information on license allocations. The information is presented by sector.

For *hydrocarbons*, the report describes the process of awarding and transferring of licenses⁸², the technical and financial criteria used in awarding licenses⁸³ and the recipients of the licenses awarded and transferred in 2017 and previous years (back to 2004) including those awarded to both material and non-material companies.⁸⁴ The report does not inform of any deviation in the awarding procedures.

In the case of direct awarding a model contract is used and available in the ANH's website.⁸⁵ For bidding processes, a specific contract is published as part of the terms of references established for each bidding round. In 2016, no bidding rounds were scheduled. A bidding round named "The San Jacinto Round" was scheduled for 2017 but later postponed to 2018.⁸⁶ The model contract for this bidding round is published as part of the conditions for this round.⁸⁷

For *mining*, the report includes a description of the process for awarding and transferring mining licenses ("contratos mineros" in Spanish). There are two modalities for awarding mining titles. The most common procedure is the standard procedure. This follows the "first come, first served" principle where titles are

⁷⁸ <http://www.eiticolombia.gov.co/content/pagos-subnacionales#inicio>

⁷⁹ <https://www.anm.gov.co/?q=content/los-abece>

⁸⁰ <http://www.eiticolombia.gov.co/content/reformas-normativas#inicio>

⁸¹ <http://www.eiticolombia.gov.co/content/reforma-tributaria#inicio>

⁸² In Colombia, hydrocarbons licenses are awarded for prospection ("TEA") and for exploration and production. The Hydrocarbon awarding agency is the National Hydrocarbon Agency (ANH). The ANH has two modalities for awarding licenses. They can be awarded directly by executive decision of the agency or through bidding rounds. See <http://www.eiticolombia.gov.co/content/otorgamiento-hidrocarburos#inicio>

⁸³ [ibid](#)

⁸⁴ <http://www.anh.gov.co/Asignacion-de-areas/Paginas/contratosfirmadosEyP-TEAS.aspx>

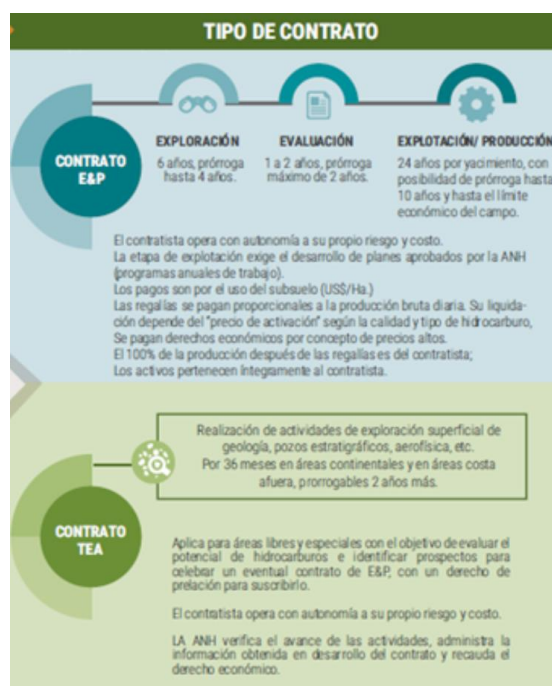
⁸⁵ See <http://www.eiticolombia.gov.co/content/hc-regimen-contractual#inicio> and <http://www.anh.gov.co/Asignacion-de-areas/Relacion-de-areas-asignadas/Paginas/Contrato-EandP-TEA.aspx>

⁸⁶ <http://www.sinusanjacinto2017.com/>

⁸⁷ <http://www.sinusanjacinto2017.com/wp-content/uploads/2017/10/Minuta%20Contrato%2013.10.17.%20DEFINITIVOS.pdf>

awarded to applicant who comply with required conditions.⁸⁸ These titles can be transferred upon authorization of the mining authority (“Agencia Nacional de Minería” - ANM).⁸⁹ It is possible for mining licenses to be awarded directly in areas designated as being of special strategic interest by the ANM. Although this possibility is regulated by the Law 1450 of 2011, no such mining licenses have been awarded to date.⁹⁰ The technical and financial criteria are explained in the publicly-available procedures established by the ANM.⁹¹ The awarded mining titles are registered in the mining cadastre and any authorized transfer of mining titles is publicly-registered in the official diary.⁹² In case a mining title is transferred, the authorization is added to the record of each mining title on the online cadastre. However, listing all transfers that occurred in a specific time period would require exhaustive review of all mining titles to determine the specific licenses that were transferred during the period. A summary of the current stock of mining licenses is provided.⁹³ The mining cadastre covers historical information about all title-holders including EITI-material companies. The ANM website provides a list of the awarded mining titles by year.⁹⁴ Contracts awarded in 2016 and 2015 are published monthly.⁹⁵ Mining titles awarded in 2017 are also listed.⁹⁶ The report did not inform of any deviation in the awarding procedures.

The 2016 EITI Report does not provide additional commentary on the efficiency of the licencing system. The report includes a summary of the corrective actions implemented following recommendations from the 2014-2015 EITI Report⁹⁷, which included improvements in data transfers, data standards and data debugging. The EITI Report makes good use of infographic to explain different aspects related to licenses allocations. For example:



⁸⁸ <http://www.eiticolombia.gov.co/content/otorgamiento-mineria#inicio>

⁸⁹ Ibid and <https://www.anm.gov.co/?q=content/los-abece>

⁹⁰ <http://www.eiticolombia.gov.co/content/min-regimen-contractual#inicio>

⁹¹ See: <http://www.eiticolombia.gov.co/content/min-criterios#inicio> and <https://www.anm.gov.co/?q=content/los-abece>

⁹² See: https://www.anm.gov.co/?q=normativa-de-la-ANM&field_a_o_de_expedici_n_del_docu_value=All&field_tipo_de_documento_norma_value=resoluciones&field_descripci_n_del_documento_value=&page=1

⁹³ See: <http://www.eiticolombia.gov.co/content/min-situacion-contractual#inicio>

⁹⁴ See: https://www.anm.gov.co/?q=Titulos_otorgados_ANM

⁹⁵ See: <https://www.anm.gov.co/?q=content/hist%C3%B3ricos-de-contrataci%C3%B3n>

⁹⁶ See: https://www.anm.gov.co/sites/default/files/DocumentosAnm/relacion_titulos_otorgados_2017.pdf

⁹⁷ See: <http://www.eiticolombia.gov.co/content/min-registro#inicio>

Stakeholder views

Both regulators, the ANH and ANM, have embarked on modernizing their information systems. The ANH shared their plans for digitalizing information related to mining titles (legal documentation, historical information, red tape), new geo-referenced cadastral information (adopting new standards) and automatization of internal procedures. In particular, they commented that the new cadastre's platform will be more user-friendly but stressed that all relevant information, including that required by the EITI Standard, is available. The ANH also described plans to update its technological platform, to ensure more user-friendly formats including more analytical data. They highlighted the coming "San Jacinto" bidding round, where the government published all relevant information for bidders and other interested audiences online. Oil industry stakeholders welcomed the opening of new areas for exploration as they highlighted that proven hydrocarbon reserves were low. Civil society stakeholders welcomed improvements in the procedures and information shared by the ANM on licensing. They noted that this stood in contrast with past practices where many licenses had been granted in a short period of time with scant information publicly available, a process commonly known as the mining fair (Feria Minera).

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. The requisite information listed in Requirement 2.2 regarding the award and transfer of licenses is disclosed through the regular disclosure systems of the hydrocarbon and mining sector regulators. Information on awarding hydrocarbon contracts is available in the regulator (ANH) website. Information on awarding of mining titles is publicly available in the regulator (ANM) website including the cadastre system. While the 2016 EITI Report did not list all mining license awards and transfers in the year under review, this information is publicly accessible and the EITI Report confirmed the lack of non-trivial deviations from statutory procedures. The cadastre system is not user friendly although the agency is implementing an ambitious modernization program that will improve the navigability of these systems.

License registers (#2.3)

Documentation of progress

The 2016 EITI Report includes links to the government's hydrocarbon contracts and mining titles registers. For *hydrocarbon*, the information required in Requirement 2.3 is available in several databases and in the contract depository (online). The Map of licensed areas ("Mapa de Tierras") lists all licensed areas providing information on contract identification, license holder, type of licence (technical evaluation, exploration, production), indication of offshore/onshore, and the licensed area.⁹⁸ In the contract depository each contract is published and provides the coordinates, date of application, date of award and duration of the license. In addition, each contract contains information about financial obligations (royalty and economic rights), return of areas, supervision and fines and termination, dispute settlement clauses (this will be discussed in the following section).⁹⁹ The information is provided for all license-holders including licenses awarded to companies not included in EITI reporting.

For *mining*, as noted in Requirement 2.2, the report explains the cadastre system and provides links to the online cadastre, including instructions on how to navigate the system.¹⁰⁰ The information is accessible

⁹⁸ <http://www.anh.gov.co/Asignacion-de-areas/Paginas/Mapa-de-tierras.aspx>

⁹⁹ <http://www.anh.gov.co/Asignacion-de-areas/Paginas/contratosfirmadosEYP-TEAS.aspx> and <http://www.anh.gov.co/Asignacion-de-areas/Relacion-de-areas-asignadas/Paginas/Archivos-Contratos-EP-firmados.aspx>

¹⁰⁰ https://www.anm.gov.co/sites/default/files/DocumentosAnm/pasos_catastro_anm2.pdf

upon provisions of the title identification number or through location-based or mineral-based search. Each title provides information about the title-holder, production phase, minerals and licensed area. The information is provided for all license-holders, including licenses awarded to companies not included in EITI reporting. Exhibit 1 illustrates the mining cadastre information available online. This includes license-holder name, and dates of application, award and expiry.¹⁰¹ The commodity covered by each license is specified in relevant work plan submitted by the mining company as part of its statutory annual reporting, which the report explains is accessible upon request from the mining regulator in line with the Law of Transparency. The online cadastre system includes a search option where titles can be listed by commodity being explored or mined.

Exhibit 1 – Mining cadastre information available

Información General					
Código Expediente	JGM-15451	Clasificación	TÍTULO	Modalidad Actual	CONTRATO DE CONCESION (L 685)
Estado Jurídico Actual	TÍTULO VIGENTE	Grupo de Trabajo	PAR CALI		
Detalle Expediente					
Fecha de Contrato	2010-04-27 00:00:00.0	Fecha Inscripción	2010-10-25 14:23:23.0		
Grupo de Trabajo	PAR CALI	Código RMN	JGM-15451		
Categoría		Código Anterior	JGM-15451		
Duración Total Meses	359	Duración Total Años	29		
Observación					
Información de Etapas					
Nombre		Duración Meses			
EXPLORACION					
CONSTRUCCION Y MONTAJE					
EXPLOTACION					
Información de Tareas					
Proceso	Fase	Estado	Fecha Creación		
RADICACION DOCUMENTOS	Digitalizar Documento	NUEVA	2016-11-21 08:56:21.0		
RADICACION DOCUMENTOS	Digitalizar Documento	NUEVA	2012-10-12 11:09:23.0		
RADICACION DOCUMENTOS	Digitalizar Documento	NUEVA	2011-11-24 09:43:54.0		
RADICACION DOCUMENTOS	Digitalizar Documento	NUEVA	2011-04-06 11:03:03.0		
RADICACION DOCUMENTOS	Digitalizar Documento	NUEVA	2010-11-05 15:51:47.0		
RADICACION DOCUMENTOS	Digitalizar Documento	NUEVA	2010-09-14 15:38:29.0		
FISCALIZACION	Programar Obligaciones	NUEVA	2010-10-25 14:23:24.0		
Información Modalidades					
Nombre	Fecha Creación	Fecha Modificación	Duración		
CONTRATO DE CONCESION (L 685)	2010-10-25 14:23:23.0				
Información Titulares					
Nombre(s)	Primer Apellido	Segundo Apellido	Razón Social	Tipo Identificación	Número Identificación
AURA MARIA	BEJARANO	CORTES		CEDULA	38874459
Información Minerales					
Nombre	Fecha Creación	Fecha Modificación			
ARCILLA COMUN (CERAMICAS, FERRUGINOSAS, MISCELANEAS)	2008-07-22 16:01:34.0				
DEMAS_CONCESIBLES	2008-07-22 16:01:34.0				
Municipios Asociados					
Departamento	Municipio	Porcentaje Participación			
CASANARE	YOPAL	88.5725			
CASANARE	AGUAZUL	11.42763			
BOYACA	TÓPAGA	100.0			
BOYACA	OTANCHE	100.0			
BOYACA	MACANAL	100.0			
VALLE	YOTOCCO	100.0			

The report provides additional information.¹⁰² First, it provides a searchable function for a database of contracts by company and geographical location.¹⁰³ Second, it explains and links to the traders' registry

¹⁰¹ <http://www.cmc.gov.co:8080/CmcFrontEnd/consulta/index.cmc.jsessionid=14655EBF9C2F87075235E193D7D48A4D>

¹⁰² <http://www.eiticolombia.gov.co/content/min-registro#inicio>

¹⁰³ <http://www.eiticolombia.gov.co/territorios#inicio>

(RUCOM), the mining information systems (mining companies operational work plans, among others) and the statistics and relevant documents in SIMCO.¹⁰⁴ There is no additional commentary on the efficiency of the licencing system.

Stakeholder views

As commented in the previous section both regulatory agencies are embarked in modernizing their information platform, including the mining cadastre that is currently not easily-accessible in its current form. The reforms to the cadastre systems will allow more user-friendly access to the information registered in those government systems and ensure that all data listed in Requirement 2.3 is accessible for all active licenses. Some stakeholders commented that these modernization efforts had progressed at a very slow pace despite adequate financial resourcing through multilateral funding. One of the regulatory agencies consulted recognised delays in executing the modernization plans but gave assurances that progress in implementing these plans would accelerate in the coming year.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. Information regarding all active mining, oil and gas licenses is publicly available, as highlighted in the 2016 EITI Report and in line with Requirement 2.3, aside from the commodity(ies) covered by mining licenses. The report provides links to both the mining cadastre and the hydrocarbon repository of contracts. It also provides guidance on how to navigate the online cadastre maintained by the regulatory agencies ANH and ANM. Additionally, the public could access additional information, including the mining work plan submitted by production companies, upon request from the sector regulators in line with the Law of Transparency.¹⁰⁵

Contract disclosures (#2.4)

Documentation of progress

The MSG agreed in 2014 a policy of publishing all legally- allowable information from the extractives contracts.¹⁰⁶ They also documented the government policy on contract disclosure, enshrined through three pillars. These consist of (a) the Law of Transparency and access to information¹⁰⁷, (b) the contract transparency policy adopted by ANH and (c) a similar policy from ANM. In the case of ANH, their only restriction to publishing contractual information are those established by law. Article 18 of the Transparency law prevents the publication of information that could be harmful to natural persons and legal entities (i.e. breaching the person's rights). In the case of ANM, the restrictions to publish information from mining contracts cover proprietary technical information in supporting studies and the company's operational work plans submitted to the mining authorities.¹⁰⁸

¹⁰⁴ <http://www1.upme.gov.co/simco/Paginas/default.aspx>

¹⁰⁵ <http://es.presidencia.gov.co/AtencionCiudadana/transparencia-y-acceso-a-informacion-publica>

¹⁰⁶ <http://www.eiticolombia.gov.co/sites/default/files/archivos/Informe%20EITI%20Colombia%202013.pdf>

¹⁰⁷ <http://es.presidencia.gov.co/AtencionCiudadana/transparencia-y-acceso-a-informacion-publica>

¹⁰⁸ <http://www.eiticolombia.gov.co/sites/default/files/archivos/Informe%20EITI%20Colombia%202013.pdf>

The 2016 EITI Report includes links to the ANH's hydrocarbon contract depository as discussed in requirements 2.2 and 2.3. All contracts are public except for some clauses (e.g. economic rights) that are redacted.¹⁰⁹ In the case of mining, contractual terms are public (although not the full text of addenda to contracts themselves such as the mining work plan submitted by the companies to the regulator), as they are standard to all mining titles as regulated in the Mining Law. However, as the 2016 EITI Report explains, the terms and conditions have varied in accordance to the different mining fiscal regimes in force at the time. The current mining regime was established by Law 685 of 2001, although the report also provides an overview of the terms of former mining regimes.¹¹⁰

In summary, hydrocarbon contracts are published in the regulator ANH website. Contracts in the mining sector are standard per the Mining Law. Information on mining licenses for all active mining licenses is available on the online mining cadastre (*see Requirement 2.3*). However, some information related to proprietary technical information is not available upon request.

Stakeholder views

Mining and hydrocarbons authorities confirmed that there are different mining and hydrocarbons contracts following the regime in force at the time they were signed. The ANH confirmed they have published all contracts through time (with redacted clauses) and the ANM confirmed that contracts are regulated by the norms in force at the time of awarding the mining title. They also confirmed that any person could request copies of contracts including annexes aside from technical details considered proprietary information, in line with the Law of Transparency. There was no additional commentary from other stakeholders on the matter.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. The government's policy on contract transparency is clearly described in the 2016 EITI Report, which also provides an overview of current disclosure practice. In mining, contractual arrangements are standardised per the Mining Law since 2001 and are publicly available, while the full text of addenda to the standardised mining contracts (with proprietary technical information redacted) are available upon request from the regulator. Contracts agreed before 2001 in accordance with previous norms are available also upon request. All oil and gas contracts are published on the hydrocarbon regulator ANH website. In the Secretariat's view, Colombia has also gone beyond the minimum requirements by making contracts public as encouraged by the EITI Standard.

Beneficial ownership disclosure (#2.5)

Documentation of progress

Governments Policy: The 2016 EITI Report describes the government's commitment to disclose beneficial ownership of mining, oil and gas companies (including subsidiaries of foreign extractives companies), first announced at the UK Anti-Corruption Summit in May 2016.¹¹¹

¹⁰⁹ <http://www.eiticolombia.gov.co/content/hc-regimen-contractual#inicio>

¹¹⁰ <http://www.eiticolombia.gov.co/content/min-regimen-contractual#inicio>

¹¹¹ <http://www.eiticolombia.gov.co/content/beneficiarios-reales#inicio>

Colombia has been a member of the FATF Latin America (GAFILAT) since 2000.¹¹² Regulations from the Colombia's Superintendence of Financial institutions, Superintendence of Corporate entities, Superintendence of Health and the tax office DIAN established a definition of beneficial owner, a definition of control, the scope of information to be disclosed in line with FATF requirements and the accessibility of information following GAFI recommendations. Through these bodies, there is a partial alignment with the necessity of minimum information required by these commitments (i.e. beneficial ownership information to be accessible to third parties in limited cases such as the other regulatory authorities).

Reforms: The report describes preparations of a dedicated law, with the Secretary of Transparency in the President's office drafting a bill in February 2017 to create a national "Beneficial Ownership Register" accessible by authorized entities such as law-enforcement agencies.¹¹³ The bill included a definition of beneficial owner and required that all companies and subsidiaries of foreign companies operating in Colombia provide information on their beneficial owners (name, nationality, identification and country of residence). This information would have been recorded by their respective regulators including the corporate regulator Superintendencia de Sociedades. The government noted their commitment to adopt necessary measures to promote the access to information about beneficial owners of companies holding mining concessions or operation agreements with the state. This bill was introduced to the National Congress in August 2017¹¹⁴, although it has not progressed rapidly through the legislative branch and it is unlikely that the bill will be discussed in 2018. Another bill was introduced in July 2017 by the Ministry of Justice.¹¹⁵ Article 25 of the bill states that the government is mandated to promote collection of and access to beneficial ownership data from mining companies. This bill is not likely to be discussed before the current legislature's end of term in July 2018.

The report describes the current institutional framework and the steps planned in the roadmap to comply with the 2.5 EITI requirement. In addition, the EITI Report noted the framework established by the Colombian's Stock Exchange and ongoing work with the Colombian Confederation of Chamber of Commerce (Confecámaras) to establish a single business registry (RUES), which will facilitate queries of the company register. While this could provide an initial working framework, there is no evidence of further progress in considering alternative means to enact legislative reforms to support mandatory beneficial ownership disclosure.

Ownership disclosure: The 2016 EITI Report does not disclose the identity of legal or beneficial owners of material companies. There is no evidence that material companies were requested to report details of their legal or beneficial ownership. Review of the company regulator Superintendencia de Sociedades's corporate registry shows that legal ownership information is available for all material companies in the 2016 EITI Report. However, this information is limited to the first layer of shareholding, legal ownership. The 2016 EITI Report provides a summary of progress in implementing the three-year roadmap.¹¹⁶ The MSG commissioned a legal scoping note, shared with the MSG in January 2018 but based on the situation in 2017¹¹⁷, to identify the legal implications of implementing the three-year roadmap by 2020. The study concluded that although the basic information needed to identify beneficial ownership is required by several international standards (FATF, EITI), government agencies do not currently share a common approach to collecting, curating and publishing beneficial ownership data. The MSG has also started working with the Chamber of Commerce Confecámaras to gain a better understanding of the Chamber's own company registry.¹¹⁸

¹¹² <http://www.fatf-gafi.org/countries/#Colombia>

¹¹³ <http://www.eiticolombia.gov.co/sites/default/files/documentos/Hoja%20de%20Ruta%20Req%202.5.%20Colombia%20Aprob%20CTN.pdf>

¹¹⁴ http://www.imprenta.gov.co/gacetap/gaceta.mostrar_documento?p_tipo=05&p_numero=109&p_consec=49034

¹¹⁵ http://www.imprenta.gov.co/gacetap/gaceta.mostrar_documento?p_tipo=05&p_numero=109&p_consec=49034

¹¹⁶ <http://www.eiticolombia.gov.co/content/avances-hoja#inicio>

¹¹⁷ http://www.eiticolombia.gov.co/sites/default/files/inline/files/050418_presenta_beneficiarios_reales_conclusiones_2017_01.pdf

¹¹⁸ <https://www.rues.org.co/Expediente>

Stakeholder views

The MSG confirmed that they are in the process of assessing the current situation in Colombia in terms of the framework for beneficial ownership transparency, with a view to proposing relevant reforms. The 2017 legal review's initial findings were shared with the MSG in January 2018 during the Validation stakeholder consultations. Given current limitations, the MSG's considered that legal reforms were required to define how beneficial ownership information was to be collected and publicly-disclosed. Members of the MSG highlighted the need to establish robust systems to adequately manage data, ensure its reliability and establish security protocols.

Members of the MSG confirmed that EITI Colombia had not yet started to disclose data on extractive companies' beneficial ownership. The Secretary of Transparency confirmed that the beneficial ownership bill was not likely to be considered in 2018 by Congress, which had prioritized discussion of post-conflict legislation. The secretary remains committed to continue inter-agency discussions to explore ways to implement EITI Requirement 2.5 by 2020.

Representatives from the hydrocarbon regulator ANH considered that internal regulations should be enacted requiring bidders to disclose their beneficial owners when participating in licensing rounds, although this would have to be verified with the ANH's legal department. Representatives from the mining regulator ANM highlighted a similar scope in mining, since applicants were already required to demonstrate their economic capacity as a key requirement for mining license awards. While a government official explained that the Mining Law did not currently require disclosure of beneficial ownership in mining license applications, applicants were required to complete an eligibility form that asked whether applicants were linked to any politically-exposed persons (PEPs).

Some stakeholders noted the possibility of requiring mining or hydrocarbon concession-holders to disclose their beneficial owners, given provisions of the Transparency Law (Law 1712 of 2014) requiring full transparency of contracts between the state and private parties. In this view the case of mining and hydrocarbons license-holders could be considered as having a contract with the state.

Initial assessment

Implementing countries are not yet required to disclose beneficial ownership and progress with this requirement does not yet have any implications for a country's EITI status. The Government of Colombia has publicly stated its policy on beneficial ownership disclosure, including at the UK Anti-Corruption Summit in May 2016 and through two bills submitted to Congress addressing BO disclosures. Colombia published a three-year roadmap for disclosing beneficial ownership information in accordance with requirement 2.5.b.ii by 2020, with some progress in implementation to date. The MSG has started to consider alternative legal ways to ensure compliance with this requirement by 2020 after the stalling of two bills in Congress.

State participation (#2.6)

Documentation of progress

Definition of SOE: Although the MSG did not explicitly adopt a definition of SOE, it de facto used the definition in Requirement 2.6.a. The 2016 EITI Report clarifies that Ecopetrol is owned by the state (88.49%).¹¹⁹ The report did not mention any other company (hydrocarbon and mining) in which the state has any participation. The report confirms that there were no changes to the level of ownership during 2016.¹²⁰

Rules and practices: The 2016 EITI Report provides an explanation of the laws and regulations related to Ecopetrol¹²¹ and links to Ecopetrol's webpage¹²² which provides descriptions of the legal framework applicable to the company¹²³ and Ecopetrol's statutes and other internal rules that regulate its financial relation with the state.¹²⁴ These rules and practices include:

- a) **Transfers of funds between the SOE and the state:** Ecopetrol's statutes and Law 1118 of 2006 establish the rules for these transfers¹²⁵. Article 18 of the statutes establishes that the shareholders general assembly ("Asamblea general de accionistas") of Ecopetrol can decide the distribution of profits including dividends. Dividends and royalties are discussed in requirement 4.1.
- b) **Retained earnings:** per article 18 of Ecopetrol 's statutes, the shareholders general assembly can also decide on retaining earnings (including capitalization, dividends paid in cash, establishing or replenish reserves).
- c) **Reinvestment:** per article 26 of Ecopetrol 's statutes, the board ("Junta Directiva") can decide the policy for reinvestment.
- d) **Third-party financing:** Ecopetrol's statutes provide for the Board to decide on this policy. Each association's contract (publicly-available in the regulator ANH's website) describes the terms and conditions for each association.

The report also explains relevant decisions in 2016 affecting Ecopetrol's relation with the government¹²⁶ These include issuing debt instruments, establishing reference prices for royalty calculations and authorizing financial operations of subsidiaries (in the downstream). The report includes all the taxes and other contributions paid to the state (national and subnational entities) in 2016 (including but not limited to the revenue streams reconciled in the report).¹²⁷ The report shows the authorizations given to Ecopetrol to issue financial instruments in 2016.

The report also lists all the subsidiary companies of the so-called Ecopetrol Group¹²⁸, its corporate governance structures and statutes¹²⁹, and the regulations affecting financial operations (i.e. authorizations for financing own operations and investment), re-investment and dividends.¹³⁰

Going beyond what is expected in this requirement and based on information published in Ecopetrol's website, including its annual responsibility report, the 2016 EITI Report summarises information on a number of different areas:

¹¹⁹ <http://www.eiticolombia.gov.co/content/composicion-accionaria#inicio> and <http://www.ecopetrol.com.co/documentos/reporte-integrado-gestion-sostenible-2016.pdf>

¹²⁰ <http://www.ecopetrol.com.co/documentos/reporte-integrado-gestion-sostenible-2016.pdf>

¹²¹ <http://www.eiticolombia.gov.co/content/ecopetrol-marco-normativo#inicio>

¹²² <https://www.ecopetrol.com.co/wps/portal/es/ecopetrol-web?ChangeLang=es>

¹²³ <https://www.ecopetrol.com.co/wps/portal/es/ecopetrol-web/nuestra-empresa/quienes-somos/acerca-de-ecopetrol/marco-legal>

¹²⁴ <https://www.ecopetrol.com.co/wps/portal/es/ecopetrol-web/responsabilidad-corporativa/gobierno-corporativo/normatividad/estatutos-sociales> and <http://www.eiticolombia.gov.co/content/estructura-gobierno#inicio>

¹²⁵ <https://www.ecopetrol.com.co/documentos/Estatutos-Sociales-26-marzo-2015.pdf>

¹²⁶ <http://www.eiticolombia.gov.co/content/ecopetrol-marco-normativo#inicio>

¹²⁷ <http://www.eiticolombia.gov.co/content/ecopetrol-pagos#inicio>

¹²⁸ <http://www.eiticolombia.gov.co/content/grupo-ecopetrol#inicio>

¹²⁹ <http://www.eiticolombia.gov.co/content/estructura-gobierno#inicio>

¹³⁰ <http://www.eiticolombia.gov.co/content/ecopetrol-marco-normativo#inicio>

- Exploration activities¹³¹
- Contracts¹³²
- Refineries¹³³
- Transport¹³⁴
- Trading¹³⁵
- Financing¹³⁶

Government ownership including changes: The report also discloses the level of ownership in other companies in the mining sector (for example Hocol and Equion) and downstream subsidiaries including those owning refineries and facilities for transport of crude.¹³⁷ The report links to Ecopetrol's 2016 sustainability report that provides more details about Ecopetrol's associations (not equity stakes) in exploration (p.138) and production (p.157), and the terms associated with Ecopetrol's interests and participations.¹³⁸ These associations are regulated by production sharing agreements, which are published on the ANH website. The report states that there were no changes in state participation (either equity interests or associations) in 2016.

Loans and guarantees: No loan or loan guarantee to operating companies from either government or Ecopetrol were authorized.¹³⁹ Ecopetrol's statutes establish that the Board can decide these types of operations and there is no evidence of a sovereign guarantee on Ecopetrol debt.

Stakeholder views

Ecopetrol confirmed that all necessary information to explain its relation to the government and other stakeholders is published or available upon request. No other stakeholders commented or expressed any concern about Ecopetrol role and relation with the State.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. The 2016 EITI Report describes and links to information regarding the financial relationship between Ecopetrol and the government, including transfers of funds between SOE and state, retained earnings, reinvestment and third-party financing, government ownership including changes in 2016 and loans and guarantees. This also includes the level of ownership in oil and gas companies operating in Colombia and authorizations for financial operations. Ecopetrol did not engage in third-party financing in 2016.

Table 3 – Summary initial assessment table: Award of contracts and licenses

¹³¹ <http://www.eiticolombia.gov.co/content/ecopetrol-exploracion#inicio>

¹³² <http://www.eiticolombia.gov.co/content/contratos-vigentes#inicio>

¹³³ <http://www.eiticolombia.gov.co/content/ecopetrol-refinacion#inicio>

¹³⁴ <http://www.eiticolombia.gov.co/content/ecopetrol-transporte#inicio>

¹³⁵ <http://www.eiticolombia.gov.co/content/ecopetrol-comercializacion#inicio>

¹³⁶ <http://www.eiticolombia.gov.co/content/ecopetrol-emision-bonos#inicio>

¹³⁷ <http://www.eiticolombia.gov.co/content/grupo-ecopetrol#inicio>

¹³⁸ <http://www.ecopetrol.com.co/documentos/reporte-integrado-gestion-sostenible-2016.pdf>

¹³⁹ <http://www.eiticolombia.gov.co/content/ecopetrol-marco-normativo#inicio>

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Legal framework (#2.1)	The 2016 EITI Report provides a comprehensive description of the legal framework and fiscal regime governing the extractive industries, including the degree of fiscal devolution, and addresses recent applicable reforms. It also includes a description of the roles of the main regulatory bodies.	Satisfactory progress
License allocations (#2.2)	The requisite information listed in Requirement 2.2 regarding the award and transfer of licenses are disclosed in the 2016 EITI Report both for the hydrocarbon and mining sectors. Information on awarding hydrocarbon contracts is available in the regulator (ANH) website. Information on awarding of mining titles is publicly available in the regulator (ANM) website including the cadastre system. The cadastre system is not user friendly although the agency is implementing an ambitious modernization program that will improve the navigability of these systems. The 2016 EITI Report comments on the lack of non-trivial deviations in the allocations and transfers of licenses in 2016.	Satisfactory progress
License registers (#2.3)	Information regarding all active mining, oil and gas licenses is publicly available, as highlighted in the 2016 EITI Report and in line with Requirement 2.3, aside from the commodity(ies) covered by mining licenses. The report provides links to both the mining cadastre and the hydrocarbon repository of contracts. Additionally, the public can access additional information, including commodity(ies) covered, upon request from the sector regulators.	Satisfactory progress
Contract disclosures (#2.4)	The government's policy on contract transparency is clearly described in the 2016 EITI Report, which also provides an overview of current	Beyond

	disclosure practice. In mining, current contractual arrangements are standardised per the Mining Law and are publicly available, while the full text of the mining contracts (with proprietary technical information redacted) are available upon request from the regulator. All oil and gas contracts are published on the hydrocarbon regulator ANH website. Colombia has gone beyond in publishing or providing access to all mining, oil and gas contracts, as encouraged by the EITI Standard.	
Beneficial ownership disclosure (#2.5)	Implementing countries are not yet required to disclose beneficial ownership and progress with this requirement does not yet have any implications for a country's EITI status. Colombia published the roadmap for disclosing beneficial ownership information in accordance with requirement 2.5.b. ii. Limited progress has been done in implementing the beneficial ownership roadmap. An initial part of the plan relied on the passing of a beneficial ownership bill that is stalled in Congress. The MSG has started to consider alternative legal ways to ensure compliance with this requirement by 2020.	
State-participation (#2.6)	The 2016 EITI Report contains and links to information regarding the relationship between the government and the Ecopetrol including transfers of funds between the SOE and the state, retained earnings, reinvestment, third party financing, the financial relationship with the government, the government ownership including changes in 2016 and loans and guarantees. This also includes the level of ownership in oil and gas companies operating in Colombia, authorizations for financial operations. Ecopetrol did not engage in third-party financing in 2016.	Satisfactory progress
<p>Secretariat's recommendations:</p> <ul style="list-style-type: none"> To strengthen implementation, EITI Colombia and wider stakeholders are encouraged to liaise 		

closely with relevant government entities in the modernization of the cadastre and other systems maintained by the sector regulators ANM and ANH with the aim of ensuring routine and accessible disclosure of data listed in Requirements 2.2 and 2.3. In particular, EITI Colombia is strongly encouraged to ensure that information on mining, oil and gas license transfers is disclosed to levels commensurate with information on license allocations.

- To strengthen implementation, Colombia is encouraged to consider piloting beneficial ownership reporting in the forthcoming EITI Report in order to increase awareness of beneficial ownership transparency and pilot beneficial ownership definitions and thresholds. In particular, the MSG may wish to consider the various types of control that can be exercised over a company. EITI Colombia may also wish to conduct broader outreach to the companies on the objectives of beneficial ownership transparency, as well as hold conversations with government agencies on how to make such disclosures mandatory.

3. Monitoring and production

3.1 Overview

This section provides details on the implementation of the EITI requirements related to exploration, production and exports.

3.2 Assessment

Overview of the extractive sector, including exploration activities (#3.1)

Documentation of progress

The 2016 EITI Report provides an overview of the extractive industries. For hydrocarbons, general information on crude oil and gas is provided as well as relevant links to related government's agencies.ⁱ Similarly, the report provides an overview of the mining industry (carbon, gold, nickel, iron ore, emeralds).¹⁴⁰ An overview of exploration for the hydrocarbon sector is provided including figures for investment in the area in 2016.¹⁴¹ For mining, the report provides information on exploration¹⁴² and development¹⁴³ including links to the mining regulator ANM's website. The ANM website provides further information about the different aspects of exploration and procedures and permits required including work plan, environmental licenses and consultations with communities.¹⁴⁴ Additional information is provided on the mining projects development phase.¹⁴⁵

The report includes a geo-referenced and searchable tool where production (oil and gas, metallic and non-metallic mining) is disclosed by department, municipalities and commodity.¹⁴⁶

Stakeholder views

There were no specific comments or concern expressed during the consultations on these issues.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in meeting this requirement. The 2016 EITI Report provides an overview of the extractive industries including exploration activities and procedures applicable to these activities in both the hydrocarbon and mining sectors.

¹⁴⁰ <http://www.eiticolombia.gov.co/content/perfiles-minerales#inicio>

¹⁴¹ <http://www.eiticolombia.gov.co/content/hc-exploracion>

¹⁴² <http://www.eiticolombia.gov.co/content/produccion-exploracion#inicio>

¹⁴³ <http://www.eiticolombia.gov.co/content/produccion-construccion#inicio>

¹⁴⁴ <https://www.anm.gov.co/?q=node/14266> and <https://www.anm.gov.co/sites/default/files/DocumentosAnm/exploracion.pdf>

¹⁴⁵ https://www.anm.gov.co/sites/default/files/DocumentosAnm/cons_montaje.pdf

¹⁴⁶ <http://eiticolombia.gov.co/mapa-produccion#inicio>

Production data (#3.2)

Documentation of progress

The 2016 EITI Report includes required information on production. It includes an online tool to consult production of all commodities including non-metallic minerals (quarries), metallic minerals and oil and gas.¹⁴⁷ For the hydrocarbons sector total volumes, reference prices (which are used to calculate value of production) and production by municipalities are provided.¹⁴⁸ Additionally, it provides an explanation on the procedures for inspection of production by the regulator ANH.¹⁴⁹ Similarly, total production of coal, gold, nickel, and emeralds are provided with reference prices (allowing value production's calculations) and production by municipalities.¹⁵⁰ Colombia faces great challenges in quantifying gold production, with some estimates concluding that formal miners accounted for only 15% of gold production (see *Requirement 4.1*). Explanations of the mining regulator ANM's production inspections is also included.¹⁵¹ It also shows total production figures by commodities (i.e. from reporting and non-reporting companies).¹⁵²

The report includes a geo-referenced and searchable tool where production (oil and gas, metallic and non-metallic mining) is disclosed by department, municipalities and commodity.¹⁵³

Stakeholder views

ANM explained that they conduct inspections on the national prioritised mining projects (Proyectos de Interés Nacional - PIN). Different working groups (including health and safety, technical inspectors) are dispatched to the mining sites according to a known scheduled. The scheduled is published in the ANM's website and the result of the inspections. The results corresponding to 2016 are not available on the website.¹⁵⁴ ANM shared their work on how to estimate reserves and the modernization efforts for inspecting production including satellite recognition. The hydrocarbon regulator ANH registers daily production information (self-declared by the companies).¹⁵⁵ Production of oil and gas could be also obtained from information gathered through transportation meters (used to determine transportation fees paid to municipalities) and when crude is exported.

The authorities responsible for mining formalization in the Ministry of Mines and Energy confirmed that thousands of small producers accounted for roughly 85% of total gold production. They also highlighted the unintended consequences of the mining formalization campaigns in recent years, with a significant share of the newly-formalized miners suspected of allowing production to be falsely reported under their name by other operators. Based on inspections in their production areas, it has been shown that more sophisticated methods of production of alluvial gold were in place. As a result, gold production is legally reported including the payment of royalties while it is suspected to have being produced illegally (i.e. not from small-scale or artisanal means of alluvial gold production).

¹⁴⁷ <http://www.eiticolombia.gov.co/mapa-produccion#inicio>

¹⁴⁸ <http://www.eiticolombia.gov.co/content/hc-produccion>

¹⁴⁹ <http://www.eiticolombia.gov.co/content/hc-fiscalizacion>

¹⁵⁰ <http://www.eiticolombia.gov.co/content/produccion-produccion#inicio>

¹⁵¹ <http://www.eiticolombia.gov.co/content/produccion-fiscalizacion#inicio>

¹⁵² <http://www.eiticolombia.gov.co/content/materialidad-flujos#inicio>

¹⁵³ <http://www.eiticolombia.gov.co/mapa-produccion#inicio>

¹⁵⁴ https://www.anm.gov.co/sites/default/files/DocumentosAnm/programacion_conjunta_de_visitas_mes-par.xls and <https://www.anm.gov.co/?q=ResultadosFiscalizacionMinera>

¹⁵⁵ <https://idp.anh.gov.co/Login.aspx>

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. Total volumes of production are disclosed by commodity produced in 2016, alongside reference prices allowing readers to calculate estimates of production values. Production by municipalities are included for the main commodities and producing regions. However, the lack of clear sourcing of production data is a significant concern, although this is covered under Requirement 4.9. The report also links to information on how the regulatory agencies conduct inspections to check reported production figures.

Export data (#3.3)

Documentation of progress

The 2016 EITI Report includes information on oil and coal exports and links to the National Statistics Office (DANE)'s website. The DANE website provides information on the total value of exports for the mining sector (including historic information from 1970-2017), albeit not disaggregated by commodity. DANE also includes information of exports by destination and some more disaggregated information for oil, coal and nickel. The methodology used by the statistic office for export calculations is publicly available.¹⁵⁶ The 2014-2015 EITI Report included information on gold exports based on DANE and the tax office DIAN information. Export data is presented by export destination for each mineral and oil that are exported but not disaggregated by project.¹⁵⁷

Stakeholder views

The issue of gold exports is well known in Colombia. Although official statistics show a significant export activity the production known by registered producers is below the amount exported.¹⁵⁸ According to this UN report overreporting of gold exports might be related to money laundering. There were no additional specific comments or concern expressed during the consultations on these issues.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. EITI Colombia has disclosed information on total export volumes and values for all minerals and oil that were exported in 2016, disaggregated by commodity. It is also disaggregated by export destination. The 2014-2015 EITI Report provides information on oil, ferronickel, gold, and coal exports and linked to the national statistical office which in turn publishes aggregate extractive information since 1970. Previous reports provided information on gold exports. The issue that non-formalized mining producers (illicit and informal producers) account for an overwhelming majority of gold production has been broadly identified (*see Requirement 3.2*).

Table 4 – Summary initial assessment table: Monitoring and production

¹⁵⁶ https://www.dane.gov.co/files/investigaciones/fichas/ficha_exportaciones_expo_10_12_15.pdf

¹⁵⁷ <http://www.eiticolombia.gov.co/sites/default/files/archivos/Reporte%20EITI%20Colombia%202014%20y%202015.pdf>

¹⁵⁸ https://www.unodc.org/documents/colombia/2016/junio/Explotacion_de_Oro_de_Aluvion.pdf

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Overview of the extractive sector, including exploration activities (#3.1)	The 2016 EITI Report provides an overview of the extractive industries including exploration activities and procedures applicable to these activities in both the hydrocarbon and mining sectors.	Satisfactory progress
Production data (#3.2)	Total production volumes are disclosed for each mineral commodity produced in 2016, alongside reference prices allowing readers to estimate production values. Production by municipalities are included for the main commodities and producing regions. The report also links to information on how the regulatory agencies conduct inspections to check reported production figures.	Satisfactory progress
Export data (#3.3)	EITI Colombia has disclosed export volumes and values disaggregated by commodity exported, including gold. The 2014 EITI Report provides information on oil and coal exports and links to the national statistical office, which in turn publishes aggregate extractives export data since 1970. Previous reports provided information on gold exports. The issue that non-formalized mining producers (illicit and informal producers) account for an overwhelming majority of gold production has been broadly identified	Satisfactory progress
<p>Secretariat's recommendations:</p> <ul style="list-style-type: none"> • To strengthen implementation, EITI Colombia is strongly encouraged to ensure that all production and export data is consistently sourced from official government data. • To strengthen stakeholders' understanding of the complex issue of illegal gold mining, EITI Colombia is encouraged to expand EITI reporting of informal gold production and exports, drawing on all available relevant information. EITI Colombia is encouraged to liaise with DANE to coordinate with the government agency's plans to expand coverage of commodities. 		

4. Revenue collection

4.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue transparency, including the comprehensiveness, quality and level of detail disclosed. It also considers compliance with the EITI Requirements related to procedures for producing EITI Reports.

4.2 Assessment

Materiality (#4.1)

Documentation of progress

The MSG agreed the materiality definition and thresholds ahead of commissioning the 2016 report in August 2017. This followed several discussions of the MSG, including with the IA once contracted, on:

- Results of 2014-2015 reporting exercise and materiality outlook for the subsequent report discussed on the MSG's technical support group (GAT) on 3 February 2017.¹⁵⁹
- MSG meetings on 26 April 2017 and 18 July 2017.¹⁶⁰
- Presentation of inception report by the IA EY on 27 September 2017.¹⁶¹

The approach adopted for the 2016 EITI Report was based on that followed for the 2013 and 2014-2015 EITI Reports, which in turn was based on initial scoping work by EY in 2015 as part of the inception phase for the first EITI Report (2013).¹⁶² The MSG considered additional revenue streams on 3 February 2017.¹⁶³ The 2016 EITI Report includes a separate note by the IA (EY) documenting the methodology followed to determine material revenues flows and the material companies that disclosed payment information.¹⁶⁴

Material revenues: The MSG selected material revenue streams on the basis of a target reconciliation coverage ratio rather than individual revenue streams' share of total government extractives revenues, but also added smaller statutory revenue flows regardless of their materiality. For the 2013 EITI Report, based on aggregate revenue data from the tax office (DIAN) and disaggregated data AHN (hydrocarbons), ANM (mining) and state-owned Ecopetrol, the MSG considered as material the five largest revenue streams, namely:

- dividends paid by the SOE Ecopetrol
- hydrocarbon and mining royalties
- corporate income tax
- income tax for equity (CREE)
- equity tax (*Impuesto al patrimonio* in Spanish).

In 2013, these five revenue streams accounted for 96% of total government extractives revenues.¹⁶⁵ For the 2014-2015 reports the same five largest revenue streams accounted for 96.4 and 96.2% of total revenues respectively.¹⁶⁶ However, there is no evidence of the MSG setting a quantitative materiality threshold for selecting material revenue streams, i.e. as an individual share of total government revenues, but rather in terms of an overall reconciliation coverage target for revenue streams.

In 2016, the MSG also included other minor revenue flows, which together account for less than 4% of total government extractives revenues. For hydrocarbon companies, this included a contractually-defined

¹⁵⁹ The International secretariat had access a EY presentation to the GAT meeting on 03/02/17 (Minutes are not taken for GAT meetings). See also <http://www.eiticolombia.gov.co/content/rubrosincluidos#inicio>

¹⁶⁰ http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_27_171218.pdf and http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_27_171218.pdf

¹⁶¹ http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_29_171218.pdf

¹⁶² Ernst and Young (2015). Metodología para la preparación, recopilación y conciliación del Informe EITI Colombia. Proyecto Informe EITI-2013. Producto FINAL – Fase I. P.9

¹⁶³ The International secretariat had access a EY presentation to the GAT meeting on 03/02/17 (Minutes are not taken for GAT meetings). See also <http://www.eiticolombia.gov.co/content/rubrosincluidos#inicio>

¹⁶⁴ http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Diagnostico%2020170927_VF.pdf

¹⁶⁵ <http://www.eiticolombia.gov.co/sites/default/files/archivos/Informe%20EIT%20Colombia%202013.pdf>

¹⁶⁶ <http://www.eiticolombia.gov.co/sites/default/files/archivos/Reporte%20EIT%20Colombia%202014%20y%202015.pdf>

economic compensation (called “Economic rights”) paid to ANH.¹⁶⁷ For mining companies, this included a compensation paid to ANM as a regulatory fee (called “Economic compensation”), a special tax for gold, silver and platinum mining and the surface fees paid to ANM by companies at the exploration phase.¹⁶⁸

All revenue streams listed in requirement 4.1.b were included in nine material revenue streams. The rest of revenues listed in requirement 4.1.b did not apply to Colombia in 2016.¹⁶⁹ The 2016 EITI Report clearly lists the nine revenue flows in the scope of reconciliation.¹⁷⁰ In addition, the MSG decided to ask companies to report, on voluntary basis, eight other minor taxes and fees¹⁷¹ that were not considered material, but of interest to stakeholders and thus included for encouraged reporting.

Material government entities: The 2016 EITI Report lists all the government entities asked to report¹⁷², based on the MSG’s agreement on material revenues agreed to be included in the scope of reporting.

Material companies: The MSG, with advice from the IA¹⁷³, agreed a definition of materiality for selecting companies. The MSG followed the methodology approach adopted in 2015 for the first EITI Report (2013). On 14 August 2015, as part of the inception report, the IA (EY), presented the methodology they adopted for selecting material companies to be included in the report. This inception report explained that they followed six steps to define materiality for companies. The MSG selected material companies by sector (hydrocarbons and mining). Given tax confidentiality provisions, company materiality decisions were based on reporting of non-tax payments and production volumes by ANH and ANM. Based on a comprehensive list of all companies, the MSG selected companies based on a target reconciliation coverage of 85% of non-tax revenues, combined for both sub-sectors. The MSG also sought confirmation from the tax office DIAN (tax payments) that the coverage of extractives tax revenues was above 85% given the list of material companies selected.¹⁷⁴ The definition of materiality for reporting companies was based on their non-tax payments (royalties), and subsequently verified against production volumes reported by ANM and ANH.¹⁷⁵ Royalties were used as the basis for materiality calculations given constitutional tax confidentiality provisions.

Prior to the hiring of the IA in August 2017, the MSG invited all extractives companies to sign MoUs indicating their willingness to report, regardless of the materiality of their payments to government. Once all companies accounting for more than 1% of royalty payments to government agreed to report and signed MOUs committing to provide tax confidentiality waivers, the MSG procured the IA and proceeded with its materiality decisions. In total, 20 companies from the hydrocarbon sector and 14 from the mining sector agreed to report, all of which made payments of more than 1% of government royalty revenues. Annex 2 of the Note “Materiality exercise”¹⁷⁶ shows that, according to royalty revenues collected by the regulator ANM, these 34 companies represent 99.2% (hydrocarbons) and 72.1% (mining) of total royalty payments to government in 2016. The note confirms all companies that were not included in the scope of reporting accounted for less than 1% each of total royalty payments to government.

¹⁶⁷ It is calculated based on the area explored and in the case of producing companies the price and participation agreed in the contract with the company (rates varied from each contract).

¹⁶⁸ http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

¹⁶⁹ Ernst and Young (2015). Metodología para la preparación, recopilación y conciliación del Informe EITI Colombia. Proyecto Informe EITI-2013. Producto FINAL – Fase I. P.49

¹⁷⁰ The nine material revenue flows are: Mining and hydrocarbons royalties (paid in cash or in-kind); Dividends (Ecopetrol); Corporate income Tax; Income tax for equity (CREE); Equity Tax; Economic rights (hydrocarbons); Economic compensations (mining); Gold, silver and platinum tax; and Surface fee. See p.5 of http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

¹⁷¹ a) Industry and commercial fee, b) Registration fee (perimeter), c) Registration fee, d) Revalued tax, e) Street lighting, f) Voluntary social contribution, g) Contribution to the training national service (SENA) and to the h) Colombians institute for family wellbeing (ICBC).

¹⁷² See p.5 of http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

¹⁷³ The International secretariat had access a EY presentation to the GAT meeting on 03/02/17 (Minutes are not taken for GAT meetings). See also <http://www.eiticolombia.gov.co/content/rubrosincluidos#inicio>

¹⁷⁴ Ernst and Young (2015). Metodología para la preparación, recopilación y conciliación del Informe EITI Colombia. Proyecto Informe EITI-2013. Producto FINAL – Fase I. Pp. 12-13

¹⁷⁵ <http://www.eiticolombia.gov.co/comite-tripartito-nacional>

¹⁷⁶ http://eiticolombia.gov.co/sites/default/files/documentos/proceso_materialidad_-_informes_eiti_colombia.pdf

As a secondary verification of the comprehensiveness of their materiality definitions, the IA calculated the share of total production covered by companies selected as material in 2016.¹⁷⁷ Production figures reported by ANH and ANM show that the reconciliation coverage of oil and gas was 92% and 98% respectively, excluding gold and emeralds. The difference in coverage between the hydrocarbons and mining sectors is due to the fact that gold mining is primarily undertaken by small-scale and artisanal miners, including subsistence miners (called “Barequeros” in Colombia). The EITI Report showed that the gold miners participating in the report were only responsible for 5.2% of gold production in 2016. The report quotes a UN study in 2016, formalized miners (including small producers and artisanal miners) accounted for only 15%.¹⁷⁸ Apart from emeralds, the companies participating in the report were responsible for more than 85% in each of the other commodities produced in Colombia (*see Requirement 3.2*).¹⁷⁹ Only one emerald company is included in the scope of EITI reporting in 2016 (Minerals Texas). Production figures reported by ANH and ANM show that the reconciliation coverage of oil and gas was 92% and 98% respectively, excluding gold and emeralds. For gold, the coverage is only 5% because the report only includes large gold miners and explains that, according to a UN study in 2016, formalized miners (including small producers and artisanal miners) accounted for only 15%.¹⁸⁰ In the case of the emeralds sector, likewise composed of small-scale and artisanal miners, only one company is included in the scope of EITI reporting in 2016 (Minerals Texas). As shown in Table 5, the 2016 EITI Report includes an ex-post verification of the coverage of total extractives payments (including tax), to confirm the reconciliation coverage of initial materiality decisions for the selection of companies. This was possible because the report included government disclosures of total revenues received from both material and non-material companies. Based on this aggregate revenue data, the report concluded that 89.7% of total (tax and non-tax) revenue from the sector had been reconciled.¹⁸¹

Table 5 – Analysis of coverage in 2016 EITI Report based on materiality definition

Revenue Stream	(A) Total Government Revenues (for ALL companies) (USD millions)			(B) Government revenues from participating companies (as reported by government) (USD millions)			Coverage (B) as a proportion of (A)		
	Mining sector	Oil & Gas Sector	Total	Mining sector	Oil & Gas Sector	Total	Mining sector	Oil & Gas Sector	Total
Income corporate tax	192,73	508,25	700,98	177,94	398,27	576,21	92,33 %	78,36 %	82,20 %
Royalty	482,62	1 283,01	1 765,62	399,07	1 251,20	1 650,27	82,69 %	97,52 %	93,47 %
Dividends Ecopetrol	-	230,05	230,05	-	230,05	230,05		100,00 %	100,00 %
Income tax on equity (CREE)	116,49	273,14	389,63	100,78	243,20	343,98	86,51 %	89,04 %	88,28 %
Equity Tax	45,77	220,03	265,79	33,75	179,42	213,16	73,74 %	81,54 %	80,20 %
Economic rights	-	53,19	53,19	-	52,47	52,47		98,66 %	98,66 %
Economic compensations	79,37	-	79,37	66,75	-	66,75	84,10 %		84,10 %
Gold, silver, platinum tax	9,34	-	9,34	3,86	-	3,86	41,30 %		41,30 %
Surface fees	5,58	-	5,58	2,38	-	2,38	42,56 %		42,56 %
Total	931,89	2 567,65	3 499,54	784,52	2 354,60	3 139,12	84,19 %	91,70 %	89,70 %
Exchange rate 2016 COP/USD	3 000,17								

Source: 2016 EITI Report¹⁸²

The 2016 EITI Report lists all the 34 material companies asked to report.¹⁸³ As explained above, the MSG and the government invited all companies to report, including those at exploration phases. The report

¹⁷⁷ See p.11 in http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

¹⁷⁸ See: <http://www.eiticolombia.gov.co/content/explotacion-licita#inicio> and https://www.unodc.org/documents/colombia/2016/junio/Explotacion_de_Oro_de_Aluvion.pdf

¹⁷⁹ See p.11 in <http://www.eiticolombia.gov.co/content/informe-administrador#inicio>

¹⁸⁰ See: <http://www.eiticolombia.gov.co/content/explotacion-licita#inicio> and https://www.unodc.org/documents/colombia/2016/junio/Explotacion_de_Oro_de_Aluvion.pdf

¹⁸¹ <http://www.eiticolombia.gov.co/content/materialidad-flujos#inicio>

¹⁸² See p. 10 in <http://www.eiticolombia.gov.co/content/informe-administrador#inicio>

¹⁸³ See p.4 in http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

also shows the number of material companies over previous EITI Reports since 2013, with 18 companies (12 hydrocarbons and 6 mining) participating in the first two reports (covering 2013-2015).

Reporting omissions: The report highlights that four companies that were initially invited to report (Geo Park in the hydrocarbon sector and Colombian Natural Resources (CNR), Gran Colombia Gold, Continental Gold) did not participate in the report. The report (Annex 2 of the Note “Materiality exercise”) confirms that none of these companies accounted for more than 1% of total royalty payments to government in 2016.

As shown in Table 5, the 2016 EITI Report provides an assessment of the materiality of omissions by non-reporting companies in aggregate, but not disaggregated by company. Column A shows all revenues received by the government disaggregated by revenue streams and sector (oil/gas and mining). Column B shows the revenues from the 34 reporting companies equally disaggregated by revenue stream and by sector (oil/gas and mining). The annex 2 of the Note “Materiality exercise” highlights that only one company invited to report that did not participate (Geo Park) accounted for payments of 0.49% of total royalty payments to government in 2016, with the other two non-reporting oil and gas companies accounting for less than 0.1% of royalties each. In the mining side, only one company asked to report (CNR) did not submit reporting templates, accounting for almost 1% of royalties paid in 2016. The royalty payment information from these individual non-reporting companies was provided by the agency collecting royalty payments the ANM and it is published in the referred annex.

The difference in coverage between the hydrocarbon and the mining sector largely follows that gold mining in Colombia is mostly undertaken by small and artisanal miners. This universe of producers is mixed. A significant part of gold production is reported from a large number of formalized miniscule miners with another part coming from subsistence miners (called “Barequeros” in Colombia). The EITI Report showed that the gold miners participating in the report were only responsible for 5.2% of gold production in 2016. Apart from emeralds, the companies participating in the report were responsible for more than 85% in each of the other commodities produced in Colombia¹⁸⁴.

All four government entities asked to report disclosed their revenue data as required.

Discrepancies: The 2016 EITI Report includes a comprehensive reconciliation of the payments and revenues reported by the 34 material companies and four material government agencies, covering both hydrocarbons¹⁸⁵ and mining.¹⁸⁶ The report shows that discrepancies were insignificant. Although there is no evidence that the MSG set a materiality threshold for discrepancies, the report concluded discrepancies were not material. The report presents discrepancies by revenue stream and in aggregate¹⁸⁷, with discrepancies identified only in royalties (0.1%) and economics rights (0.4%). In aggregate, discrepancies amounted to only 0.018 % of total reconciled payments. The report shows that discrepancies were insignificant. Although there is no evidence that the MSG set a materiality threshold for discrepancies, the report concluded discrepancies were not material. The report shows the discrepancies by revenue stream and in aggregate¹⁸⁸, with discrepancies identified only in royalties (0.1%) and economics rights (0.4%). On an aggregate basis, discrepancies were 0.018 % of total reconciled payments.

Full government disclosure: The EITI Report includes full government revenue disclosure from both material and non-material companies as shown in Table 5 disaggregated by revenue stream and by sector (oil/gas and mining)¹⁸⁹.

¹⁸⁴ See p.11 in <http://www.eiticolombia.gov.co/content/informe-administrador#inicio>

¹⁸⁵ <http://www.eiticolombia.gov.co/content/detalle-cotejo-hidrocarburos#inicio>

¹⁸⁶ <http://www.eiticolombia.gov.co/content/detalle-cotejo-mineria#inicio>

¹⁸⁷ See p.5 of http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

¹⁸⁸ See p.5 of http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

¹⁸⁹ See p.10 of http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

Stakeholder views

Materiality: Members of the MSG consulted confirmed that they were content with the discussions in 2017 leading to agree materiality of revenue streams, companies and government entities. The definition of materiality based on a target for coverage of total non-tax revenues was considered acceptable given limitations, particularly during the inception phase, imposed by the constitutional tax confidentiality provisions. This affects the tax office's capacity to estimate corporate income tax payments from extractives companies. Stakeholders confirmed that the MSG adopted the same approach to materiality since preparations for the first EITI Report in 2015. In every EITI Report, the initial determination of materiality based on non-tax payments had resulted in reporting exercises with coverage of 96.4%, 93.5% and 89.7% of total revenues (including tax) received by the government in 2014, 2015 and 2016.

DIAN confirmed that information on taxpayers that had not waived their confidentiality rights could not be disclosed even in an anonymised way, even internally within the Ministry of Mines or to a third party bound by a confidentiality agreement. Representatives explained this had been confirmed after thorough assessment by DIAN's legal department, although confirmation of the aggregate value of tax payments for unnamed companies grouped under one of the economic activity code (CIU) could be considered in special cases. While DIAN does not routinely compile these statistics, representatives explained that it was possible to calculate these aggregate values upon request. However, disclosed taxpayer information could only cover specific queries, such as the total number of companies under a specific CIU code having paid more than a defined threshold. This was seen by all stakeholders consulted as insufficient information on which to base materiality decisions.

Regarding the MSG's materiality decisions, the IA confirmed that the approach to selecting companies based on royalties paid was reasonable in light of confidentiality constraints. They confirmed that royalties were the most representative revenue stream (i.e. the largest revenue stream apart from Ecopetrol's dividends in select years). The IA corroborated that information from the tax office DIAN was not available ahead of the reporting exercise for companies that have not waived their confidentiality rights. Therefore, it was not possible to estimate materiality based on information from this office. They confirmed that the materiality decisions in the 2016 EITI Report were based royalty payment data provided by ANH and ANM and considered these sensible. The IA also confirmed that the ex-post verification of the coverage of tax and non-tax extractives revenues had vindicated the MSG's approach to selecting material companies. DIAN officials also confirmed that there were not companies of significant size (1% of total tax payments) left outside EITI reporting for 2016. They added that the universe of remaining companies was atomized and included several thousand of small-scale miners. The authorities responsible for mining formalization in the Ministry of Mines and Energy confirmed that approximately 85% of the gold production comes from thousands of small producers.

No stakeholder expressed any objection or concern about the scope of revenue streams agreed for EITI reporting. CSOs stakeholders commented that they have initially called for inclusion of some subnational revenues but that they were satisfied with the findings of the subnational report that concluded these payments were not material.¹⁹⁰ Some CSO stakeholders noted that companies had regularly opted for the most conservative approach to disclosing data (i.e. arguing for disclosing the minimum necessary for compliance with the EITI Standard and in according to already publicly available information).

Comprehensive reconciliation: Stakeholders from industry, including the industry associations, and the Ministry of Mines and Energy confirmed that every effort was undertaken to encourage the four non-reporting material companies to participate. A couple of these companies explained that their production

¹⁹⁰ See: <http://www.eiticolombia.gov.co/sites/default/files/documentos/Generaci%C3%B3n%20de%20capacidades%20a%20nivel%20local%20-%20Documento%20diagn%C3%B3stico.pdf> and <http://www.eiticolombia.gov.co/sites/default/files/documentos/Estrategia%20para%20la%20implementaci%C3%B3n%20local%20del%20Estandar%20EITI.pdf>

was insignificant, given that they were at the early stages of production, but that they would consider participating in EITI reporting once their projects reached their planned production targets.

The Ministry of Mines and Energy confirmed that none of the four non-reporting companies had individually paid more than 1% of royalties in 2016. The IA confirmed that it was also reasonable to conclude that there were no significant companies missing from the report, including the four non-reporting material companies, whose omissions could have affected the comprehensiveness of the 2016 EITI Report. The mining regulator ANM confirmed that apart from CNR (which paid 0.49% of royalties in 2016), royalty payments from other non-reporting companies were atomized (none representing more than 0,1% of total royalties). They agreed with the opinion of other consulted stakeholders that it was acceptable to assume that any omission in the EITI reporting in 2016 was immaterial.

Other comments: Several CSOs consulted recalled their original wish to include more information on small-scale mining, but expressed satisfaction with the exclusion of payments from formalized small-scale miners from reporting, since they were considered immaterial. Civil society stakeholders confirmed that they welcomed additional information in the scope of EITI reporting, although not necessarily in terms of expanding the scope of reconciliation.

Initial assessment

The 2016 EITI Report documents the MSG's approach to materiality including the options considered, the limitations faced due to constitutional tax confidentiality provisions, the reconciliation coverage targets and the rationale for the agreed definitions. Material revenue streams are clearly identified, alongside the government entities collecting them, and include all revenues listed in Requirement 4.1.b. Given tax confidentiality provisions, the MSG was prompted to select material companies for reporting in a sub-optimal way according to the EITI Standard. The MSG agreed a threshold based on a target for the reconciliation coverage for non-tax revenues, given the lack of disaggregated tax revenue data during the inception phase. Ex-post verification of the reconciliation coverage in terms of total tax and non-tax payments highlighted coverage of 89.7% of total revenues, above the MSG's reconciliation coverage target of 85%. There was consensus among stakeholders consulted that none of the companies excluded from the scope of reporting accounted for more than 1% of royalty or tax payments to government in 2016. The report clearly lists all material companies. All material government entities are listed and fully reported, including full disclosure of all material revenues from all extractives companies (including non-material ones), disaggregated by revenue stream and by sector (oil/gas and mining). The report provides analysis of reporting omission by four non-reporting companies, which resulted in the finding that no single company non-participating could have significantly affected the comprehensiveness of the 2016 EITI Report. Stakeholders consulted confirmed the report's finding that none of the four non-reporting companies accounted for more than 1% of tax and non-tax payments in 2016. Previous EITI Board decisions on Validation have required evidence that none of the non-material or non-reporting companies could have significantly affected the comprehensiveness of the reconciliation.¹⁹¹ While Colombia's approach to defining materiality in selecting companies does not provide ex ante assurances over the comprehensiveness of the reconciliation's scope, ex post verification of tax reconciliation coverage and stakeholder consultations confirmed the comprehensiveness of the reconciliation. Thus, the International Secretariat considers that Colombia has made satisfactory progress meeting this requirement.

¹⁹¹ See Peru Validation: <https://eiti.org/validation/peru/2016>

In-kind revenues (#4.2)

Documentation of progress

Law 1530 of 2012 establishes that in Colombia royalties are calculated based on the value of production at the extraction site (mining site or oil well), although the legal framework only allows for royalties to be collected in kind in oil and gas, not mining. The regulatory agencies ANH and ANM calculate and collect the amount due and pass this information to the National Planning Department for distribution according to the general royalty system. For hydrocarbons, the law allows for these royalties to be paid in cash or in-kind. When paid in-kind, the amount of oil due is calculated at the well (i.e. before it is transported to the port, refinery or storage facility). On behalf of government, the hydrocarbon regulator ANH collect these in-kind royalties. The ANH has entered in a special agreement with the state-owned enterprise Ecopetrol for monetizing this in-kind oil. The agreement establishes the conditions upon which this sole buyer (Ecopetrol) buys the oil at the well (i.e. accepting all risks from that point, such as spillages, other losses). Ecopetrol subsequently pays to the government (ANH) the corresponding amount calculated according to the agreed contractual terms.¹⁹²

The 2016 EITI Report includes the reconciliation of the in-kind royalties of crude oil transferred by producing companies to the government (ANH) disaggregated by company (See Exhibit 3 below). It also includes the volumes sold by the ANH to Ecopetrol (see Exhibit 4 below) and the revenues received by the government (see Exhibit 5 below). There is only one buyer, Ecopetrol, for all the in-kind oil received by the government (ANH) as royalty payment from companies.

Exhibit 2 – List of companies making royalty payments in-kind in the 2016 EITI Report

Resultado del cotejo: Regalías pagadas en especie 2016

Grupo empresarial	Empresa	Total Empresa	Total Gobierno	Diferencia	Diferencia %
Canacol Energy Colombia S.A.	CNE Oil&Gas SAS	0.16	0.15	-0.02	9.38 %
Canacol Energy Colombia S.A.	Geoproduction Oil&Gas Company of Colombia	0.00	0.00	0.00	0.00 %
Canacol Energy Colombia S.A.	Shona Energy Colombia limited	0.00	0.00	0.00	0.00 %
Cepsa Colombia S.A.	Cepsa Colombia S.A.	1.40	1.57	0.17	-11.99 %
Chevron Petroleum Company	Chevron Petroleum Company	0.00	0.00	0.00	0.00 %
Ecopetrol S.A.	Ecopetrol S.A.	63.13	63.67	0.53	-0.85 %
Equión Energía Limited	Equión Energía Limited	8.84	8.82	-0.02	0.24 %
Frontera Energy Corp.	Grupo C&C Energía Barbados Sucursal Colombia	0.46	0.48	0.02	-3.45 %
Frontera Energy Corp.	Meta Petroleum Corp	18.56	18.56	0.00	0.00 %
Frontera Energy Corp.	Pacific Stratus Energy Colombia Corp	1.43	0.81	-0.63	43.63 %
Frontera Energy Corp.	Petrominerales Colombia Corp	2.30	1.96	-0.34	14.79 %
Gran Tierra Energy Colombia Ltd	Gran Tierra Energy Colombia Ltd	1.76	1.77	0.00	-0.24 %
Gran Tierra Energy Colombia Ltd	Petrolifera Petroleum (Colombia) Limited	0.00	0.00	0.00	0.00 %
Hocol S.A.	Hocol S.A.	1.57	1.70	0.12	-7.90 %
Mansarovar Energy Colombia Ltd	Mansarovar Energy Colombia Ltd	2.80	2.79	-0.01	0.30 %
Occidental	Occidental Andina LLC	0.00	0.00	0.00	0.00 %
Occidental	Occidental de Colombia LLC	6.71	6.71	0.00	0.00 %
Parex Resources Ltda	Parex Resources Colombia	0.35	0.86	0.51	-146.87 %
Total		112.00	112.35	0.34	-0.31 %

Microsoft Power BI

Fuente: Administrador Independiente. EY - 2017.

Source: 2016 EITI Report¹⁹³

¹⁹² <http://www.eiticolombia.gov.co/content/regalias-especie#inicio>

¹⁹³ <http://www.eiticolombia.gov.co/content/detalle-cotejo-hidrocarburos#inicio>

Exhibit 3 – Reconciliation of volumes of royalties in kind (Ecopetrol /ANH)

Comercialización de regalías

En la siguiente tabla se presenta la información correspondiente al rubro de comercialización de regalías, cotejada para Ecopetrol S.A. y la ANH.

Resultado del cotejo: Comercialización de Regalías (total barriles liquidados al comercializador) - 2016

Grupo empresarial	Empresa	Empresa	Gobierno	Diferencia	Diferencia %
Ecopetrol S.A.	Ecopetrol S.A.	114.98	115.32	0	0.30 %
Total		114.98	115.32	0	0.30 %

Microsoft Power BI

Fuente: Administrador Independiente. EY - 2017.

Source: 2016 EITI Report¹⁹⁴

Exhibit 4 – Government revenues received from monetization of royalties paid in-kind

Resultado del cotejo Comercialización de Regalías (pagos realizados a la ANH por compra de crudo) - 2016

Grupo empresarial	Empresa	Total Empresas Adheridas	Total Gobierno	Diferencia	Diferencia %
Ecopetrol S.A.	Ecopetrol S.A.	2,908,686.00	2,908,685.52	0	-0.00 %
Total		2,908,686.00	2,908,685.52	0	-0.00 %

Moneda
 Miles de USD
 Millones de COP

Microsoft Power BI

Fuente: Administrador Independiente. EY - 2017.

Source: 2016 EITI Report¹⁹⁵

Stakeholder views

ANH confirmed that, as allowed by law, there is the possibility of royalties are paid in-kind. In total, 18 companies opted for paying royalties on oil and gas production in-kind. The ANH then monetized the in-kind oil through a special arrangement with Ecopetrol, where Ecopetrol purchases all of the government's in-kind revenues according to a fixed formula based on benchmark oil prices, before subsequently

¹⁹⁴ ibid

¹⁹⁵ Ibid.

marketing the crude on its own behalf. No stakeholder made any additional comment nor expressed any concerns about the level of progress on this requirement achieved in Colombia's EITI Report.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress with this requirement. The 2016 EITI Report confirms that the government receives oil royalty payments in-kind and discloses and reconciles volumes of oil collected in-kind, volumes sold and proceeds of these sales to the sole buyer Ecopetrol. Given that all of the government's in-kind oil revenues are sold to a single buyer, Ecopetrol, they are effectively disaggregated by buyer in the 2016 EITI Report.

Barter and infrastructure transactions (#4.3)

Documentation of progress

The 2016 EITI Report explains that in Colombia there are not agreements involving the provisions of goods or services in exchange for oil, gas and mining exploration or production concessions.¹⁹⁶ The report explains that there are two possibilities however, where a private company (extractives or otherwise) could commit to the provision of good and services such as infrastructure, through public-private partnerships. The Law 1819 of 2016 created a mechanism for private companies to build infrastructure in special designated zones (related to former conflict areas). The law originally excluded extractives companies, but was subsequently extended to them in 2017 (Law 883). Companies in turn received a certificate for the value of the infrastructure projects, which could be used as a form of payment for future income tax. The law establishes a number of conditions that need to be met to qualify for this mechanism, related to alignment with national development plans and focus on areas such as water supply, sewage, roads, education and health projects. To date this mechanism has not been used by extractive companies, including in the year under review (2016).

Stakeholder views

Companies commented that the new possibilities of infrastructure provision offset against future taxes were being evaluated on a case-by-case basis. The legal mechanism under Law 1819 had not been tested by extractive companies to date, according to representatives from the tax office DIAN. No stakeholder made any additional comment nor expressed any concerns about coverage of this requirement.

Initial assessment

The International Secretariat's initial assessment is that this requirement was not applicable to Colombia in the period under review (2016). There are no agreements involving the provisions of good and services in exchange for oil, gas and mining exploration or production concessions. There are legal provisions for tax-recoverable infrastructure expenditures by extractives companies, although these were not effective in 2016.

¹⁹⁶ <http://www.eiticolombia.gov.co/content/acuerdos-provision#inicio>

Transport revenues (#4.4)

Documentation of progress

The 2016 EITI Report includes a thorough explanation of transportation of minerals in Colombia and disclosure of transport revenues in 2016.¹⁹⁷

The MSG commissioned EY a supplementary report on minerals transportation in Colombia in 2017. The study, linked in the 2016 EITI Report, includes information on:

- a) The legal framework regulating oil transportation (oil pipelines), gas transportation (gas pipelines), coal transportation (rail track concession Fenoco) and the ports. The transportation of other minerals does not generate revenues to the state (national and subnational entities). The study identified all companies involved in each of the transportation arrangement. Oil and gas facilities are majority owned by an Ecopetrol subsidiary (Cenit) and a number of minority private partners. The coal's rail concession is owned by a consortium of coal companies. Ports are operated through a concession to private companies. The study explains that transport taxes and ports fees are distributed as follows: oil and gas transport taxes are paid to 165 municipalities; coal's transport taxes are paid 50% to the National Infrastructure Agency and the rest to the operators that own the rail's facilities. Port's fees are paid 20% to seven municipalities and 80% to the National Roads Institute (INVIAS).
- b) Oil and gas pipelines and the rail network used for coal transportation. There are 6574 kilometres of oil pipelines, 7426 kilometres of gas pipelines, 226 kilometres of privately operated rail tracks (Fenoco) and 150 kilometres of rail tracks owned by a mining company (Cerrejón).
- c) Formulas (including tariffs) for calculating oil, gas and coal transport taxes. The methodology for ports fees is cited (Conpes).
- d) Volumes for oil and coal transported are included. Capacity of gas facilities is included.
- e) The study assessed the availability of public information for transport taxes and port fees. Oil and gas transport taxes are calculated by the Ministry of Mines and collected by the operators that then transfer to the different municipalities (172 in total). The information is in principle publicly available but is very difficult to compile and aggregate. Last time the information was made public by the Ministry of Mines was in 2011. Information on port fees is not publicly available. The study collected this information from the port operators. Oil and gas transport fees are distributed to 165 municipalities. Collecting information from these large number of municipal entities is challenging. The study concludes on that there are no legal obstacles for making this information public.

The 2016 EITI Report shows that in 2016, national and subnational governments received USD 164.4m from transport and port fees. The MSG concluded that those revenues were material and agreed to disclose, but not reconcile, them in the 2016 EITI Report.¹⁹⁸ The report explains that the national government and municipalities receive revenues from taxing mineral transportation and from a fee paid for the use of port facilities. The following transit taxes are levied on oil and gas and coal transport:

- Oil and gas companies pay a transport tax to municipalities along the transit line for oil and gas, with some 165 municipalities receiving transport revenues across the country.
- Oil and gas companies also pay a fee to the ports through which oil or gas is transported.
- Coal companies pay a transport tax for the rail tracks used for transporting minerals along the rail network in the country's north, known as the Fenoco concession.

¹⁹⁷ <http://www.eiticolombia.gov.co/content/ingresos-transporte#inicio>

¹⁹⁸ See Minute 29: www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_29_171218.pdf

- Oil and coal companies also make payments to the ports used for export of minerals.
- The report confirms that natural gas was not exported in 2016 and that there were no revenues associated with natural gas transport.

The International Secretariat, based on the EY Transport study understands that the reported flows related to transportation of minerals and oil in 2016 are comprehensively covered,

Revenue was reported by the operators of the different transportation facilities including ports. The oil and gas pipelines operators distributed the tax collected on behalf of municipalities. In the case of coal the revenues are collected by the national infrastructure agency ANI (Agencia Nacional de Infraestructura). Table 6 summarises these revenues:

Table 6 – Revenues from transport tax and ports fees (2016)

Commodity	Transport tax (USD million)	Port fees (USD million)
Oil	51.3	3.9
Gas	22.2	-
Coal	68.6	18.4
Total extractive sector	142.1	22.3
Note: 47.4% of these revenues are distributed to 172 municipalities		

Source: EY Transport Report linked in 2016 EITI Report ¹⁹⁹

Stakeholder views

EITI Colombia staff and EY confirmed the difficulties in compiling the information on transport taxes and port fees. They noted that a possible reconciliation exercise would be very cumbersome and expensive to conduct. With 172 municipalities receiving 47% of these revenues it would be very challenging to reconcile the figures distributed of transport taxes to that number of recipients. The Ministry of Mines and Energy confirmed that information on these transfers to municipalities could be made public in a more user-friendly manner if their information systems were updated. All stakeholders consulted welcomed the transportation study's findings and highlighted the importance of the significant revenues accruing to national and subnational entities from transportation of extractives. The MSG acknowledged the difficulty in reconciling the transfers of transport taxes with 172 municipalities' reporting and expected to continue regularly collecting information from government databases such as that of the Ministry of Mines and Energy.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress with this requirement. Revenues from transport taxes and port fees are considered material. The MSG commissioned a study by the IA (EY), compiling information from the transport operators, including

¹⁹⁹ <http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Estudio%20de%20transporte.pdf>

national ports, the Ministry of Mines and Energy and other government agencies including ANI, the study estimated total transport taxes and port fees paid by oil, gas and coal companies. Transport operators, the national infrastructure agency and the ports provided revenue information for these taxes and fees. The information is presented to a level of disaggregation commensurate with other payments and revenue streams in the 2016 EITI Report. Stakeholders were content with the information disclosed on revenues received. The report documents barriers to reconciling information on transport revenues with reporting from 172 municipalities, but included additional information on legal framework, calculation formulas and geographic location of transport facilities.

Transactions between SOEs and government (#4.5)

Documentation of progress

The 2016 EITI Report addresses the role of the state-owned company Ecopetrol²⁰⁰, including a detailed description of the legal framework²⁰¹ regulating Ecopetrol. The report explains that there are no material payments to Ecopetrol from oil, gas and mining companies. The transport revenues received by Ecopetrol (including its subsidiaries) from private operators are assessed under Requirement 4.4. The report also clarifies that there is no state participation in the mining sector.²⁰²

There are no special transfers or other financial obligations towards the state other than payments of statutory taxes and levies in line with relevant laws common to all extractives companies.²⁰³ The largest transactions between Ecopetrol and the state are dividends and royalties. Both revenue streams are comprehensively disclosed and reconciled, as assessed under Requirement 4.1. The report discloses all taxes paid by Ecopetrol in 2015 and 2016 to national and subnational entities²⁰⁴ (see Exhibit 5). As the largest gasoline retailer (downstream), Ecopetrol collects the gasoline and diesel taxes paid by consumers. The report discloses a handful of taxes specific to Ecopetrol, such as the gasoline and diesel tax. It also includes withholding taxes retained by Ecopetrol.

²⁰⁰ <http://www.eiticolombia.gov.co/content/transacciones#inicio>

²⁰¹ Decree 1760 of 2003 together with Law 1118 of 2006 established that the state could transfer to Ecopetrol the value of the hydrocarbons, licensed areas reverted to the state, any profits so decided and recapitalization funds. Article 6 and 7 of Law 1118 establishes that Ecopetrol has the same obligations of any other private company.

²⁰² <http://servicios.minminas.gov.co/compilacionnormativa/docs/arb/1000.htm>

²⁰³ <http://www.eiticolombia.gov.co/content/transacciones#inicio>

²⁰⁴ <http://www.eiticolombia.gov.co/content/ecopetrol-pagos#inicio>

Exhibit 5 – Taxes paid by Ecopetrol to national and subnational governments

Tabla 64. Impuestos pagados a la nación y entes territoriales

Tipo de impuesto	2015	2016	Variación	%	Nota
Cifras en millones de pesos*					
Impuestos propios					
Impuesto de renta	1.493.191	0	(1.493.191)	-100%	1
Impuesto de renta para la equidad (CREE)	1.145.108	0	(1.145.108)	-100%	1
Autorretención de retención para la equidad - CREE	719.575	634.400	(85.175)	-12%	1
Autorretenciones por renta	651.671	548.792	(102.879)	-16%	1
Impuesto a la riqueza	417.115	368.844	(48.271)	-12%	2
Impuesto nacional a la gasolina y al ACPM	282.643	304.193	21.551	8%	3
Sobretasa nacional al ACPM	2.042	934	(1.108)	-54%	4
Impuesto a las ventas	-	2.525	2.525	100%	5
Impuesto de industria y comercio	162.106	136.758	(25.348)	-16%	6
Impuesto predial	18.390	18.538	148	0,8%	7
Impuesto de transporte	103.089	103.875	786	0,8%	8
Gravamen a los movimientos financieros	139.769	84.672	(55.097)	-39%	9
Impuesto de vehículos	299	795	496	166%	10
Impuesto de alumbrado	15.000	12.367	(2.633)	-18%	11
Subtotal impuestos propios	5.149.998	2.216.693	(2.933.305)	-57%	
Recaudo de terceros					
Impuesto nacional a la gasolina y al ACPM	2.543.783	2.737.738	193.955	8%	3
Retención en la fuente por renta/ IVA/Timbre	766.895	580.003	(186.891)	-24%	12
Sobretasa nacional al ACPM	38.332	36.986	(1.346)	-4%	4
Retención en la fuente de industria y comercio	75.392	45.509	(29.883)	-40%	12
Subtotal impuestos recaudo de terceros	3.424.401	3.400.236	(24.165)	-0,7%	
TOTALES AÑO 2015 Y 2016	8.574.399	5.616.929	(2.957.470)	-34%	

Fuente: Ecopetrol, Vicepresidencia Corporativa de Estrategia y Finanzas
 (*) Para efectos de comparabilidad, se consideró el valor realmente pagado.

Source: Ecopetrol's website

Stakeholder views

Ecopetrol highlighted that the company already published information on most aspects required by the EITI Standard in its flagship annual sustainability report.²⁰⁵ Ecopetrol representatives expressed willingness to engage further with the MSG and other stakeholders to explore further ways of enhancing transparency in their operations, governance and fiscal contributions.

Initial assessment

²⁰⁵ https://www.ecopetrol.com.co/wps/portal/es/ecopetrol-web!/ut/p/z1/04_Sj9CPyKssy0xPLMnMz0vMAfIjo8ziLQIMhd09DQy93YMsdAwciYIdA728nZ2cA0z1wwkpiAJKG-AAjgZA_VGEIBtkRhikOyoqAgAU5VOe/#

The International Secretariat's initial assessment is that Colombia has made satisfactory progress with this requirement. The 2016 EITI Report describes thoroughly the role of the SOE Ecopetrol including disclosure of all Ecopetrol payments to the state. The report explains that Ecopetrol does not collect payments from companies and comprehensively discloses and reconciled Ecopetrol's payments to government.

Subnational direct payments (#4.6)

Documentation of progress

The 2016 EITI Report includes the results of a scoping study conducted to determine the materiality of direct payments made by extractives companies to municipalities.²⁰⁶ The study lists 10 revenue streams paid at the municipal level. Based on a sample of 10 extractives municipalities, the study concluded that these 10 revenue streams accounted for 1% of extractives revenues collected at the national level. The study also found that the 10 revenues accounted for 36% of total revenues received by municipalities. Royalties (39%) and transfers from the national budget (24%) are the largest sources of revenues at the municipal level. Of the 36% of direct revenues collected by the municipalities, half corresponds to the industry and commercial fee paid by all companies (extractive and otherwise) operating in a municipality. None of these municipal fees and taxes are levied exclusively on extractive companies.²⁰⁷

Based on this study, the MSG agreed that these revenues were not material.²⁰⁸ The MSG decided to ask companies to report, on voluntary basis, the 10-revenue stream collected at the municipal level. The report shows that, in 2016, companies reported USD 81m in payments to municipalities for the 10 revenue flows.²⁰⁹

Stakeholder views

Most consulted stakeholders agreed that disclosure of information relevant to subnational stakeholders was important for accountable management of extractive resources by local governments. Company payments to municipalities were considered a component of the contribution from extractive companies to the local economies, while the most significant contribution remained the royalties paid at the national level and subsequently transferred to local governments (*see Requirement 5.2*). The quality of local government spending has long proved challenging. All stakeholders consulted welcomed the EITI contributing as much as possible to disclose information relevant to local-level stakeholders. The issue of collecting information from at least the largest extractive municipalities was carefully discussed. Although civil society stakeholders initially called for compulsory reconciliation of direct subnational payments, they subsequently agreed that the exercise was not cost efficient given the low materiality of such payments. Stakeholders were aware of capacity challenges at the municipal level that made collection of such data challenging. Stakeholders consulted were content with the adopted solution of asking companies to report this information on a voluntary basis. They all agreed to revisit the strategy to reach out to subnational levels and engage with national and local authorities to identify opportunities for bringing more transparency to subnational revenues and expenditures.

²⁰⁶ <http://www.eiticolombia.gov.co/sites/default/files/documentos/Generaci%C3%B3n%20de%20capacidades%20a%20nivel%20local%20-%20Documento%20diagn%C3%B3stico.pdf>

²⁰⁷ <http://www.eiticolombia.gov.co/content/pagos-subnacionales#inicio>

²⁰⁸ <http://www.eiticolombia.gov.co/comit%C3%A9-tripartito-nacional>

²⁰⁹ <http://www.eiticolombia.gov.co/content/pagos-subnacionales#inicio>

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. The MSG identified the direct payments made by companies to subnational level, and, based on a thorough assessment, concluded that these payments were not material. Yet, to gain a better understanding of the importance of these revenues, the MSG contracted a study on direct subnational payments based on voluntary company reporting.

Level of disaggregation (#4.7)

Documentation of progress

The MSG agreed to present information by company and government entity. Companies are identified by the tax registration number (NIT).²¹⁰ The data in the 2016 EITI Report is disaggregated by individual company, government entity and revenue²¹¹, but not by project.

Stakeholder views

Stakeholders did not express any views related to disaggregation of payments for the 2016 and previous EITI Reports. Several stakeholders commented that they were currently discussing project-by-project reporting for the next report and expressed enthusiasm for disaggregating data to project-level to better meet the demand for information at the subnational level. At the same time, MSG members explained that they were assessing resource implications of project-level reporting, particularly in light of potential confidentiality concerns.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in meeting this requirement. In accordance with Requirement 4.7, the data is disaggregated by individual company, revenue stream and government entity for all revenue streams. Relevant reconciled data is not disaggregated by project.

Data timeliness (#4.8)

Documentation of progress

Colombia has produced three EITI Reports that meet the EITI's requirements for timeliness. The first report covering fiscal year 2013 was published in 2015. The second report covering 2014-2015 data was published in November 2016 and the 2016 EITI Report in December 2017. Successive EITI Reports have

²¹⁰ http://www.eiticolombia.gov.co/content/grado-desglose#_ftn1

²¹¹ <http://www.eiticolombia.gov.co/content/detalle-cotejo-hidrocarburos#inicio> and <http://www.eiticolombia.gov.co/content/detalle-cotejo-mineria#inicio>

confirmed the MSG's approval of the reporting period, from the 2013 EITI Report²¹² to the 2016 EITI Report.²¹³

Stakeholder views

There were no concerns about timeliness of the EITI Reports. Stakeholders welcomed the publication of EITI data through an online data portal as a means of ensuring timelier reporting. They commented that for future fiscal years, information should be disclosed not later than 9 months after the fiscal year ends (i.e. by September of each year).

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. In accordance with Requirement 4.8, Colombia has published EITI Reports on an annual basis and the data has not been older than the second to the last complete accounting period. There is evidence the MSG approved the reporting period of EITI Reports.

Data quality (#4.9)

Documentation of progress

Appointment of the Independent Administrator (IA): The MSG approved the terms of reference for the IA on 26 April 2017.²¹⁴ Funding of the IA was provided 75% from the World Bank EGPS grant and 25% from the government budget. Ernst and Young (EY) was selected following the World Bank (EGPS) and government procurement processes²¹⁵. The contract with EY was signed on 15 August 2017. EY was also the IA responsible for producing the first two EITI Reports (2013 and 2014-2015).

Terms of Reference for the Independent Administrator: The MSG agreed the IA's ToR on 26 April 2017. The ToR are broadly consistent with the standard ToR for IAs approved by the EITI Board, albeit with certain additions. Beyond the minimum scope, the ToR also included provisions for the development of an online tool to visualise the EITI Report and a study of the regulation and practices regarding transportation of minerals in Colombia (see Requirement 4.4).

Agreement on the reporting templates: The IA's ToR included the obligation for the IA to revise and diagnose the scope of reporting, including reviewing reporting templates.²¹⁶ This was done when the MSG reviewed reporting templates for the 2016 EITI Report in April and July 2017²¹⁷.

²¹² Approved in Minute No.15 from 21 July 2015. Pp.5. See:

<http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta%20CTN%2015.pdf>. In addition see: Ernst and Young (2015). Metodología para la preparación, recopilación y conciliación del Informe EITI Colombia. Proyecto Informe EITI-2013. Producto FINAL

²¹³ Approved in Minute No.26 from 26 April 2017. Pp.9. See:

http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_26_170101.pdf. In addition see: Contrato de Consultoría No.387 de 2017 suscrito entre el Ministerio de Minas y Energía y Ernst and Young.

²¹⁴ <http://www.eiticolombia.gov.co/comite-tripartito-nacional>

²¹⁵ Minute No.26 reflects this discussion: "the Independent Administrator shall be recruited under World Bank rules and under the direct recruitment modality". See: http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_26_170101.pdf P.9

²¹⁶ Ernst and Young and Minister of Mines and Energy Colombia (2017). Contrato de consultoría No.GGC-387 de 2017 suscritos entre el Ministerio de Minas y Energía y Ernst and Young S.A.

²¹⁷ See Minute No.26 Pp.8-9 (http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_26_170101.pdf) and Minute No. 27 P.7 (http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_27_171218.pdf).

Review of audit practices: The IA's ToR mandated the IA to review and advise the MSG on the auditing procedures and assurances to be provided by the reporting companies and government agencies. EY submitted a separate note with this review.²¹⁸ The IA describes the statutory audit procedures of the state's supreme audit body (the Contraloría General de la República) including the prevailing norms for internal controls as stated in Law 87 of 1993 and subsequent decrees (943 of 2014 and 1083 of 2015). Similarly, it describes the statutory auditing procedures for private companies as established in the Code of Commerce and the Law 43 of 1990. The report also commented on the actual auditing practices for 2016, confirming that all material entities had audited financial statements for the year under review.²¹⁹

Assurance methodology: Section Annex A.3.VI of the ToR required the IA to revise the legal framework and auditing practices in relation to the data submitted by the companies and government agencies, including the application of international auditing standards. The ToR mandated the IA to present this review to the MSG and to implement its recommendations in the reconciliation process. The IA submitted a separate note detailing the data quality assurances for EITI reporting and level of compliance by reporting entities.²²⁰ For government agencies the data quality assurances included the auditing norms for Colombian government entities (NAGC), the standardised internal control (MECI), a representation letter from each reporting agency, designation of a responsible official to submit the data online, and the audited financial statements. For companies, the data quality assurances mechanisms included audited financial statements, representation letter with certification of consistency with audited financial statements, designation of a responsible to submit the data online, and copy of audited financial statements (sourced from the company regulator Superintendencia de Sociedades).

Confidentiality: The IA's ToR (section 7) mandate the IA to safeguard confidential information. While the 2016 EITI Report does not include specific provisions for safeguarding the confidentiality of information pre-reconciliation, the IA's note on quality assurance confirms that its work was undertaken in line with international standards of ethics.

Reconciliation coverage: The IA provides an opinion on the comprehensiveness of the reconciliation, including a reconciliation coverage of 89.7% of total government extractives revenues. The note also shows the coverage achieved for reporting companies in each of the previous report, 96% in both 2014 and 2015 and 94% in 2015. The lower reconciliation coverage of 89.7% in the 2016 EITI Report was due to the lower dividends paid by the state-owned enterprise Ecopetrol in 2016.

Assurance omissions: The IA (EY) confirmed that the reporting government agencies were subjected to standard procedures of internal control (MECI 2014) and that they followed the auditing procedures by the supreme auditor body in 2016.²²¹ The IA also highlighted that the reporting companies were audited by an external auditor applying international standards, that they were subjected to the inspection and monitoring by the company regulator (Superintendencia de Sociedades) and that the audited financial statements were public in the regulator's website.²²² The IA's note also confirms that all companies and government entities provided the required quality assurances for their reporting templates, i.e. management sign-off.

Data reliability assessment: The IA was tasked to provide an assessment of the reliability of reconciled data. On the basis of the IA's review of the lack of assurance omissions, the IA reported that no irregularities were identified in the course of carrying out the agreed-upon procedures.

Sourcing of information: The IA was tasked with reviewing the information (considered "contextual information") as defined by the MSG. This includes all the information not related to payments and revenues (reconciliation). The IA was tasked with integrating the non-revenue information through the

²¹⁸ http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Diagnostico%2020170927_VF.pdf

²¹⁹ See pp. 17-19 in http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

²²⁰ http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

²²¹ <http://www.contraloriagen.gov.co/web/guest/auditorias-liberadas>. See pp. 10-12 in

http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Diagnostico%2020170927_VF.pdf

²²² <http://www.supersociedades.gov.co> See pp. 12-13 in http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Diagnostico%2020170927_VF.pdf

development of an online platform (this included design, software development, users' capacitation and producing the information on the online data portal).²²³ All information in the 2016 EITI Report appears clearly sourced, aside from oversights related to production data. However, there is evidence that this oversight was being addressed with missing sources added to the online 2016 EITI Report during the course of Validation (see *Requirement 3.2*).

Summary tables: EITI Colombia has produced summary data tables in line with guidelines from the International Secretariat for each of the three EITI Reports covering four fiscal years to date, both on its national EITI website²²⁴ and on the Colombia page of the global EITI website.²²⁵

Recommendations: The ToR included tasking the IA to provide recommendations from compiling (revenue and non-revenue information) and reconciling revenue information. Additionally, the IA was tasked to comment on progress with following up previous EITI Reports' recommendations. The 2016 EITI Report contains recommendations from this reporting exercise and comments on progress in following up previous reports' recommendations.²²⁶

Stakeholder views

Company and CSO stakeholders commended the data quality and were content with the assurances provided. They also commended the data collection online tool, highlighting that, together with the experience gained through completing the previous two reporting cycles, disclosing data had become more streamlined and efficient. They noted that the tax confidentiality waiver process remained a time-consuming exercise but that, all in all, revenue reconciliation had become a more straightforward process. Regarding non-revenue disclosures and compiling of information, stakeholders widely welcomed the new online portal. They acknowledged that much information was available in the government systems which helped to mainstream non-revenue disclosures. However, the EITI national secretariat noted that collection of non-revenue information involved a great inter-agency coordination, including capacity-building and repeated interactions with government agencies during the preparation of the report. Some stakeholders noted that, while much information seem to have been already available in government systems, compiling and presenting them in the way required under the EITI Standard was not always straightforward.

The IA was content with the ToR for its work, including the standard aspects covered in ToR approved by the EITI Board. They emphasised however the limitations in providing opinions on the data submitted by reporting entities beyond attesting that the data assurances agreed by the MSG were followed. No stakeholder expressed any concern about the quality of the data disclosed by the government agencies and companies. Civil society expressed their satisfaction with the quality of the technical information presented through the reporting exercises. They were also content with the discussions leading to the approval of a number of technical aspects related to this requirement (e.g. scoping, data quality assurances, online tools). Regarding company data, no stakeholder expressed any major concern about the quality of the data submitted. However, several CSOs found that these technical discussions consumed considerable amounts of time, leaving less space for more substantive discussions about findings and more general extractives governance challenges.

Regarding the role of the IA, all stakeholder stressed the importance of a third-party verification of data presented in EITI Reports. Companies were comfortable with submitting their payment data to a trusted third-party. CSOs welcome the assurances implied in hiring an independent party to collect information.

²²³ Ernst and Young and Minister of Mines and Energy Colombia (2017). Contrato de consultoría No.GGC-387 de 2017 suscritos entre el Ministerio de Minas y Energía y Ernst and Young S.A.

²²⁴ <http://www.eiticolombia.gov.co/>

²²⁵ <https://eiti.org/colombia>

²²⁶ See pp. 30-37 in http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

Government stakeholders, while noting that much information was already in their systems, welcomed the IA's work in compiling and presenting the information through the online portal. They also welcomed the IA's role in regularly monitoring that information required under the EITI Standard was disclosed. All in all, while all parties recognised the progress made by Colombia in mainstreaming EITI disclosures, they emphasised the importance of consistently including independent third-party verification of disclosed data. However, some government and CSO stakeholders expressed concern about the sustainability of annual reporting relying primarily on expensive IAs. They stressed the need to soon discuss ways to make the reporting process more efficient while preserving the elements of data quality assurances provided by an independent third-party.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress towards meeting this requirement. In accordance with Requirement 4.9, the reconciliation of payments and revenues has been undertaken by a credible Independent Administrator, appointed by the MSG, and applying international auditing standards. The IA and the MSG agreed ToR for the production of the 2016 EITI Report consistent with the standard ToR agreed by the EITI Board, and applied these ToR and procedures in practice. The final report provides a statement from the IA on the reliability of the (financial) data presented in light of agreed procedures, including an informative summary of the work performed by the IA and the limitations of the assessment provided. The report indicates a coverage of the reconciliation exercise. Stakeholders were widely satisfied with the revenue reconciliation and compilation of non-revenue information and the data quality assurances provided.

Table 7 – Summary initial assessment table: Revenue collection

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Comprehensiveness (#4.1)	The 2016 EITI Report documents the MSG's approach to materiality including the options considered, the limitations faced due to constitutional tax confidentiality provisions, the reconciliation coverage targets and the rationale for the agreed definitions. Material revenue streams are clearly identified, alongside the government entities collecting them, and include all revenues listed in Requirement 4.1.b. Given tax confidentiality provisions, the MSG agreed a threshold based on a target for the reconciliation coverage for non-tax revenues. Ex-post verification of the reconciliation coverage in terms of total tax and non-tax payments highlighted coverage of 89.7% of total revenues. There was consensus among stakeholders consulted that none of the companies excluded from the scope of reporting accounted for more than 1% of royalty or tax payments to government in 2016. All material government entities are listed and fully reported, including full disclosure of revenues from all	Satisfactory progress

	extractives companies, disaggregated by revenue stream. The report clearly lists all material companies and provides analysis of reporting omissions by four non-reporting companies, which were not considered material. While Colombia's approach to defining materiality in selecting companies does not provide ex ante assurances over the comprehensiveness of the reconciliation's scope, ex post verification of tax reconciliation coverage and stakeholder consultations confirmed the comprehensiveness of the reconciliation.	
In-kind revenues (#4.2)	The 2016 EITI Report confirms that the government receives oil royalty payments in-kind and discloses and reconciles volumes of oil collected in-kind, volumes sold and proceeds of these sales to the sole buyer Ecopetrol. Given that all of the government-s in-kind oil revenues are sold to a single buyer, Ecopetrol, they are effectively disaggregated by buyer in the 2016 EITI Report.	Satisfactory progress
Barter and infrastructure transactions (#4.3)	There are no agreements involving the provisions of good and services in exchange for oil, gas and mining exploration or production concessions.	Not applicable
Transport revenues (#4.4)	The MSG commissioned a study by the IA (EY), compiling information from the transport operators, including national ports, the Ministry of Mines and Energy and other government agencies including ANI, the study estimated total transport taxes and port fees paid by oil, gas and coal companies. Transport operators, the national infrastructure agency and the ports provided revenue information for these taxes and fees. The information is presented to a level of disaggregation commensurate with other payments and revenue streams in the 2016 EITI Report. Stakeholders were content with the information disclosed on revenues received. The report documents barriers to reconciling information on transport revenues with reporting from 172 municipalities	Satisfactory progress
Transactions between SOEs and government (#4.5)	The 2016 EITI Report describes thoroughly the role of the SOE Ecopetrol including disclosure of all Ecopetrol payments to the state. The report explains that Ecopetrol does not collect payments from companies and comprehensively discloses and reconciled Ecopetrol's payments to government.	Satisfactory progress
Subnational direct payments (#4.6)	The MSG identified the direct payments made by companies to subnational level, and, based on a thorough assessment, concluded that these payments were not material. Yet, to gain a better	Satisfactory progress

	understanding of the importance of these revenues, the MSG contracted a study on direct subnational payments based on voluntary company reporting.	
Level of disaggregation (#4.7)	In accordance with Requirement 4.7, the data is disaggregated by individual company, revenue stream and government entity for all revenue streams. Relevant reconciled data is not disaggregated by project.	Satisfactory progress
Data timeliness (#4.8)	In accordance with Requirement 4.8, Colombia has published EITI Reports on an annual basis and the data has not been older than the second to the last complete accounting period. There is evidence the MSG approved the reporting period of EITI Reports.	Satisfactory progress
Data quality (#4.9)	In accordance with Requirement 4.9, the reconciliation of payments and revenues has been undertaken by a credible Independent Administrator, appointed by the MSG, and applying international auditing standards. The IA and the MSG agreed ToR for the production of the 2016 EITI Report consistent with the standard ToR agreed by the EITI Board, and applied these ToR and procedures in practice. The final report provides a statement from the IA on the reliability of the (financial) data presented in light of agreed procedures, including an informative summary of the work performed by the IA and the limitations of the assessment provided. The report indicates a coverage of the reconciliation exercise.	Satisfactory progress
<p>Secretariat's recommendations:</p> <ul style="list-style-type: none"> • To strengthen implementation, Colombia is encouraged to review materiality definitions for its EITI reporting based on previous reporting exercises, with the aim of establishing, ahead of reconciliation, a materiality threshold for selecting companies that ensures that all payments that could affect the comprehensiveness of EITI reporting be included in the scope of reconciliation. • To strengthen implementation, EITI Colombia is encouraged to work with Ecopetrol on exploring the scope for disclosing Ecopetrol's crude oil sales to third parties to levels commensurate with information on the sales of the state's in-kind revenues. • To strengthen implementation, the government and the MSG are encouraged to explore ways to bring more transparency to direct subnational revenue collection and uses of extractives revenues at the subnational level. • To further strengthen implementation, Colombia may wish to make progress in implementing project-level EITI reporting (for project-specific revenue flows) ahead of the deadline for all EITI Reports covering fiscal periods ending on or after 31 December 2018, agreed by the EITI Board at its 36th meeting in Bogotá. • To strengthen implementation, Colombia is encouraged to strengthen its efforts to publish more up-to-date EITI data to ensure a higher relevance and usefulness for public debate and policy-making. To make future reporting exercises cost efficient while credible, the government and the MSG are encouraged to explore ways to maximise the use of information 		

made public through other sources and the use of the online cost-efficient tools already developed to ensure a sustainable solution for future reporting.

5. Revenue management and distribution

5.1 Overview

This section provides details on the implementation of the EITI requirements related to revenue management and distribution.

5.2 Assessment

Distribution of revenues (#5.1)

Documentation of progress

The 2016 EITI Report describes how extractive revenues are distributed.²²⁷ Taxes and dividends paid by Ecopetrol are distributed through the national budget.²²⁸ Royalties and other economic compensations collected by the regulators ANH (hydrocarbons) and ANM (mining) are transferred to the general royalty system and recorded in the national budget.²²⁹ The report goes on to explain the general royalty system. This includes:

- Description of how projects are financed by the system.²³⁰
- Distribution of resources in the system, including transfer to regions in 2016.²³¹
- Summary of projects approved in 2016.²³²
- Description of monitoring of expenditures paid by royalties²³³, including the geo-referenced “Mapa Regalia”²³⁴, Planning Ministry’s monitoring system²³⁵ and citizens audits.²³⁶

The report also explains that the industry regulators ANM and ANH receive, for their operational costs, transfers from the national budget that are calculated annually in relation with the revenues collected by these two government agencies.²³⁷

The report does not reference national or international revenue classification systems such as the IMF’s GFS.

²²⁷ <http://www.eiticolombia.gov.co/content/ingresos-distribucion#inicio>

²²⁸ <http://www.eiticolombia.gov.co/content/recursos-PGN#inicio>

²²⁹ <http://www.eiticolombia.gov.co/content/sgr#inicio>

²³⁰ <http://www.eiticolombia.gov.co/content/SGR-presentacion#inicio>

²³¹ Ibid.

²³² <http://www.eiticolombia.gov.co/content/SGR-proyectos-aprobados#inicio>

²³³ Ibid.

²³⁴ <http://maparegalias.sgr.gov.co/#/>

²³⁵ <http://drspr.sgr.gov.co/spr/SMSCE/estado/ReporteNacionalEjecucionGesproy.html>

²³⁶ <https://www.sgr.gov.co/Qui%C3%A9nesSomos/AntiguoSistema/AuditoriasVisibles.aspx>

²³⁷ <http://www.eiticolombia.gov.co/content/ingresos-propios#inicio>

Stakeholder views

Stakeholders did not express any particular views related to distribution of revenues. Many stakeholders welcomed the tools available to monitor how royalty revenues were distributed to the regions (Mapa Regalia, Auditorias visibles, Gesproy). They encouraged the EITI to play a more active role in promoting the use of these tools and coordinating more concerted efforts to reach out to regions and communities.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in meeting this requirement. The 2016 EITI Report includes a description of the distribution of revenues from the extractive industries and confirms that all extractives revenues are recorded in the national budget and in the biannual laws establishing the budget of the royalty national system. The report includes additional information on the national royalty system and adds a number of links to tools that allow monitoring of royalties' revenues distributed and expenditures funded by them. The report does not reference national or international revenue classification systems.

Sub-national transfers (#5.2)

Documentation of progress

Revenue sharing formula: The EITI Standard requires that if the national government is mandated to transfer resources from extractives revenue collection to subnational governments the report must include an explanation of the revenue sharing formula. The 2016 EITI Report thoroughly explains the revenue-sharing mechanism. As discussed in requirement 5.1, the 2016 EITI Report includes an explanation of the revenues that are distributed through the national royalty system. According to Law 1530 of 2012 and subsequent Decrees 1744 of 2014 and 2190 of 2016, the royalty system includes 10 different funds including direct transfers to the regions and direct allocations to areas such as cartography and monitoring. Regions can access to funding from 6 of these funds upon request and approval by governance bodies called OCAD (for "Órganos Colegiados de Administración y Decisión" in Spanish). The 2016 EITI Report describes the subnational transfer system in the following way²³⁸:

- Bi-annually, the National Congress (legislative body) authorises the royalty budget with allocations for each region. The budget is based on the actual royalty collection of the previous year. For example, for the 2017-2018 period Decree 2190 of 2016 established the available allocation for each region.²³⁹
- Each year, the National Planning Department (DNP) makes the amount available for each region known. Regional government can then propose projects to be funded with the available resources per the authorization of the planning department DNP's allocation.²⁴⁰ The report lists the individual transfers to the regions (see Exhibit 6 below).
- Regions can, beside direct allocation, access to the funds though different options;
 - Regional compensations (Fondo de Compensación Regional), including 40% for municipalities.

²³⁸ <https://www.anm.gov.co/?q=content/los-abece>

²³⁹ http://www.minhacienda.gov.co/HomeMinhacienda/faces/oracle/webcenter/portalapp/pages/sistgralregalias/presupuesto.jspx?_adf.ctrl-state=12gi80wcui_4&_afLoop=359788405656992&_afWindowMode=0&_afWindowId=null#!%40%40%3F_afWindowId%3Dnull%26_afLoop%3D359788405656992%26_afWindowMode%3D0%26_adf.ctrl-state%3D129s1ij7_4

²⁴⁰ <http://www.eiticolombia.gov.co/content/SGR-distribucion#inicio>

- Regional Development (Fondo de Desarrollo Regional)
- Science and technology (Fondo de Ciencia, Tecnología e Innovación)
- Peace fund (Fondo de Paz)
- Pension and savings (Fondo de Ahorro Pensional Territorial)
- Stabilization Fund (Fondo de Ahorro y Estabilización)
- Direct allocation

Allocations of funds need to be authorized by regional tri-partite bodies called OCAD. They usually involve representation of the national government, governors and mayors.

Funds can be allocated through direct transfer to the executing bodies (authorised by the corresponding OCAD) or transferred to the treasury of departments and municipalities (not all subnational entities can receive funds).

Actual amount transferred: The 2016 Report shows the actual amount made available (allocated) by the DNP to each region in 2016. These amounts were not necessarily transferred in the same fiscal year because the final use of these resources depend on the authorized projects, the direct allocations, unused resources from previous fiscal years, and resources that are retained as penalties for lack of compliance with necessary procedures (e.g. reporting on the execution of authorized projects). It is common that resources made available on a fiscal year are executed in the following years. See Exhibit 6 below to illustrate how the report shows this information.

Exhibit 6 – Budget for subnational allocations in 2016

RECEPTOR	TOTAL	PARTICIPACIÓN
Antioquia	338.835.313.884	6%
Meta	336.078.769.113	6%
Córdoba	319.590.510.548	6%
La Guajira	294.837.159.025	5%
Cesar	273.849.620.408	5%
Bolívar	272.850.668.291	5%
Nariño	254.953.120.515	4%
Cauca	221.230.572.880	4%
Magdalena	210.627.208.575	4%
Sucre	206.910.247.547	4%
Casanare	205.808.721.119	4%
Boyacá	198.020.452.010	3%
Huila	196.942.765.832	3%

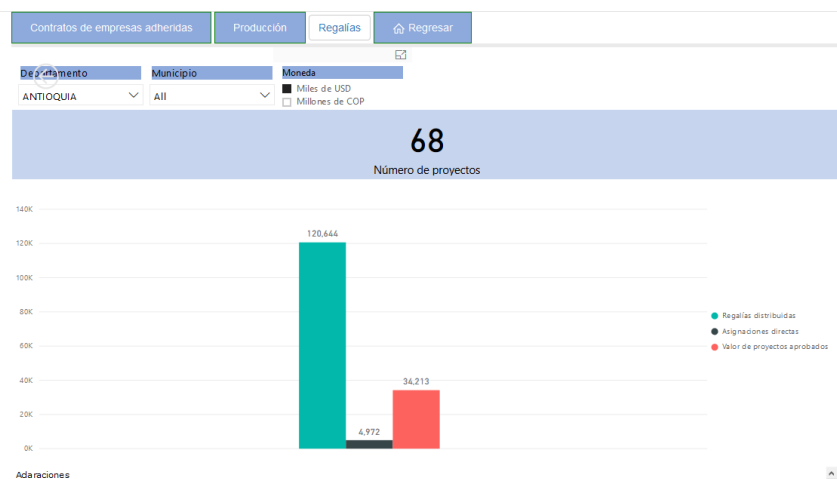
Source: 2016 EITI Report²⁴¹

The report shows the resources allocated to each region in 2016. Beside the direct funds allocated to regions, when funds are allocated to the regions, the actual transfer of money occurs directly to specific projects and beneficiaries. Not all allocated resources for a specific year are actually spend during the same fiscal period. The 2016 EITI Report included a searchable tool that allows to see the execution of funds by each region. For example, Exhibit 7 shows for the Antioquia region that out of the USD 120 million royalty allocation, USD 5 million was directly assigned and 68 projects were approved for a value of USD 34 million.

Exhibit 7 – Example of disclosure of execution of royalty transfers (Antioquia)

²⁴¹ <http://www.eiticolombia.gov.co/content/SGR-distribucion#inicio>

Validation of Colombia: Report on initial data collection and stakeholder consultation



Source: 2016 EITI Report

The report also shows on aggregate²⁴² how each of the funds and the direct allocations to regions resulted in comparison to the authorised budget (per the by-annually Congress-authorized budget). This is illustrated in Exhibit 8 below.

Exhibit 8 – Budget and actual distribution of royalties

Presupuesto y distribución de los recursos de regalías 2015 y 2016 (Cifras en millones de pesos)

Componente sgr	Presupuesto 2015	Recaudo 2015	Recaudo/presupuesto 2015	Presupuesto 2016	Recaudo 2016	Recaudo/presupuesto 2016
Funcionamiento del SGR	121.426	139.792	115%	123.156	114.848	93%
Fiscalización, yacimientos y cartografía	121.426	140.730	116%	123.156	114.863	93%
Sistema de Monitoreo, SMSCE	60.713	69.963	115%	61.578	57.425	93%
Total de Funcionamiento	303.566	350.486	115%	307.891	287.136	93%
Fondo de Ahorro y Estabilización 4/	1.321.869	2.139.109	162%	1.364.005	1.254.943	92%
Fondo ahorro Pensional Territorial (FONPET)	573.740	7.825	1%	581.914	542.730	93%
Total Ahorro	1.895.609	2.131.285	112%	1.945.919	1.797.673	92%
Asignaciones Directas (AD)	741.891	901.825	122%	746.542	647.732	87%
Fondo de Desarrollo Regional (FDR), monto que podrá destinarse a compensar Asignaciones Directas 2/	458.188	911.712	199%	465.638	384.000	82%
Fondo de Desarrollo Regional (FDR) descontando el monto que podrá destinarse a compensar Asignaciones Directas /3	632.037	265.195	42%	632.028	591.626	94%
Fondo de Compensación Regional (FCR)-> 60%	941.199	1.061.565	113%	947.896	878.101	93%
Fondo de Compensación Regional (FCR)-> específicas-> 40%	627.466	707.710	113%	631.931	585.400	93%
Fondo de Ciencia y Tecnología e Innovación (FCTeI)	573.740	665.085	116%	581.914	542.730	93%
Municipios del Río Grande de la Magdalena y Canal del Dique	30.357	35.183	116%	30.789	28.716	93%
Total Inversión	4.004.878	4.548.275	114%	4.036.738	3.658.304	91%

²⁴² See: <http://www.eiticolombia.gov.co/content/SGR-distribucion#inicio>

Source: 2016 EITI Report

Transfer amount calculated according to the revenue sharing formula: The 2016 EITI Report included the amount calculated by the Planning Department DNP according to law 1530 that regulates the general royalty system. The IA do not run these calculations themselves.

Discrepancies: Requirement 5.2.a states that “*Implementing countries should disclose the revenue sharing formula, if any, as well as any **discrepancies** between the transfer amount calculated in accordance with the relevant revenue sharing formula and the actual amount that was transferred **between the central government and each relevant subnational entity***” (emphasis added). The information presented in the report does not allow to calculate these discrepancies. First, not all the resources assigned to a region in a certain fiscal year are transferred in the same year. As explained in the previous section, this depend on a number of factors that would need a more complex monitoring system to determine. Second, funds could be executed through an undetermined number of years. The distribution of funds disclosed in the report indicates the number of projects and the total amount of resources approved for a certain year. However, these projects are not necessarily executed in the same year. Third, the recipients of these funds varied as each project could be executed by many parties. Only funds assigned directly to a regional government could be traced to a single recipient. All in all, while the report provides information on how revenues are shared with, distributed and executed by the relevant subnational entities, it does not allow to determine any discrepancy between the figures calculated following the revenue sharing formula and the actual reception of funds.

Stakeholder views

Stakeholders did not express any particular concerns related to royalty transfers to subnational entities. They noted though that the national royalty system is extremely complex and welcome the information provided by the EITI Report. This information complements a number of other data available through the planning department DNP’s tools (Mapa regalia, Gesproy, Auditoria visibles). Stakeholders confirmed that DNP figures were generally trusted in the country and had not been disputed by regional and local governments to their knowledge, despite the complexity of the royalty system. As all stakeholder agreed that the EITI should play a more coordinating role in bringing information to regions, they called for future EITI Reports to integrate the available information and present it in more comprehensible format. Government stakeholders stressed the barriers to trace royalty resources. However, they noted that there are tools that allow citizens to follow individual projects (Mapa Regalia) in a user-friendly fashion and using fresh information.

Initial assessment

The International Secretariat’s initial assessment is that Colombia has made meaningful progress meeting this requirement. While the 2016 EITI Report include thorough information about the revenue sharing mechanism and data on the resources that are available to regions (and eventually transferred) according to the mandated royalty sharing, the report did not calculate the amount to be transferred in accordance with the revenue sharing formula but rather extracted those figures from the government agency (Planning Department DNP) own calculations.

In accordance with Requirement 5.2.a, Colombia should ensure that the specific formula for calculating transfers to individual local governments be disclosed and explained, to support an assessment of discrepancies between budgeted (allocated) and executed subnational resources. Given the high level of public interest in this issue, Colombia may wish to consider including LGUs in the reporting process for subnational transfers to reconcile these transactions.

Additional information on revenue management and expenditures (#5.3)

Documentation of progress

The 2016 EITI Report includes a description of earmarked extractive revenues. Royalties are the largest extractives revenue stream, usually representing more than a third of total extractives revenues, and are regulated by Law 1530 of 2012²⁴³ (see Requirement 5.2). The revenues are earmarked for specific programmes, including:

- Regional development projects
- Science and technology
- Post-conflict -peace- programs
- Pensions
- Macro-economic stabilization

The earmarked revenues are mostly destined for regional-level projects and purposes, including in producing and non-producing regions.

The report includes a description of the country's budget-making process²⁴⁴ and links to publicly available on budgeting and expenditures.²⁴⁵ The Ministry of Finance's transparency portal includes information by geographic location that allow monitoring of every project funded with national budget's resources.²⁴⁶

The report links to the Ministry of Finance's report on fiscal sustainability, including outlook for the extractive sector²⁴⁷ and mid-term fiscal perspectives.²⁴⁸

Stakeholder views

The Ministry of Finance confirmed that their transparency portal was available to cross-reference with EITI Colombia's online content, suggesting ways of including additional extractives data sourced from EITI. Stakeholders did not express any views on the 2016 EITI Report's coverage of revenue management and expenditures. Some stakeholders emphasised that there were already a good number of publicly-available information systems in Colombia. This was particularly the case for information on royalty and budget information. Stakeholders consulted welcomed the idea of the EITI playing a more active role in integrating and facilitating the use of different information tools.

Initial assessment

Reporting on revenue management and expenditures is encouraged but not required by the EITI Standard and progress with this requirement will not have any implications for a country's EITI status. In

²⁴³ http://www2.igac.gov.co/igac_web/normograma_files/LEY%201530%20DE%202012.pdf

²⁴⁴ <http://www.eiticolombia.gov.co/content/recursos-PGN#inicio>

²⁴⁵ <http://www.camara.gov.co/sites/default/files/2017-08/Mensaje%20PGN%202018.pdf> and http://www.minhacienda.gov.co/HomeMinhacienda/ShowProperty?nodeId=%2FOCS%2FP_MHCP_WCC-062815%2F%2FidcPrimaryFile&revision=latestreleased

²⁴⁶ <http://www.pte.gov.co/WebsitePTE/>

²⁴⁷ http://www.minhacienda.gov.co/HomeMinhacienda/ShowProperty?nodeId=%2FOCS%2FP_MHCP_WCC-073348%2F%2FidcPrimaryFile&revision=latestreleased

²⁴⁸ http://www.minhacienda.gov.co/HomeMinhacienda/faces/GestionMisional/PoliticaFiscal/MarcoFiscalMedianoPlazo?_adf.ctrl-state=684lj70hv_70&_afLoop=222520397891470#!

the International Secretariat's view, Colombia has gone beyond the minimum requirements by providing additional information on revenue management and expenditures as encouraged by the EITI Standard.

Table 8 – Summary initial assessment table: Revenue management and distribution

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Distribution of revenues (#5.1)	The 2016 EITI Report includes a description of the distribution of revenues from extractive industries and confirms that all extractives revenues are recorded in the national budget.. The report includes additional information on the national royalty system and links for monitoring distribution and use of royalties.	Satisfactory progress
Sub-national transfers (#5.2)	While the 2016 EITI Report include thorough information about the revenue sharing mechanism and data on the resources that are available to regions (and eventually transferred) according to the mandated royalty sharing, the report did not calculate the amount to be transferred in accordance with the revenue sharing formula but rather extracted those figures from the government agency (Planning Department DNP) own calculations.	Meaningful progress
Information on revenue management and expenditures (#5.3)	In the International Secretariat's view, Colombia has gone beyond the minimum requirements by providing additional information on revenue management and expenditures as encouraged by the EITI Standard.	Satisfactory progress (Beyond)
<p>Secretariat recommendations:</p> <ul style="list-style-type: none"> • In accordance with Requirement 5.2.a, Colombia should ensure that the specific formula for calculating transfers to individual local governments be disclosed and explained, to support an assessment of discrepancies between budgeted (allocated) and executed subnational resources. Given the high level of public interest in this issue, Colombia may wish to consider including LGUs in the reporting process for subnational transfers to reconcile these transactions. • To strengthen implementation, the MSG is encouraged to explore collaboration with the Ministry of Finance to link the EITI better to the portal of economic transparency and to develop indicators to improve the comprehension of the extractive industry contribution to the economy at the national level. • To strengthen implementation, EITI Colombia is encouraged to explore playing a more active role in promoting the use of revenue tracking tools and coordinating a more concerted effort to include this information in reaching out to regions and communities. 		

6. Social and economic spending

6.1 Overview

This section provides details on the implementation of the EITI requirements related to social and economic spending (SOE quasi-fiscal expenditures, social expenditures and contribution of the extractive sector to the economy).

6.2 Assessment

Social expenditures (#6.1)

Documentation of progress

The 2016 EITI Report explains that there are mandatory social expenditures by extractive companies. In both hydrocarbon and mining sectors, the obligation of social expenditures does not apply to all operators. In the hydrocarbon sector, the Law 1760 of 2003 gave the hydrocarbon regulator ANH the mandate to include in subsequently signed contracts the obligation of companies to include social programs in their area of influence.²⁴⁹

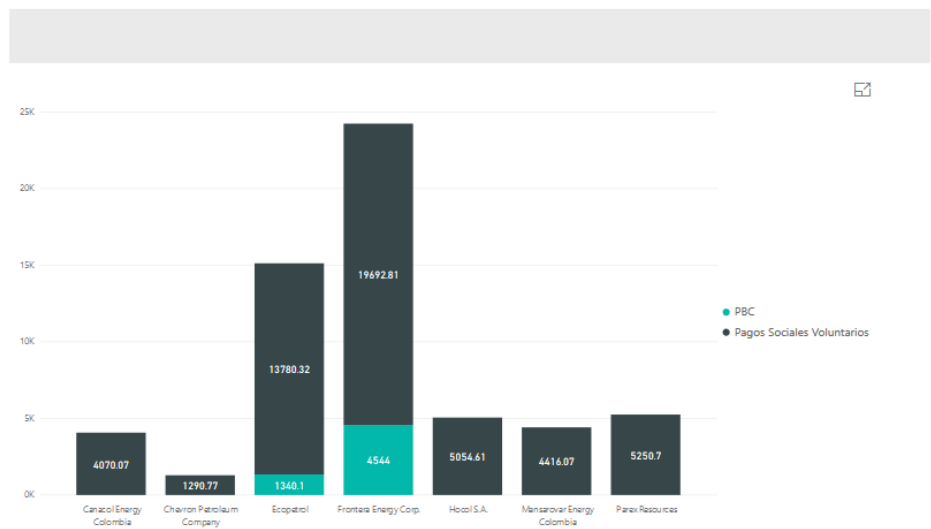
The 2016 EITI Report includes unilateral reporting of social mandatory contributions for those companies that are contractually bound to include social programs. In the hydrocarbon sector 12 companies were contractually obliged. Seven out of those made social payments in 2016. In the mining sector, 7 companies were mandated to include social payments. Four out of these seven made payments in 2016. In both cases, the International Secretariat understands, the companies that did not report were those that even contractually obliged to make social payments, those obligations were not bound or applicable in the year covered. These social payment obligations are regulated in the individual contracts and not in a general law or norm. They apply to some companies, depending on the type of contracts signed through the years (i.e. different types of contracts were used at different times). Mandatory social payments are called “Programa de Beneficio a la Comunidad -PBC”. The obligation is not confined to a particular time frame. It is usually determined based on thresholds (fixed or production-related). Therefore, some companies that have complied with its contractual obligations before 2016 do not report mandated payments. In case they have paid additional social contributions, these are reported as voluntary payments.

In addition to the mandatory social programs, the report includes the voluntary disclosure by companies of voluntary social payments. It could also be the case that companies contractually bound to pay social contributions do not pay those in a particular year but rather through the span of several years. Exhibit 9 shows social payments by hydrocarbon companies in 2016.

²⁴⁹ <http://www.eiticolombia.gov.co/content/contribucion-social-hidrocarburos#inicio>

Exhibit 9 – Social payments (mandated and voluntary) by hydrocarbon companies in 2016

Programa en beneficio de las comunidades PBC y Pagos Sociales Voluntarios por grupos de empresas del sector hidrocarburos (millones COP)

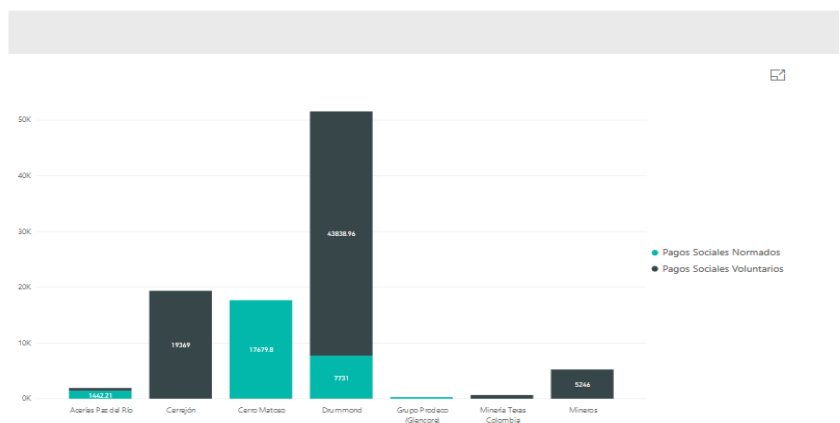


Source: 2016 EITI Report

In the mining sector, the Law 1753 of 2015 gives the mining regulator ANM the mandate to include mandatory social expenditure requirements in contracts subsequently signed. The ANM has regulated social contributions through a number of regulations, including Resolution 708 of 2016. In any case, the report clarifies that mandatory social expenditures apply only to contracts signed after 9 June 2015. Exceptionally, contracts regulating some large mining projects (Proyectos de Interes Nacional - PIN) have been renegotiated in recent years, including provisions for mandatory social payments.²⁵⁰ Exhibit 10 shows social expenditures by mining companies in 2016. The beneficiaries of social payments made by each of the reporting companies are detailed in the reporting templates available in the report (online portal)

Exhibit 10 – Social payments (mandated and voluntary) by mining companies in 2016

Pagos sociales normados y Pagos Sociales Voluntarios por grupos de empresas del sector minería (millones COP)



Source: 2016 EITI Report

²⁵⁰ <http://www.eiticolombia.gov.co/content/contribucion-social-mineria#inicio>

For both hydrocarbon and mining companies, the reporting templates show the name of the beneficiaries of the mandated social expenditure.²⁵¹ Mandatory social expenditures were reported in cash.²⁵² The report did not reconcile those payments.

Stakeholder views

Stakeholders acknowledged that the issue of disclosing social payments was complex. Industry stakeholders mainly from large companies welcomed the EITI's coverage of these payments and called for enhancing communication efforts to further disseminate this information to communities. They especially valued the legitimacy brought to social spending disclosure by the EITI Reports. They emphasised that most information on social expenditures was regularly reported through their corporate sustainability reports but that this information became more credible in the eyes of stakeholders when it was endorsed as EITI data.

Some other industry stakeholders acknowledged their concerns about bringing information to communities that could cause confusion or, for instance, trigger more questions on how the money was spent. Companies feared that, not having control over the expenditure side, these conversations could take them into politically-sensitive territory. Another of industry's concerns was that information of this kind could trigger unjustified comparisons between companies dealing with different local contexts and could prompt stakeholder expectations that could not be met across the industry.

Many stakeholders, especially from CSOs, emphasised that the EITI should tailor the information disseminated to local communities and stakeholders to ensure it meant local demands for relevant information. Social contributions, mandated or not, were considered an integral part of information required to provide a full picture of the industry's contribution. Such information was considered as key to empower citizens to demand accountability on expenditures by local governments and to understand operational, financial and fiscal results of extractive operations operating in Colombia. National government stakeholders consulted welcomed further transparency in companies' social contributions at the local level, as a deterrent to local government corruption. A local government stakeholder welcomed any effort to improve transparency at the regional level and called for the EITI to work more closely with progressive local authorities to develop a multi-stakeholder approach for local information disclosures.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in meeting this requirement. The 2016 EITI Report identifies mandatory social expenditures in both the mining and oil and gas sectors. The report explains the applicable social payments regime for hydrocarbon and mining companies and discloses both mandatory and voluntary social payments in 2016. Name of beneficiaries are published and the report shows that all mandatory social expenditures are paid in cash.

SOE quasi fiscal expenditures (#6.2)

Documentation of progress

²⁵¹ Add link EITI-Colombia website to the note "Contribucion Economica" to be uploaded by Colombia EITI Secretariat (pending as 21 03 18)

²⁵² For example, see the reporting template of Cerro Matoso (mining) in http://www.eiticolombia.gov.co/sites/default/files/documentos/carta_de_representacion_cerro_matoso_s.a.pdf

The 2016 EITI Report explains that the SOE Ecopetrol does not undertake public social spending such as payment for social services, fuel subsidies or national debt servicing.²⁵³ As a company owned by the state (88%) and private investors (12%) Ecopetrol is not allowed to undertake such activities. Ecopetrol social contributions are determined by the hydrocarbon contracts signed with the regulator ANH and were reported in accordance with Requirement 6.1.

Colombia established a price stabilization mechanism called “Fondo Estabilizacion de Precios de Combustibles” (FEPC) created by Law 1151 of 2007 but resources allocated to the fund comes from the national budget.²⁵⁴ The ANH oil sales contract with Ecopetrol is publicly available.²⁵⁵ There is no evidence that Ecopetrol buys crude oil from the hydrocarbons regulator ANH at subsidised prices.

Regarding the servicing of national debt, the report explains that although Ecopetrol’s debt is considered public debt as the state is the largest shareholder of the company, Ecopetrol is only responsible for servicing its own debt. Therefore, Ecopetrol is not guarantor of the debt of the national debt, just as the state cannot be a guarantor of Ecopetrol’s debt.

Stakeholder views

Stakeholders did not express any views on this issue.

Initial assessment

The International Secretariat’s initial assessment is that this requirement was not applicable to Colombia in the period under review (2016). The 2016 EITI Report demonstrates that Ecopetrol does not undertake any quasi-fiscal expenditures.

Contribution of the extractive sector to the economy (#6.3)

Documentation of progress

The 2016 EITI Report includes;

- *Gross domestic product*: (total, hydrocarbon and mining contributions) as reported by the national statistical office DANE. The report also includes GDP figures disaggregated by economic sector.²⁵⁶
- *Government revenues* generated by the extractive sector from the 2016 EITI reconciliation;

Exhibit 11 – Total revenues from extractive industry in 2016

²⁵³ <http://www.eiticolombia.gov.co/content/ecopetrol-gastos#inicio>

²⁵⁴ http://servicios.minminas.gov.co/compilacionnormativa/docs/decreto_1880_2014.htm

²⁵⁵ <http://www.anh.gov.co/en-us/Operaciones-Regalias-y-Participaciones/Regalias/Documents/Versi%C3%B3n%20para%20comentarios%20Resoluci%C3%B3n%20ANH%20precio%20base%20Petr%C3%B3leo%20Crudo%202014.pdf>

²⁵⁶ See: <http://www.eiticolombia.gov.co/content/producto-interno#inicio>

Validation of Colombia: Report on initial data collection and stakeholder consultation

Tabla 9 – Análisis de Materialidad 2016

Rubro	Total reportado por Empresas Adheridas (Millones de COP)	Total País* (Millones de COP)	Materialidad
Hidrocarburos			
Impuesto de Renta	1.194.879	1.524.837	78,4%
Impuesto sobre la Renta para la Equidad - CREE	729.633	819.460	89,0%
Impuesto a la Riqueza	538.281	660.117	81,5%
Regalías**	3.753.814	3.849.234	97,5%
Derechos Económicos	157.431	159.571	98,7%
Dividendos Ecopetrol S.A	690.177	690.177	100,0%
Total Hidrocarburos	7.064.215	7.703.396	91,7%
Minería			
Impuesto de Renta	533.836	578.211	92,3%
Impuesto sobre la Renta para la Equidad - CREE	302.353	349.495	86,5%
Impuesto a la Riqueza	101.243	137.303	73,7%
Impuesto al Oro, Plata y Platino – OPP***	11.572	28.019	41,3%
Regalías	1.197.289	1.447.940	82,7%
Compensaciones Económicas	200.260	238.114	84,1%
Canon Superficial y Administración ****	7.127	16.744	42,6%
Total Minería	2.353.681	2.795.825	84,2%
Total Hidrocarburos y Minería	\$ 9.417.896	\$ 10.499.222	89,7%

*Información suministrada por la entidad del Gobierno.

** Regalías (Regalías + Comercialización de regalías entregadas en especie)

*** Comentario de ACM: "En el presente informe participa Mineros S.A. Esta empresa representa del total del recaudo por concepto del impuesto de oro, plata y platino-OPP el 41,3% y el 5,2% de la producción formal de oro del país. Esta situación podría explicarse por el hecho de que en la industria de explotación de oro existe gran informalidad que reporta muy altos volúmenes de producción sin contar con título minero y licencia ambiental".

**** Comentario de la ANM: La información de pagos por concepto de Canon Superficial y Administración corresponde a la obligación de las empresas mineras que reportan en EITI, pero por ejecución de actividades en etapa de exploración, de conformidad con la legislación minera vigente para el título minero.

Source: 2016 EITI Report²⁵⁷

It also includes, from the Ministry of Finance website, total 2016 government income, including internal revenues.²⁵⁸ With these set of figures, it is possible to calculate the extractive sector revenues as percentage of total government revenues.

- **Exports:** from extractives industries (oil, coal, ferro-nickel) reported by the national statistical office DANE.²⁵⁹
- **Employment:** In total and in the extractive industries.²⁶⁰ The report's figures are sourced from the national statistical office DANE, the EITI reporting exercise and the IA's own calculations, including direct and indirect employment disaggregated by reporting company.²⁶¹

Exhibit 12 – Total employment by company reporting in the 2016 EITI Report

²⁵⁷ http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

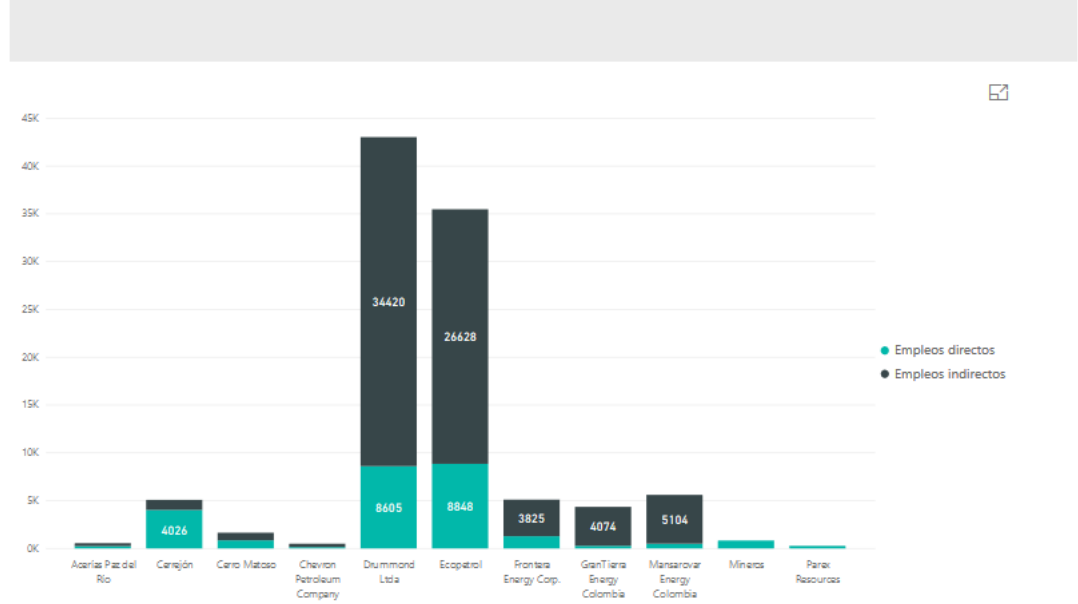
²⁵⁸ <http://www.pte.gov.co/WebsitePTE/IngresosNacion>

²⁵⁹ <http://www.eiticolombia.gov.co/content/exportaciones#inicio> and <https://www.dane.gov.co/index.php/estadisticas-por-tema/comercio-internacional/exportaciones>

²⁶⁰ <http://www.eiticolombia.gov.co/content/empleo-directo#inicio>

²⁶¹ <http://www.eiticolombia.gov.co/comite-tripartito-nacional>

A continuación, se presentan los datos reportados para este tercer informe, vigencia fiscal 2016:

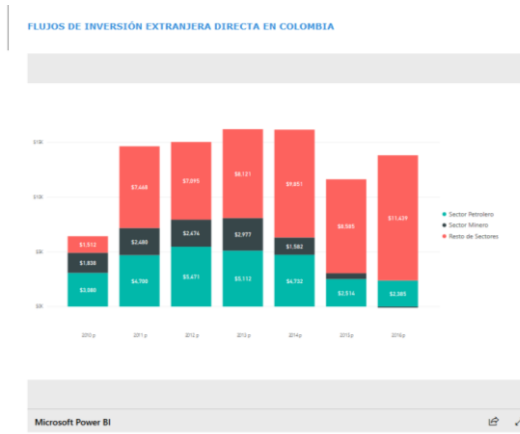


Source: 2016 EITI Report²⁶²

- **Location:** The report includes a geo-referenced and searchable tool where production (oil and gas, metallic and non-metallic mining) is disclosed by department, municipalities and commodity.²⁶³

Additionally, the report includes information on commodity prices²⁶⁴ and foreign direct investment in the extractives.²⁶⁵

Exhibit 13 – Foreign Direct Investment in 2016



Microsoft Power BI
Fuente: Banco de la República, Subgerencia de Estudios Económicos - Balanza de Pagos - Millones de USD - FOB - p1 Preliminar - p1 Preliminar - /1 Comprende las actividades auxiliares de la intermediación financiera y las actividades inmobiliarias, empresariales y de alquiler

Source: Central Bank of Colombia

²⁶² http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

²⁶³ <http://eiticolombia.gov.co/mapa-produccion#inicio>

²⁶⁴ <http://www.eiticolombia.gov.co/content/contribucion-precios#inicio>

²⁶⁵ <http://www.eiticolombia.gov.co/content/ied#inicio>

Stakeholder views

Stakeholders did not express any particular views on the 2016 EITI Report's coverage of the contribution of the extractives sector to the economy.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress. The 2016 EITI Report includes, in absolute and relative terms, the size of the extractive industries, their contribution to government revenue, exports and employment. A description of the informal sector is also provided. In the International Secretariat's view, Colombia has also gone beyond the basic EITI Requirements in building online platforms for searchable data, including location-based, on the contribution of the extractive industries to local and national economy. This is an example of how EITI data can be used to disclose information that is meaningful and relevant to national debates.

Table 9 – Summary initial assessment table: Social and economic spending

EITI provisions	Summary of main findings	International Secretariat's initial assessment of progress with the EITI provisions
Social expenditures (#6.1)	The 2016 EITI Report identifies mandatory social expenditures in both the mining and oil and gas sectors. The report explains the applicable social payments regime for hydrocarbon and mining companies and discloses both mandatory and voluntary social payments in 2016. Names of beneficiaries are published and the report confirms that all mandatory social expenditures are paid in cash.	Satisfactory progress
SOE quasi fiscal expenditures (#6.2)	The 2016 EITI Report demonstrates that Ecopetrol does not undertake any quasi-fiscal expenditures.	Not applicable
Contribution of the extractive sector to the economy (#6.3)	The 2016 EITI Report includes, in absolute and relative terms, the size of the extractive industries, their contribution to government revenue, exports and employment. A description of the informal sector is also provided. In the International Secretariat's view, Colombia has also gone beyond the basic EITI Requirements in building online platforms for searchable data, including location-based, on the contribution of the extractive industries to local and national economy.	Satisfactory progress (Beyond)

Secretariat's recommendations:

- To strengthen implementation, especially at the subnational level, the MSG and the government are encouraged to explore ways of expanding EITI reporting on both mandatory and voluntary social expenditures with a view to enhancing transparency on key issues of interest to local stakeholders.

Part III – Outcomes and Impact

7. Outcomes and Impact

7.1 Overview

This section assesses implementation of the EITI Requirements related to the outcomes and impact of the EITI process.

7.2 Assessment

Public debate (#7.1)

Documentation of progress

Communications: The 2016 EITI Report was published online in December 2017.²⁶⁶ For the EITI Reports covering 2013 and 2014-2015 published in December 2015 and November 2016 respectively, printed copies were widely distributed. Since the 2014-2015 EITI Report, data collection has been conducted with an online platform, which allows reporting companies and government agencies to input the data directly.

Open data policy: On 27 September 2017, the MSG approved EITI Colombia's open data policy. It follows Colombia's legal framework and international commitments in this area and includes terms for release, use and reuse of EITI data. First, Colombia's Law of Transparency and access to information (Law 1712 of 2014) provides a clear definition of open data.²⁶⁷ Second, in 2015 Colombia joined the international open data charter. The charter commits to "*Open data is digital data that is made available with the technical and legal characteristics necessary for it to be freely used, reused, and redistributed by anyone, anytime, anywhere*".²⁶⁸ Third, EITI Colombia is bound to comply with its basic requirements of its e-Government policy (Requisitos básicos de gobierno en línea).²⁶⁹ The ToR for the IA includes provisions for the IA to comply with this policy. The online 2016 EITI Report includes a privacy policy for registered users.²⁷⁰

Online report: The 2016 EITI Report is available online, launched on 5 December 2018 at an event widely covered in the press.²⁷¹ It was publicised online through social media (Twitter, Facebook), with #EITI

²⁶⁶ <http://www.eiticolombia.gov.co/informe-2016>

²⁶⁷ http://www.mincit.gov.co/loader.php?Servicio=Documentos&IFuncion=verPdf&id=80828&name=Ley_1712_de_2014.pdf&prefijo=file

²⁶⁸ <https://opendatacharter.net/>

²⁶⁹ http://estrategia.gobiernoenlinea.gov.co/623/articles-7941_manualGEL.pdf

²⁷⁰ <http://eiticolombia.gov.co/politicas-de-privacidad>

²⁷¹ EITI Colombia. Comunicaciones EITI Colombia y Programa de Comunicaciones 2017-2018.

Colombia the twitter-trend of the day during the launch. The report includes a section called “Data EITI Colombia”²⁷² and several searchable data tools. For example, a geo-reference tool that allows for data searches for information on licenses, production and royalties by municipality and department (geographically), by company and by commodity. Exhibit 14 illustrates this tool.

Exhibit 14 – Searchable tool on licenses, production and royalty information in the 2016 EITI Report



Source: 2016 EITI Report²⁷³

Outreach: All three EITI Reports including the 2016 EITI Report have been launched in public events in Bogota. There have been other outreach events such as the announcement of EITI Candidature application in 2013 and the announcement of the companies’ commitment to participate in EITI implementation in 2015.²⁷⁴ The 2016 EITI Report was also launched in regional event in the Montelibano community, hosting a major ferro-nickel operation.²⁷⁵ EITI Colombia has made several regional outreach and capacitation efforts since 2015. The first EITI Report (2013) was published in 2015. Outreach events were held in San Jose Ure (mining community), Neiva (hydrocarbon area), Medellin (close to a large gold project). Partnering with CSOs, EITI Colombia workshops were also organized in Acacias and Hatonuevo communities with the aim of identifying demands at the community level. Two additional outreach events were organized in Agua Azul and La Jagua de Ibirico municipalities to present the 2013 EITI Report’s findings. In 2017, four regional workshops were organized in Montelibano, El Bagre and Barrancas (mining) and Barrancabermeja (hydrocarbons).²⁷⁶

EITI Colombia has made use of its website²⁷⁷ to reach out to stakeholders. The website’s content includes a five-module EITI capacity-building course open to the public²⁷⁸, archives of all EITI Reports²⁷⁹, videos²⁸⁰ and news items.²⁸¹ The website publishes reports and documents from other related projects under the EITI, including:

- Municipal mapping (pilot on 10 municipalities) on EITI capacitation.²⁸²

²⁷² See: <http://www.eiticolombia.gov.co/content/datos-eiti#inicio>

²⁷³ <http://www.eiticolombia.gov.co/territorios#inicio>

²⁷⁴ <https://eiti.org/blog/colombia-extractive-industry-advances-transparency>

²⁷⁵ See: <https://twitter.com/hashtag/EITIColombia?src=hash&lang=en>

²⁷⁶ EITI Colombia. Implementación Iniciativa EITI Colombia. Participación de la sociedad civil. (2017)

²⁷⁷ <http://www.eiticolombia.gov.co/>

²⁷⁸ <http://www.eiticolombia.gov.co/formacion>

²⁷⁹ <http://www.eiticolombia.gov.co/informes>

²⁸⁰ <https://youtu.be/F8H12t2PqZg>

²⁸¹ <http://www.eiticolombia.gov.co/noticias>

²⁸² <http://www.eiticolombia.gov.co/sites/default/files/documentos/Generaci%C3%B3n%20de%20capacidades%20a%20nivel%20local%20>

- Subnational capacitation on EITI.²⁸³
- Institutional strengthening (government agencies).²⁸⁴
- Information gap analysis in environmental information.²⁸⁵
- Environmental payments' analysis.²⁸⁶
- Methodology for compilation of environmental information.²⁸⁷
- Environmental institutional gap analysis.²⁸⁸

Other stakeholders have made a number of additional outreach efforts. For example, civil society, through its EITI network “Mesa de Sociedad Civil para la Transparencia de las Industrias Extractivas”, has conducted several outreach events, capacitation, and published research on EITI issues on their and CSOs' websites.²⁸⁹

As part of the communications strategy, EITI Colombia has been working with the Colombia Technical Norms and Standards Institute ICONTEC to develop a certification for companies reporting under the EITI Standard in Colombia²⁹⁰ and use this internal data certification in communication and outreach activities.

Stakeholder views

Stakeholders widely welcomed recent efforts to publish and disseminate EITI data and related projects through digital means. The EITI portal and the online data collection tool are recognised as important improvements in the EITI's capacity to communicate EITI information efficiently and rapidly. Content is acknowledged to have been presented in comprehensible, accessible, user-friendly and innovative ways by stakeholders consulted. One government stakeholder emphasised the ease of engaging with many stakeholders efficiently by simply sending a link to information instantly available online. The use of social media, newsletters, and other communication tools was also highlighted by different stakeholders.

Stakeholders considered the national dissemination and debate to be adequate. Yet there were also a near-unanimous call for enhancing communications efforts at the regional and community levels, building on the lessons learnt from previous regional outreach and capacity building efforts. Stakeholders consulted concluded that the outreach and capacitation efforts undertaken in 2015 had not been successful, given that discussions often turned to heated and bitter exchanges of community grievances such as environmental concerns rather constructive engagements on the basis of hard data. Debate about EITI findings and financial figures were often drowned out by these other issues, highly distorting the aims of the communications efforts. This had caused the MSG and government to re-evaluate their regional EITI communication strategy according to MSG members consulted.

Other stakeholders highlighted that any EITI communication effort should be coordinated with other stakeholders' efforts, such as the hosting Ministry of Mines and Energy's recent recalibration of their regional communicational strategy. Other government entities such as the environmental regulation authorities, the Ministry of Finance, state-owned Ecopetrol and authorities fighting illegal mining activities, including the Ministry of Defence agreed that the EITI should play a more active role in coordinating the regional outreach and capacitation efforts. They emphasised that there was often some

[%20Documento%20diagn%C3%B3stico.pdf](#)

²⁸³ <http://www.eiticolombia.gov.co/sites/default/files/documentos/Estrategia%20para%20la%20implementaci%C3%B3n%20local%20del%20Estadard%20EITI.pdf>

²⁸⁴ <http://www.eiticolombia.gov.co/sites/default/files/documentos/Resumen%20Ejecutivo.pdf>

²⁸⁵ http://www.eiticolombia.gov.co/sites/default/files/documentos/Orientaciones%20brechas%20Institucionales_0.pdf

²⁸⁶ <http://www.eiticolombia.gov.co/sites/default/files/documentos/Diagn%C3%B3stico%20sobre%20los%20pagos%20e%20inversiones%20ambientales%20del%20sector%20extractivo.pdf>

²⁸⁷ <http://www.eiticolombia.gov.co/sites/default/files/documentos/Lineamientos%20Metodol%C3%B3gicos%20para%20la%20posible%20Recopilaci%C3%B3n%20y%20Conciliaci%C3%B3n.pdf>

²⁸⁸ http://www.eiticolombia.gov.co/sites/default/files/documentos/Orientaciones%20brechas%20Institucionales_0.pdf

²⁸⁹ <http://www.mesatransparenciaextractivas.org/> and <http://transparenciacolombia.org.co/mesa-de-sociedad-civil-2/>

²⁹⁰ <http://www.icontec.org/Paginas/Home.aspx> and <http://www.eiticolombia.gov.co/empresas-eiti>

“Bogota’s presentations fatigue” on the part of local stakeholders, given the confusion of messages coming from the many Bogota-based actors reaching out to the same regions separately.

However, there was also a recognition of the limits in the relevance of some EITI data for local communities. Several government stakeholders highlighted that EITI information focused in figures (financial, production, or other) usually failed to arouse the interest of the audience at community levels.

Some company stakeholders acknowledged that they had usually opted for the low-risk approach to regional communications and engagement. Areas with widespread anti-extractives sentiments and high conflict are usually avoided for the type of EITI outreach activities.

Some stakeholders from civil society, mostly related to national media, commented that EITI Reports tended to usually focus on figures that were not of high communications value. They noted that the focus of these reports had been on reconciliation of revenues and payments, which showed a positive outcome of insignificant discrepancies in sharp contrast to negative public perceptions of the sector. The discrepancy in communications between companies reporting to EITI while at the same time being the subject of judicial investigations was not being addressed by the EITI, according to some stakeholders.

Initial assessment

The International Secretariat’s initial assessment is that Colombia has made satisfactory progress in meeting this requirement. The Colombia EITI Reports are comprehensible, actively and widely promoted through varied channels (including print, active outreach and pioneering digital means), publicly accessible and have tangibly contributed to public debate on the extractive industries in Colombia. Colombia has an EITI Open Data policy that is in line with international data standards and follows it. While a number of outreach efforts have facilitated dialogue and public debate, regional outreach has been more challenging. However, lessons learned during these initial years of EITI implementation will be useful for future regional communication strategy.

Data Accessibility (#7.2)

Documentation of progress

Summary reports: The 2016 EITI Report is published online. Previous reports were published in pdf format. EITI Colombia has published summary reports for each report. The summary report for the 2016 EITI Report is available online.²⁹¹ They have summited summary data templates for each report.

Revenue comparisons: The 2016 EITI Report summarises revenue streams and facilitates comparisons to total revenue (national). The report shows also discloses regional government’s total revenue.²⁹² The EITI Colombia website links to the subnational mapping studies that provide information on subnational government’s revenues.²⁹³

²⁹¹ http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

²⁹² <http://www.eiticolombia.gov.co/content/pagos-subnacionales#inicio>

²⁹³ <http://www.eiticolombia.gov.co/sites/default/files/documentos/Generaci%C3%B3n%20de%20capacidades%20a%20nivel%20local%20-%20Documento%20diagn%C3%B3stico.pdf> and

<http://www.eiticolombia.gov.co/sites/default/files/documentos/Estrategia%20para%20la%20implementaci%C3%B3n%20local%20del%20Estandar%20EITI.pdf>

Online disclosure: The 2016 EITI Report is published online.²⁹⁴ Royalties and other non-tax information is available on continuous basis on the government agencies websites. Income-tax information is available on aggregate basis in the companies' financial statements available on the company regulator (Superintendencia de Sociedades)'s website. The tax office DIAN cannot disclose individual company tax information due to tax payer confidentiality. This is the main barrier to automated online disclosure of extractive revenues and payments by governments and company on continuous basis.

Stakeholder views

Stakeholders confirmed that much of the information required to be disclosed in the Standard is available on a routine basis in the government systems. Most stakeholder welcomed the technological advances made through the online portal but alerted that there was still much work to do. They highlighted the need to ensure that government systems and procedures were reformed to produce information in the format and time required to mainstream the EITI Standard in Colombia. They called for the EITI to play a role in monitoring progress across government agencies in completing a number of efforts currently undergoing in many of those agencies. They recommended that the EITI collaborate with the sector planning unit UPME which is institutionally called to integrate and coordinate information across the extractive sector.

Income tax payments and revenues would require lifting the tax payer confidentiality rights. The other major barrier to EITI data being published as required is that, while government systems do provide much information, information is usually held in different and incompatible systems. Some stakeholders noted the example of a government agency where information core to its functioning and its regulatory duties is scattered in five or more different information systems. Many welcomed the EITI's role of integrating information and demanding to be presented in a standardised way.

Initial assessment

Requirement 7.2 encourages the MSGs to make EITI reports accessible to public in open data formats. Such efforts are encouraged but not required and are not assessed in determining compliance with the EITI Standard. Colombia has made pioneering efforts to address these issues.

Lessons Learned and follow-up on recommendations (#7.3)

Documentation of progress

Follow-up recommendations: There is evidence in MSG meeting minutes of discussions of EITI recommendations, both in their draft form and subsequent to publication, as follow-up. The 2016 EITI Report identifies, requirement by requirement, all improvements and additions incorporated in the report following previous report's recommendations and lessons learnt from previous reporting exercise.²⁹⁵ The annual progress report also provides an annual channel for updating the public on progress and follow-up on past recommendations from EITI reporting (*see Requirement 7.4*). Based on lessons learned and new information brought to light in the 2016 EITI Report, including aspects such as the legal framework, license allocations, subnational payments, transportation payments and mandatory social payments, the MSG reviewed its materiality approaches for transportation, subnational and social payments. The MSG

²⁹⁴ <http://www.eiticolombia.gov.co/informe-2016#inicio>

²⁹⁵ <http://www.eiticolombia.gov.co/content/progresividad-informe#inicio>

has discussed recommendations from EITI and other reports²⁹⁶. The MSG has also followed up recommendations from the studies commissioned to external experts such as the environmental flows. The MSG reached out to the Ministry of Environment. As a result of this engagement representatives of this ministry have observed MSG meetings. This has facilitated discussions on how to include environmental payments in future reports. Similarly, the technical secretariat and the MSG have conducted a number of meetings with government agencies to agree on remedial actions to identified gaps.

Discrepancies: The 2016 EITI Report, as the two previous reports, documents the methodology to resolve discrepancies resulting from the reconciliation process.²⁹⁷ Final discrepancies have been mostly insignificant across reconciling payments and revenues over the four fiscal years. In the 2016 EITI Report, final discrepancies totalled 0.02% of total reconciled payments for that year.²⁹⁸ There is evidence from MSG meeting minutes that the MSG has discussed discrepancies with the IA in preparing EITI Reports.

Stakeholder views

The IA confirmed that initial discrepancies had been reduced through the use of the online data collection tool, which had made reporting more predictable and easier. The IA's two rounds of clarifications and data verification were sufficient to resolve most discrepancies. However, discrepancies still resulted from exchange rate differences in certain calculations, minor differences in accounting procedures and errors in data inputs. Government agencies and companies noted that the learning curve in EITI reporting had been steep, but that there had been follow-up on recommendations. As 2016 was the third reporting cycle, they now felt better prepared for submitting information in the necessary detail and format.

Most stakeholders concluded that reconciliation of revenue and payments seem to confirm adequate revenue collection. Industry and government stakeholders welcomed this confirmation. Companies emphasised that EITI third-party verification of these results was important for building trust, especially with local stakeholders. CSO stakeholders commented that if revenue reconciliation seemed to routinely confirm that company payments were properly accounted for, the EITI could now focus resources on better explaining how taxes were calculated (including deductions and ex-post tax settlements) and follow up on recommendations. Several CSOs suggested that the MSG could consider commissioning tax compliance audits of companies, either by adding aspects of tax liability calculations in future IA ToR or as a standalone exercise.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in meeting this requirement. EITI Colombia has addressed the discrepancies from their reconciliation exercises and have largely resolved them. Improvements in EITI implementation such as online data collection and capacity-building for reporting entities have facilitated the reconciliation process. Government agencies have prepared more extensively for reporting and helped follow up on recommendations from EITI reporting as required by the EITI Standard. Additional information has been included in the latest report related to follow-up on EITI recommendations of the first two EITI Reports. The MSG has taken stock on strengths and weaknesses of its follow-up on recommendations.

²⁹⁶ See http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_24_170101.pdf, http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_28_171218.pdf and www.eiticolombia.gov.co/sites/default/files/documentos/280218_acta_sesion_20_160316.pdf

²⁹⁷ http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

²⁹⁸ See section 5 in http://www.eiticolombia.gov.co/sites/default/files/documentos/EITI-Informe%20AI%202016_20171201%20VF.pdf

Outcomes and impact of implementation (#7.4)

Documentation of progress

Colombia has regularly published annual progress reports (APR) since 2014.²⁹⁹ The 2016 Annual Progress Report was published on the Colombian EITI website and approved by the MSG on 17 November 2017.³⁰⁰ The annual progress report includes references demonstrating the participation of stakeholders and reflecting their views, such as the reference to civil society's initiative to analyse the coverage of environmental aspects and commentary on the functioning of the MSG in chapter 7 (p.60).

Activities undertaken: The report includes a summarized description of activities completed during 2016 (pp.5-8), followed by a thorough account of progress in the work plan's goals and activities (pp.9-24). The summary of activities in the annual progress report includes:

- Design and implementation of an online and automatic data collection platform (p. 11)
- Highlights of difficulties to execute funding from international cooperation in a timely manner. Support for decision to provide government funding for EITI implementation as key to the EITI's sustainability (pp.10,17,21).
- Consultancy work to build capacity and technical expertise within government agencies with jurisdiction over extractives (pp. 13-15).
- During 2016, completion of a study to assess methodologies to expand EITI reporting to environmental payments. The MSG followed up on the study by inviting the authorities in the Ministry of Environment to observe MSG meetings (pp. 22-24).

Chapter 6 of the APR includes a detailed account of the costs for implementation, financial resources and outcomes.

Assessment compliance with EITI Requirements: The annual progress report includes an assessment of progress with meeting and maintaining compliance with each EITI Requirement (chapter 3, pp. 25-51). The assessment is comprehensive and provides, for each requirement, actions and performance in past years (2013 to 2015), actions and performance in 2016, and outlook for the future, including goals and challenges to address. Progress on implementing different requirements is also reflected, including progress made under Requirements 2.3 and 2.4 on license registers and contract disclosure, Requirements 2.6, 4.2 and 4.5 on issues related to state-owned enterprises, Requirement 4.4 on transportation revenues, and Requirement 4.6 on subnational payments.

Addressing recommendations: Chapter 4 of the annual progress report lists the recommendations from the IA and the MSG, alongside a summary of the MSG's responses to past recommendations. This complements the account of actions included in the thorough assessment of each requirement made in chapter 3 of the annual progress report.

²⁹⁹ http://www.eiticolombia.gov.co/sites/default/files/inline/files/281217_informe_anual_progreso_EITI_2016.pdf

³⁰⁰ http://eiticolombia.gov.co/sites/default/files/documentos/160218_acta_sesion_30_171117.pdf

Assessing progress with the work plan: Chapter 2 of the annual progress report (pp.9-24) includes a comprehensive assessment of progress with achieving the objectives set out in Colombia's work plan.

Strengthening the impact of EITI implementation: The annual progress report addresses the question of strengthening EITI implementation and impact through the report. Some examples of the efforts covered in the report include:

- Commission of a consultancy project to analyse and design a strategy to improve accessibility of information at local and regional level (p.12)
- Efforts to update and strengthen the communications strategy, including review of contents and channels, recognising this issue as one that requires improvement in coming years (p.17).
- Developing an EITI course to build stakeholders' capacity, covering extractive revenues, accountability and transparency and channels of participation (pp.19-20). This course was delivered through in-person workshops in four regions and is available online.

Finally, efforts to increase stakeholders' engagement are also documented in the report. Regarding government, this is well reflected in the decision of providing additional financial resources to support EITI implementation (p.25), and in the work conducted to improve coordination among participating government agencies. With respect to civil society and industry, both stakeholders have incorporated the EITI in their own work plan activities and outreach campaigns. They have actively collaborated in the preparation of different EITI-mandated reports (pp.26-27). The report highlights actions taken to improve the MSG's functioning, including for the National Secretary to maintain a register of each constituency's meetings (i.e. including members not directly represented in the MSG) and to schedule periodic progress updates of each MSG member in accordance with their functions and interests (p.28).

Stakeholder views

Stakeholders confirmed that the MSG had regularly monitored progress in EITI implementation, including progress against work plan objectives and additional projects subsequently agreed. CSOs emphasised that they had been particularly interested in ensuring progress from one reporting cycle to the next to sustain momentum of reform. There was broad consensus that the last reporting cycle (2016) had adequately incorporated lessons learnt from previous reporting exercises. Most stakeholders acknowledged that the last report compiled a good body of information previously not available in one place. They also appreciated that this outcome had been the result of intense work with government agencies and reporting entities. All stakeholders emphasised that the innovative tripartite dialogue had underpinned these improvements in reporting.

They highlighted the MSG's concerted efforts to act on lessons learned, alongside technical support from external experts, the national secretariat's coordination and government agencies' collaboration. CSOs noted that follow-up on recommendations, reforms and impact assessment implied important additional financial efforts. In this sense, they considered that much time has been devoted to technical analysis and bureaucratic aspects with less time for more substantive discussions including about impact, especially at the local levels.

Most stakeholders noted that Colombia's implementation had gone through a significant learning curve. The online platform and data collection had resulted in the third EITI Report's significant technical depth and descriptions of administrative procedures, which in turn would facilitate future reporting. The sometimes frustrating outreach efforts to local stakeholders also constituted another important lesson learnt by the MSG. All stakeholders concurred that what has been achieved in implementing the EITI should now be used to implement a solid outreach and dissemination strategy for the regions and communities. Some stakeholders considered that subnational outreach would require more ambitious and audacious approach to reach areas where anti-extractive sentiments were high.

Initial assessment

The International Secretariat's initial assessment is that Colombia has made satisfactory progress in meeting this requirement. The MSG has reviewed and discussed the outcomes and impact of the EITI implementation, including through annual progress reports in accordance with Requirement 7.4. In preparing the annual progress report (and work plan), the MSG has extensive discussions on achievements, implementation gaps and improvements, and future challenges.

Table 10 – Summary initial assessment table: Outcomes and impact

EITI provisions	Summary of main findings	International Secretariat's recommendation on compliance with the EITI provisions
Public debate (#7.1)	Reports have been widely disseminated including through pioneering digital means. EITI data is open and in line with international data standards for open government. Reports have been presented in comprehensive, accessible, user-friendly and innovative ways. A number of outreach efforts have facilitated dialogue and public debate. Regional outreach has been challenging. However, lessons learned during these initial years of EITI implementation will be useful for future regional communication strategy.	Satisfactory progress
Data accessibility (#7.2)	Requirement 7.2 encourages the MSGs to make EITI reports accessible to public in open data formats. Such efforts are encouraged but not required and are not assessed in determining compliance with the EITI Standard. Colombia has made pioneering efforts to address these issues.	Satisfactory progress (Beyond)
Lessons learned and follow up on recommendations (7.3)	EITI Colombia has addressed the discrepancies from their reconciliation exercises and have largely resolved them. Improvements in EITI implementation such as online data collection and capacity-building for reporting entities have facilitated the reconciliation process. Government agencies have prepared more extensively for reporting and helped follow up on recommendations from EITI reporting as required by the EITI Standard. Additional information has been included in the latest report related to follow-up on EITI recommendations of the first two EITI Reports. The MSG has taken stock on strengths and weaknesses of its follow-up on recommendations.	Satisfactory progress
Outcomes and impact of implementation	The MSG has reviewed and discussed the outcomes and impact of the EITI implementation, including through annual progress reports in accordance with Requirement	Satisfactory progress

(#7.4)	7.4. In preparing the annual progress report (and the work plan) the MSG has extensive discussions on achievements, implementation gaps and improvements, and future challenges.	
<p>Secretariat's recommendations:</p> <ul style="list-style-type: none"> • To strengthen implementation, particularly at the subnational level, EITI Colombia is encouraged to develop a robust communicational strategy, including capacity-building at the regional and community levels, and follow a time-bound implementation plan. The strategy could bolster the EITI's role in coordinating efforts across several government agencies related to extractives, particularly in subnational outreach. • To strengthen implementation and to make future reporting exercises cost efficient, EITI Colombia is encouraged to collaborate with other government agencies, especially the regulators ANH (hydrocarbons) and ANM (mining) to ensure that these agencies' information system is integrated as mainstreamed EITI disclosure mechanisms. • To strengthen implementation EITI Colombia is encouraged to canvass stakeholders broadly in following up on past EITI recommendations and designing the scope of future work plans and EITI reporting exercises, for instance CSOs' calls for tax liability calculation reports. 		

8. Impact analysis

(not to be considered in assessing compliance with the EITI provisions)

Impact

Colombia's primary objective in 2014 for EITI implementation was to produce and communicate accurate, timely, contextualized and socially useful information to strengthen transparency along the value chain with the aim of promoting sustainable development. Stakeholders consulted for this assessment agreed that the first part of this objective had been well addressed. Most stakeholders saw the EITI as a step-in order to leapfrog in ensuring useful information from a good number of government and industry sources is available in one place, in a more comprehensive and user-friendly fashion.

Communications efforts undertaken during three years of EITI implementation in Colombia are broadly recognised. Yet there is an equally widely-held view that the wealth of information disclosed through the EITI has not yet translated into an equivalent leapfrog improvement in public understanding of the sector, especially among regional and local stakeholders.

Stakeholders consulted highlighted several reasons for the EITI's impact having been less significant than anticipated. First, during the years of EITI implementation the extractives sector had turned from an unprecedented boom with record-high foreign investment to a downturn in commodity prices, static investment and reductions in public spending. Second, in 2013 a new royalty distribution regime came into force, resulting in a switch from automatically channelling royalties to regional and local governments to a system of distribution through several development funds, with complex allocation rules. Extractives-producing regions had foregone financial resources in favour of non-producing regions. As royalties account for a third of the industry's contribution to the economy, this has had significant repercussions in the industry's direct economic impact in areas of operation. Third, while the peace process has resulted in

internationally-recognised success, it has also polarised public opinion, just as criminal activity in illegal mining has risen significantly. Together, these developments have reinforced distrust in public institutions and reinforced public awareness of the negative impacts of mining.

Communicating the wealth of EITI information has taken place against this background. While the EITI has contributed to the national dialogue on the industry, its economic contribution and governance, its efforts at the local level have faced considerable challenges. There have been a number of efforts by public institutions and government agencies in reaching out to regions and communities, although these efforts have often been uncoordinated between themselves and with the EITI, resulting in crowding out of messaging at local level and a loss in effectiveness. EITI stakeholders, especially the government and the MSG, have reacted to this situation by taking a cautious approach to communication. In practice, this has meant avoiding going to areas with high anti-extractive sentiments and pausing some other efforts pending better inter-government coordination. However, stakeholders have sought to learn from such early experiences and renewed efforts to discuss and agree a more concerted strategy for regional outreach and engagement.

Constructive engagement: Stakeholders consulted broadly agree that the EITI has led to an unprecedented level of institutionalisation of a practice tripartite dialogue on extractive industry governance, industry information flows, regulatory and taxation regimes, revenue distribution, social and environmental issues, that was simply absent before the EITI. The MSG has met regularly and, with the assistance of several ad-hoc task forces, have tackled a large number of issues. The MSG has had also the opportunity to engage with industry and other experts, government officials from a diverse range of sector-related entities and from, for example, the ministries of environment, defence and interior. The MSG has brought representatives from the regions adding local stakeholders' perspectives to the discussions. Industry, including the state-owned company and CSOs stakeholders have used the EITI as a platform to meaningful engage on a number of issues, including going beyond core aspects of EITI requirements.

A number of stakeholders noted that the baseline in trust among many stakeholders had been low. Some industry stakeholders acknowledged the negative reputation associated with the extractives, with a legacy of detrimental practices in some extractives areas. Civil society welcomed the frank and open dialogue with industry and government through the EITI. Government stakeholders, including representatives beyond the MSG, welcomed the opportunity through the EITI to discuss extractives issues with other government entities, thereby improving coordination and inter-agency information sharing. Officials also appreciated the opportunity through EITI to explain the different agencies' transparency policies and data available to audiences they did not normally engage with.

Institutional strengthening and increased knowledge about the sector: The EITI Reports have brought together not only disaggregated data from revenue-collecting government agencies, disaggregated payment information from companies, and other data from regulatory and monitoring bodies on licensing, production, legal and regulatory regimes including the complex royalty distribution system, the state-owned company Ecopetrol and the sector's economic contribution. While a significant part of this information was already publicly-available prior to the EITI, the EITI has brought all relevant data together in a contextualized manner, facilitating analysis and better public understanding. Stakeholders highlighted the value of the legitimacy brought by the EITI to data, even if it was previously-available. The verification role of an independent third party following an established and internationally-endorsed methodology was highly valued by stakeholders consulted.

Implementation of the EITI has generated an additional body of information about the extractives sector. In preparing for EITI reporting, the EITI has examined a number of aspects of the extractive industries for which little documentation was previously available in the public domain. One example of this includes the role of subnational governments, where the EITI studied local government revenue collection and internal procedures in a gap analysis with EITI requirements. The EITI also established a baseline of

information accessible to local stakeholders, as well as a channel for their additional demands for information.

EITI Colombia has worked closely with government agencies to document and understand their internal procedures, flows of information, different capacities related to revenue collection, cadastre administration, hydrocarbon and mining license management, production monitoring and revenue distribution. This work has included gap analyses and recommendations for improvements of internal systems. Both regulatory agencies ANM and ANH have integrated these recommendations into their plans for system modernization. Stakeholders from reporting government agencies and Ecopetrol considered that reporting information in line with the EITI Standard had increasingly become part of their internal procedures, although they noted the amount of work still required to ensure full mainstreamed disclosures of EITI information.

The EITI has addressed demands for more information on the implementation of environmental regulations, focusing on companies' investments and payments in compliance with environmental norms. The EITI has also reviewed transparency and disclosure practices of regional corporations responsible for several environmental regulatory functions. Another example of the EITI's contributions to increasing knowledge about the extractives has been the investigation of transportation revenues, on which the EITI-commissioned study shed light including describing relevant payments, aggregate information on volumes transported and revenues generated for local governments and public entities. Drawing together information on mineral, oil and gas transport scattered among many sources, the EITI improved understanding of revenues generated by transportation of mineral commodities and informed the government's (and MSG's) views on how to bring more transparency to mineral transportation.

Trusted by wide range of stakeholders: Stakeholders across Colombia's institutional landscape recognise the EITI as a trustworthy party. Government agencies responsible for producing extractives information have welcomed these standardised disclosures and a clear methodology for data collection, contextualisation and presentation. Government representatives consulted also appreciated the EITI's monitoring role, where compliance with EITI disclosure requirements had become an internal incentive to progress in the various modernisation underway in different agencies. The EITI's collaborative work together with relevant government agencies was considered good practice in terms of inter-agency governmental collaboration.

Some stakeholders noted that this collaborative work was very welcome in Colombia considering the significant challenges in building trust in the aftermath of the peace agreements. There was unanimity in stakeholder calls for the EITI to play a more active coordinating role in outreach to regional and local stakeholders. The Ministry of Mines, mining and hydrocarbon regulators ANM and ANH, state-owned company Ecopetrol, environmental authorities including the Ministry of Environment and the national licensing agency ANLA, as well as industry and CSO stakeholders called for the EITI to take on this more active coordinating role in ensuring information was disseminated to communities in a timely, comprehensive and credible. They noted that the EITI was well positioned to be considered a neutral actor operating in good faith.

Sustainability

Access to adequate funding has not been an obstacle to effective EITI implementation. EITI Colombia has had access to cooperation funds from development partners and the government has provided additional funding. Going forward, the government and the MSG need to consider sustainable funding, both in considering the potential for mainstreaming EITI reporting in government and company systems and in exploring opportunities for the EITI to further contribute to improved governance. Stakeholders may wish to consider innovative ways to sustain the full scope of EITI disclosures through the online platform developed in 2017 while exploring opportunities to mainstream EITI disclosures in government and

company systems. Making reporting more cost effective would allow funds to be channelled to more thorough regional outreach and engagement. The government and the MSG could also consider reviewing the MSG's current mandate, including the legal basis, to ensure EITI Colombia's capacity to continue building on achievements to date and leveraging the identified opportunities for reforms. This could include to institutionalise EITI reporting allowing waiving tax confidentiality on permanent basis or in speedier manner.

Annexes

Annex A - List of MSG member organizations and representatives

Carlos Andrés Cante Puentes, Champion Leader, Chair of the EITI Colombia CTN

Gloria Patricia Gamba, National Coordinator, EITI Colombia

Government representatives

Ministry of Mines and Energy (MME), represented by **Carlos Andrés Cante Puentes** (Vice Minister of Mines)

National Planning Department (DNP), represented by **Uver Chaux** (Royalty Advisor) and/or, **Leonardo Rojas** (Royalty Advisor), and/or Amparo Garcia (**Administrative and/or Financing or Technic or Operative Royalties Director**).

National Directorate of Taxes and Customs (DIAN), represented by **Sandra Lucia Virgüez** (Advisor), and/or **Elizabeth Salamanca**.

Industry representatives

ECOPETROL, represented by **Mónica Tangarife** (Corporate Responsibility Department Advisor) and/or **Monica Jiménez** (General Secretary).

Petroleum Colombian Association (ACP), represented by **Alexandra Hernández** (Vice President Economic Affairs) and/or **Andrea López** (Advisor).

Mining Colombian Association (ACM), represented by **Santiago Ángel** (President).

Civil society representatives

Alliance for Responsible Mining (AMR), represented by **Elizabeth Echavarría** (Public Policies Officer) and/or **Marcin Piersiak** (Executive Director).

Crudo Transparente, represented by **Alvaro Jiménez** (Member of the Governing Board) and/or **Yessica Prieto Ramos** (Investigation and Projects Coordinator).

Conciudadania, represented by **Fernando Valencia** (Executive Director).

National Forum Foundation for Colombia, represented by **Fabio Velásquez** (President), or **Luis Felipe Jiménez** (Professional), and/or **Ana María Cárdenas** (Professional).

Transparency for Colombia, represented by **Andrés Hernández** (Executive Director), **Daniel Jaramillo** (Project Assistant of Extractives – Citizenship Area) and/or **Laura Gaitán** (Head of Extractive Industries).

In November 2013, the “Civil Society Bureau for Transparency in the Extractive Industries” was created and has active participation in the CTN.

Annex B – MSG Meeting Attendance in 2016

MSG MEETING	DATE	LINK
Session 1 CTN	6 February 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta_CT_N%201.pdf
Session 2 CTN	10 March 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/ACTA%20CTN%202.pdf
Session 3 CTN	3 April 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta%20CTN%203.pdf
Session 4 CTN	14 May 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta%20CTN%204.pdf
Session 5 CTN	5 June 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta%20CTN%205.pdf
Session 6 CTN	26 June 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/ACTA%20CTN%206.pdf
Session 7 CTN	9 July 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/acta_sesion_09_CNT.pdf
Session 8 CTN	14 August 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta%20CTN%208.pdf
Session 9 CTN	13 November 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/acta_sesion_09_CNT.pdf
Session 10 CTN	11 December 2014	http://www.eiticolombia.gov.co/sites/default/files/documentos/acta_sesion_10_CNT.pdf
Session 11 CTN	11 February 2015	http://www.eiticolombia.gov.co/sites/default/files/documentos/acta_sesion_11_CNT.pdf
Session 12 CTN	18 March 2015	http://www.eiticolombia.gov.co/sites/default/files/documentos/ACTA%20CTN%2012.pdf
Session 13 CTN	-	Not published
Session 14 CTN	6 July 2015	http://www.eiticolombia.gov.co/sites/default/files/documentos/acta_sesion_14_CNT.pdf

Session 15 CTN	21 July 2015	http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta%20CTN%2015.pdf
Session 16 CTN		Not published
Session 17 CTN	15 October 2015	http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta%20sesi%C3%B3n%2017%20CNT.pdf
Session 18 CTN	21 December 2015	http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta%20sesi%C3%B3n%2018%20CNT.pdf
Session 19 CTN	21 January 2016	http://www.eiticolombia.gov.co/sites/default/files/documentos/acta_sesion_19_CNT.pdf
Session 20 CTN	16 March 2016	http://eiticolombia.gov.co/sites/default/files/documentos/280218_acta_sesion_20_160316.pdf
Session 21 CTN	14 April 2016	http://www.eiticolombia.gov.co/sites/default/files/documentos/Acta%20sesi%C3%B3n%2021%20CNT.pdf
Session 22 CTN	2 May 2016	http://eiticolombia.gov.co/sites/default/files/documentos/220218_acta_sesion_22_020516.pdf
Session 23 CTN	26 July 2016	http://www.eiticolombia.gov.co/sites/default/files/documentos/acta_sesion_23_CNT.pdf
Session 24 CTN	15 November 2016	http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_24_170101.pdf
Session 25 CTN	21 December 2016	http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_25_170101.pdf
Session 26 CTN	16 April 2017	http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_26_170101.pdf
Session 27 CTN	18 July 2017	http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_27_171218.pdf
Session 28 CTN	22 August 2017	http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_28_171218.pdf
Session 29 CTN	27 September 2017	http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_29_171218.pdf
Session 30 CTN	17 November 2017	http://eiticolombia.gov.co/sites/default/files/documentos/160218_acta_sesion_30_171117.pdf
Session 31 CTN	05 December 2017	http://www.eiticolombia.gov.co/sites/default/files/documentos/301217_acta_sesion_31_171225.pdf

Annex C – Cost of EITI Reports

Year	EITI Report	Cost inc. VAT (USD)
2014	2013 EITI Report	Not available
2015	2014-2015 EITI Report	Not available
2017	2016 EITI Report	218,000
<i>Source: Colombia annual progress reports</i>		

Annex D – List of stakeholders consulted

Government

NAME	POSITION	GOVERNMENT AGENCY
Carlos Cante	Vice-Minister de Minas	Ministry of Mines and Energy (MME)
Amparo García Montana	Administrative and/or Financing or Technic or Operative Royalties Director	National Planning Department (DNP)
Sandra Lucia Virgüez Rodriguez	Advisor of the Office of the General Director	National Directorate of Taxes and Customs (DIAN)
Natasha Avendaño Garcia	Director of Organizational Management	
Camilo José Berrocal Méndez	Manager of Projects or Functional	National Hydrocarbons Agency (ANH)
Pilar Pinto	Advisor of the Financing Group	
Silvana Habib	President	National Mining Agency (ANM)
Estefanía Gonzalez	Technical Assistant	
Pablo Bernal	Manager	
Eduardo José Amaya Lacouture	Vicepresident of Procurement and Titling	
Javier García Granados	Vicepresident of Monitoring and Safety Mining	
Nathalie Molina Villareal	Contractor	
Alberto Rios	Expert	
Carolina Neuta Espinosa	Coordinator of Planning	
Oscar Gonzales Valencia	Manager of Cadastre and Mining Registry	
Aura Isabel Gonzales	Expert	
Laura Guinteroch	Chief	
Willer Edilberto Guevara Hurtado	Vice-Minister of Policy and Environment Normalization	Ministry of Environment

Camilo Quintero Giraldo	Strategic Leader – Open Government of the Environment Sector	/National Authority of Environmental Permits (ANLA)
Nelson Ivan Arango Castrillón	Advisor – Open Government of the Environment Sector	
Rafael Enrique Rios Osorio	Advisor	
Claudia Gonzales	Director - ANLA	
Álvaro Chávez	Director of Public Security and Infrastructure	Ministry of Defence
Federico Moreno	Coordinator for Restitution of Lands and Clearance Process	
Juan Francisco Martinez	Advisor – UPME Direction	Mining and Energy Planning Unit (UPME)
Ramiro Arellano	Ex advisor -UPME	
Leonardo Buitrago	Advisor in the Office of General Budget	Ministry of Finance
Mónica Maria Grand Marín	Director of Mining Formalization	Direction of Formalization, Direction of Business and Office of Environmental and Social Affairs
Pedro Enrique Perico Marín	Director of Business Initiatives in Mining	
Vanessa Coronado Mena	Chief of Environmental and Social Affaires	
Gabriel Cifuentes Ghidini	Secretary	Secretary for Transparency
Lina Marcela Velasquez	Advisor	

Industry

NAME	POSITION	INDUSTRY
Daniel Suarez Mejia	Manager of Corporate Social Responsibility	ECOPETROL
Ariel Arturo Suarez Gomez	Advisor – Corporate Social Responsibility Department	
Andrés Gonzales Rey	Leader of Strategy of Social Responsibility and Sustainability	
Alexandra Hernández	Vice President Economic Affairs	Petroleum Colombian Association (ACP)
Santiago Ángel	President	Mining Colombian Association (ACM)

Kelly Rojas	Superintendent of Planning and Projects	Minería Texas Colombia S.A.
Manuel F. Castellanos Guerrero	Administrative Director	
Carlos Barros	Technical Engineer	Cerrejón
Carlos De La Hoz	Chief of the Taxes Division	
Luis Fernando Fonseca	Financing Director	Mansarovar Energy
Nancy Giraldo	Professional of Sustainability and Transparency	
Oscar Vesga Ardilla	Tax Manager Upstream	CHEVRON
Patricia Serrando Falla	Manager of Corporative Affairs and Governments for Latin America	
Luis Eduardo Marulanda	Vice-President External Affairs	Cerro Matoso S.A.
Eliana Morales	Tax Manager	
Freddy Cano	Financing Manager	

Civil Society

NAME	POSITION	INDUSTRY
Andrés Hernández	Executive Director	Transparency for Colombia
Laura Gaitán	Head of Extractive Industries	
Daniel Jaramillo	Project Assistant of Extractives – Citizenship Area	
Fabio Velásquez	President	National Forum Foundation for Colombia
Ana María Cárdenas	Professional	
Elizabeth Echavarría	Public Policies Officer	Alliance for Responsible Mining (AMR)
Alvaro Jiménez	Member of the Governing Board	Crudo Transparente
Yessica Prieto	Investigation and Projects Coordinator	
Fernando Valencia	Executive Director	Conciudadanía

National Secretariat

NAME	POSITION	COLOMBIA NATIONAL SECRETARIAT
Patricia Gamba	National Coordinator	Colombia National Secretariat
Lorena Roa	Manager	
Natalia Arteaga	Strategic analyst of Communications	
Pamela Fonrodona	Strategic analyst of Territory	
Paola Perez	Strategic analyst of Budgetary	

Independent administrator

NAME	POSITION	INDEPENDENT ADMINISTRATOR
Jens Bonkowski	Senior Manager	EY

Development partners

NAME	POSITION	ORGANIZATION
Michael Roesch	Advisor	GIZ
Karen Aparicio	Advisor	
Javier Aguilar	Deputy Manager	World Bank

Others

NAME	POSITION	ORGANIZATION
Edmer Tovar Martínez	Economic Editor	El Tiempo - Portafolio
Hector Hernández	Coo-Director Primera Página	Primera Página
Hector Rodriguez	Coo-Director Primera Página	
Foro Semana	General Director	Marcela Prieto
Jaime Arteaga	General Director	Jaime Arteaga & Asociados
Ana Carolina Gonzales	Representative Civil Society	Board of Directors EITI
M. Vivian Sabogal Ruiz	Manager of Citizen Participation –	MSI

	Program of Regional Governance	
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