



COLOMBIA
RISK
ANALYSIS

SPECIAL REPORT

DECEMBER 2024

2024 SUBNATIONAL RISK INDEX



CENTER FOR INTERNATIONAL
PRIVATE ENTERPRISE

This document would not have been possible without the help of Ivón Sepúlveda, data analyst, who made the methodological updates to the document as well as the data collection. The subsequent design, analysis and writing of this document was carried out by our research coordinator, Katherin Galindo Ortiz, and our volunteer, Martín Castro.

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

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EXECUTIVE SUMMARY

At [Colombia Risk Analysis](#), we have identified that there are still gaps in unified information at the departmental level in Colombia, even though various entities, such as DANE, DNP, Transparency for Colombia, the National Police, and IDEAM, among others, already collect valuable data on different topics. This is why we created the Subnational Risk Index. For this fourth version, we considered suggestions and recommendations from various stakeholders, including our subscribers and clients, academic members, and followers of Colombia Risk Analysis, to make a series of adjustments to the composition of the categories to improve the product.

The goal of the Index is to identify potential and existing risks for businesses in the country's different departments through six categories (security, politics, economy, institutional capacity, society, and environment). These categories are built using variables based on the most relevant aspects of each area, using publicly available data as of 2023. Our Index provides a business-focused analysis to assess the potential and existing risks for the private sector. In this way, Colombia Risk Analysis can develop a more specific analysis for the productive sector in which its clients, investors, and decision-makers at the national and local policy levels are interested in investing or if they need to take action to mitigate current risks.

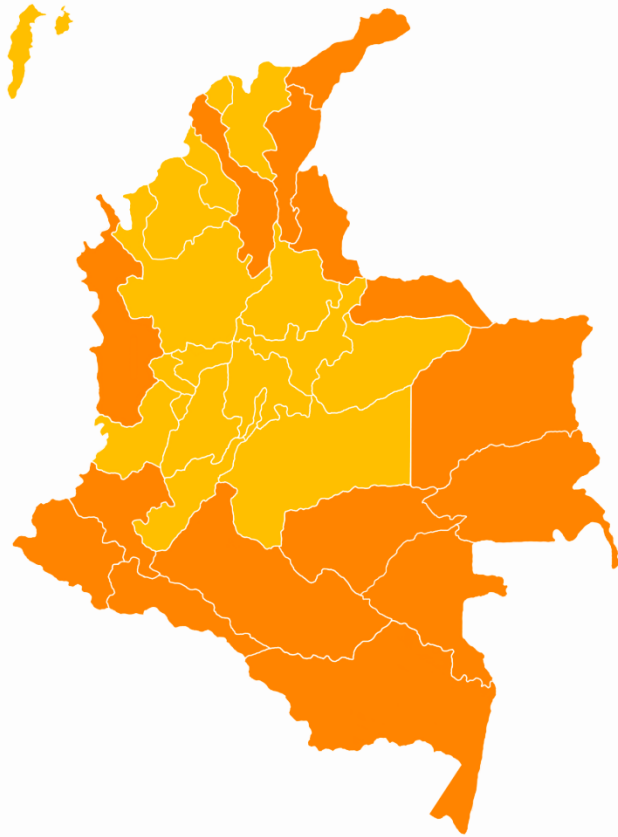
Considering this, we made a series of changes to the variables in the economy category and added new variables to the society and environment categories. These adjustments changed the risk levels of the departments within these categories and the final result. The Index suggests that the country's center maintains a low-risk level, while the peripheral territories concentrate on moderate risk levels. In this regard, the 2024 version of the Index finds that Bogotá, Risaralda, and Cundinamarca are the least risky departments. Meanwhile, the most risky departments are Putumayo, Vichada, and Chocó.

Additionally, the fieldwork experience of Colombia Risk Analysis in the country's different regions is a fundamental component that enriches the analysis of the political, economic, social, and security conditions the departments face. This helps identify both the probable and existing risks for the private sector and the main opportunities for entrepreneurs, investors, and decision-makers.

The Subnational Risk Index is not the final answer for understanding the political, economic, social, institutional, environmental, or security conditions of Colombia's different departments. However, we aim for each version and any potential methodological updates to allow for the observation of trends of improvement or deterioration among the different departments.

We believe this document is an important contribution to understanding subnational risks in Colombia. We hope it will serve as the foundation for future analyses that help the private sector and decision-makers better understand the country's security, political, economic, institutional, social, and environmental landscape.

2024 SUBNATIONAL RISK INDEX



RANKING	DEPARTMENT	SCORE
1	Bogotá D.C	20,80
2	Risaralda	24,20
3	Cundinamarca	24,85
4	Santander	25,79
5	Boyacá	26,09
6	Quindío	26,14
7	Caldas	27,00
8	Atlántico	30,56
9	Casanare	31,02
10	Tolima	31,06
11	Huila	31,19
12	Meta	32,71
13	Valle del Cauca	32,99
14	Córdoba	33,74
15	Magdalena	34,18
16	San Andrés y Providencia	34,28
17	Antioquia	34,73
18	Sucre	34,90
19	Cesar	35,69
20	Vaupés	38,41
21	Guainía	40,01
22	Caquetá	40,08
23	La Guajira	40,59
24	Bolívar	40,80
25	Amazonas	40,81
26	Guaviare	41,86
27	Nariño	43,39
28	Norte de Santander	43,60
29	Arauca	44,16
30	Cauca	44,78
31	Chocó	45,56
32	Vichada	46,84
33	Putumayo	47,12



INTRODUCTION

ABOUT COLOMBIA RISK ANALYSIS:

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

The insights from Colombia Risk Analysis have helped multiple clients make critical business decisions at the right moments. Additionally, national and international media outlets such as The New York Times, The Washington Post, Financial Times, Bloomberg, BBC, Foreign Policy, Reuters, Associated Press, Business Insider, The Guardian, Al Jazeera, Global Americans, El Espectador, La República, El Colombiano, and others frequently cite our work.

SUBNATIONAL RISK INDEX:

The [Subnational Risk Index](#) (IRS) developed by Colombia Risk Analysis responds to the information asymmetries that national and foreign companies face when attempting to enter the Colombian market. In this sense, the Index highlights departmental differences based on six major categories to simplify companies' decision-making processes. The objective of the Index is to identify potential and existing risks for companies in the different departments of the country, according to the productive sector in which they are interested in investing.

A product like the Subnational Risk Index will enable companies, investors (both national and international), and policymakers to understand the risks their operations may face. In this sense, they will have the advantage of planning, designing, and implementing prevention and mitigation measures even before the risks materialize.

The categories that make up the Index were carefully selected and considered both theoretical propositions and empirical analysis to understand, in aggregate, each department's position in terms of investment risk. In this way, the Index and the analysis derived from it take a territorial approach from a business perspective.

This document is the fourth version of the Subnational Risk Index. It has undergone methodological improvements that allow us to assert that this unique product is a benchmark for assessing investment risks in Colombia nationally and internationally. We made the changes based on suggestions and recommendations from our clients, subscribers, and the general public.

In 2023 and 2024, Colombia Risk Analysis, in collaboration with the [International Center for Private Enterprise \(CIPE\)](#), identified risks in Colombia's regions (Orinoquía, Pacific, Caribbean, Andean, and Amazon). Based on the

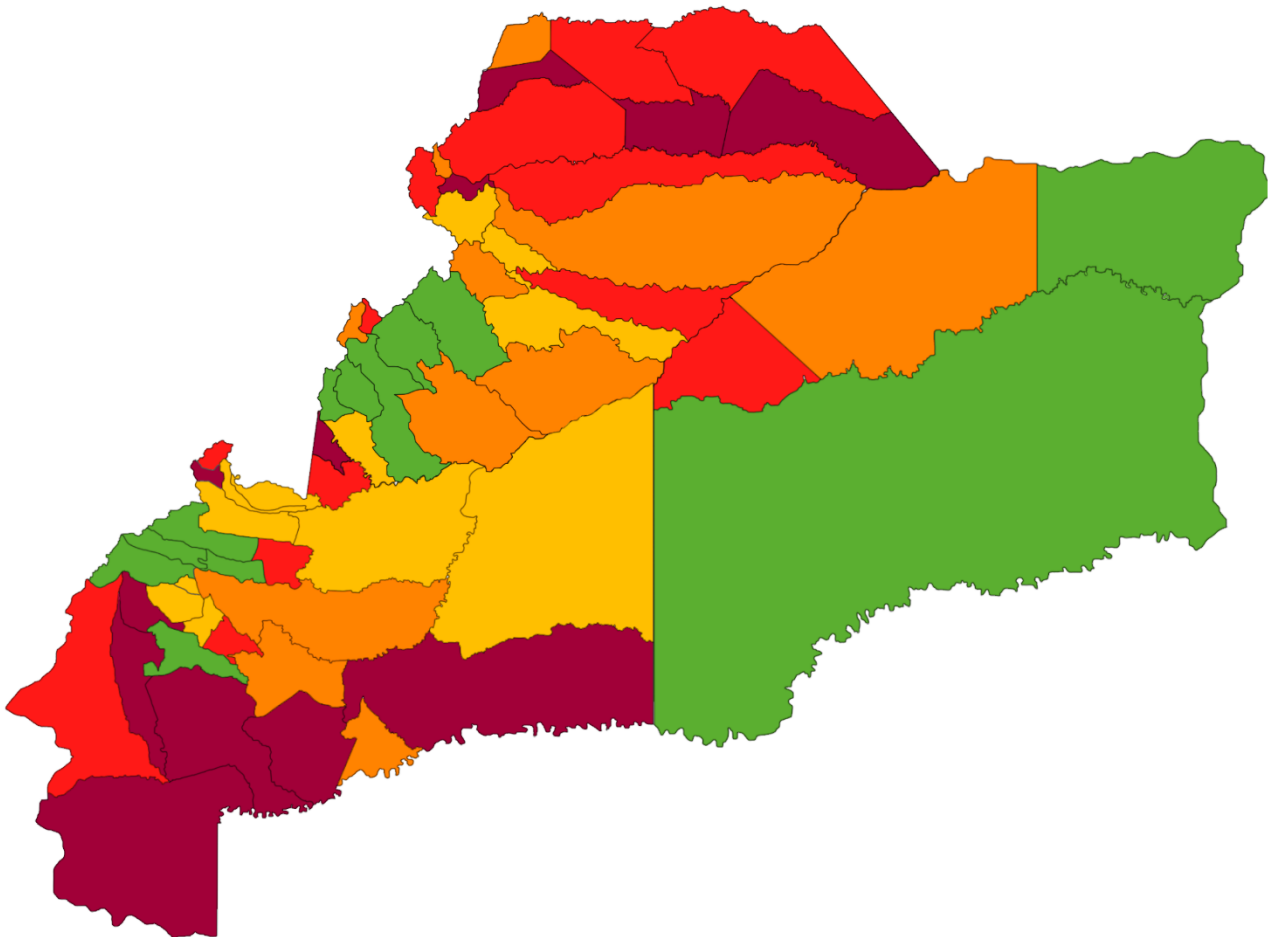
IRS, we focus on each region and conduct a departmental and municipal analysis. Although Colombia remains a country of regions, many differences and factors require an in-depth study within these regions. Only by understanding the risks will it be possible for both the private and public sectors to develop strategies to mitigate them. Each of these indexes contains detailed information about the unique challenges of the regions, and we invite you to explore each of these reports, which are available in both [Spanish](#) and [English](#):

ORINOQUÍA REGION:

The Orinoquía region, also known as the Eastern Plains (Los Llanos Orientales), is located in the eastern part of the country and shares over 800 kilometers of border, which opens the door to various sectors for cross-border trade. It comprises the departments of Arauca, Casanare, Vichada, and Meta. The passage of the Orinoco basin and the richness of the soils, among other geographical conditions, allow the region great potential for livestock farming, agricultural and agroindustrial projects, and the extractive sector. In addition, its proximity to the country's center allows for expanding markets for the region's agricultural products. All these characteristics make the Orinoquía region an attractive investment destination. Attracting more national and international investment would strengthen [ongoing initiatives](#) to make the Llanos region the country's agricultural hub. The region accounts for more than 30% of the agricultural production, and in 2023, the four departments together contributed [5.4% of the national GDP](#). However, like the rest of the country, the region is vulnerable to: domestic political changes; societal polarization; the complex conditions of the armed conflict; the burden of structural social inequalities; economic shocks both within and outside the country; and border dynamics with Venezuela, especially for Arauca and Vichada.

The issues identified in the [Risk Index for the Orinoquía region](#) are fragile road infrastructure, high transportation costs, the complex security landscape, lack of industrialization, dependence on the oil industry, lack of influence in national politics, and the absence of a shared vision of "one Orinoquía region."

MUNICIPALITY RISK MAP OF THE ORINOQUÍA REGION

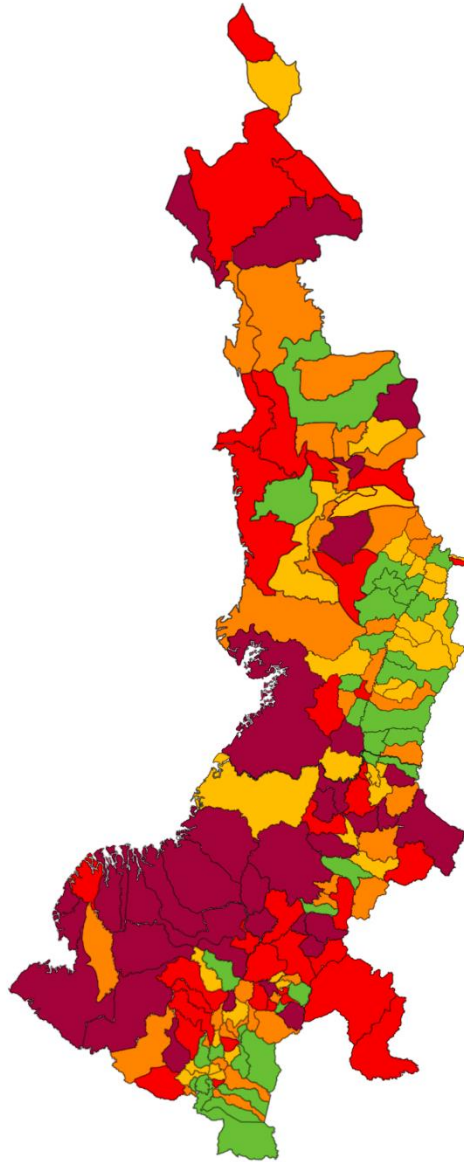


PACIFIC REGION:

The Pacific region is located in the western part of the country and comprises the departments of Chocó, Valle del Cauca, Cauca, and Nariño. In 2023, the four departments accounted for [13.4% of the national GDP](#). It is characterized by its rich biodiversity in ecosystems, wildlife, flora, and culture, making it a great tourist destination. Moreover, its soils are rich in minerals (such as gold, copper, and silver, among others) and are essential for developing the agricultural sector. The region stretches along the Pacific Ocean; it shares a border to the south with Ecuador (in Nariño), which opens the doors to various sectors for binational trade, and to the north with Panama (in Chocó); its port access connects it to national and international markets. With proper infrastructure, education, and business development support, the region can consolidate [ongoing initiatives](#) and strengthen value-added industries, becoming a hub of economic and social growth, generating employment, and improving the quality of life for its inhabitants. However, the region is vulnerable to domestic political changes, societal polarization, the complex conditions of the armed conflict, the burden of structural social inequalities, economic shocks both within and outside the country, and the lack of land and air connectivity, which hinders access to Chocó, Cauca, and Nariño.

The [Risk Index for the Pacific region](#) identifies problems such as the lack of land and air connectivity, deficiencies in the port system, the complex security situation, the lack of widespread industrialization, economic dependence on the primary sector, and the differences between the “Coastal Pacific” and the “Andean Pacific.”

MUNICIPALITY RISK MAP OF THE PACIFIC REGION

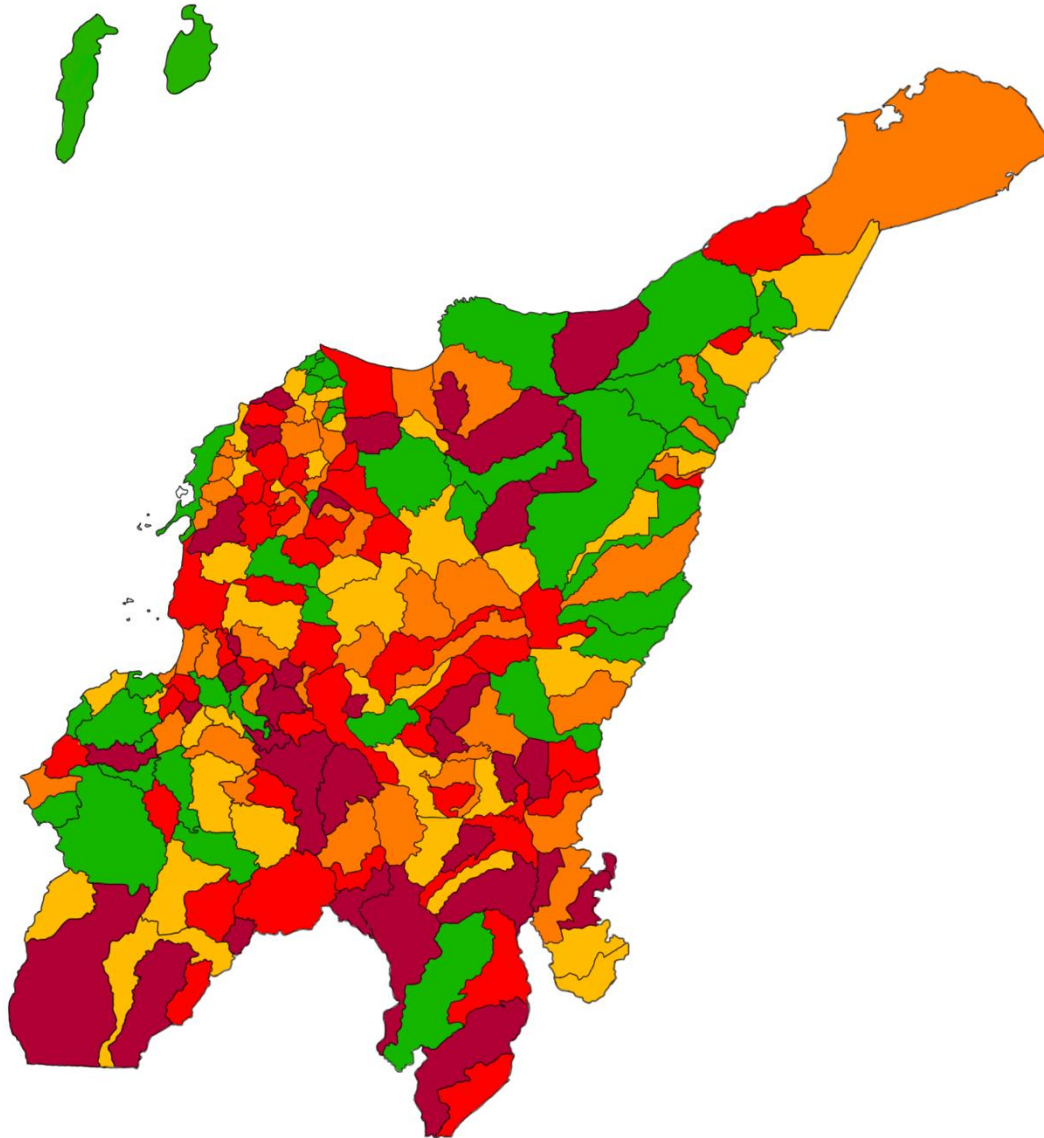


CARIBBEAN REGION:

The Caribbean region is located in the northern part of the country. It consists of the departments of Córdoba, Sucre, Bolívar, Atlántico, Magdalena, La Guajira, and Cesar and the Archipelago of San Andrés, Providencia, and Santa Catalina. In 2023, the eight departments accounted for [15.5% of the national GDP](#). The region boasts a rich ecosystem biodiversity that supports the development of the agricultural and extractive sectors (with the potential for offshore deposits). It offers various beaches, parks, and attractions that drive the tourism sector. Its geographical location has fueled the growth of the port logistics sector and industrial zones. The region's climate also presents great potential for the renewable energy sector (hydroelectric, solar, and wind energy). The region is one of the gateways to the Caribbean Sea from the southern cone of Latin America and serves as an entry point from international markets. Additionally, the region's port infrastructure makes it a key point for the entry of supplies needed for the national market and the export of goods to various international markets. With proper infrastructure, education, and business development support, the region can consolidate [ongoing initiatives](#) and strengthen value-added industries, becoming a hub of economic and social growth, generating employment, and improving the quality of life for its inhabitants. However, the region is vulnerable to domestic political changes, societal polarization, the complex conditions of the armed conflict, the burden of structural social inequalities, economic shocks both within and outside the country, and the lack of land connectivity that hampers mobility within the departments.

The [Risk Index for the Caribbean region](#) identifies problems such as the lack of land and air connectivity, the need to strengthen port potential, the lack of widespread industrialization, high energy rates, issues with water supply and sewage systems, and center-periphery dynamics.

MUNICIPALITY RISK MAP OF THE CARIBBEAN REGION

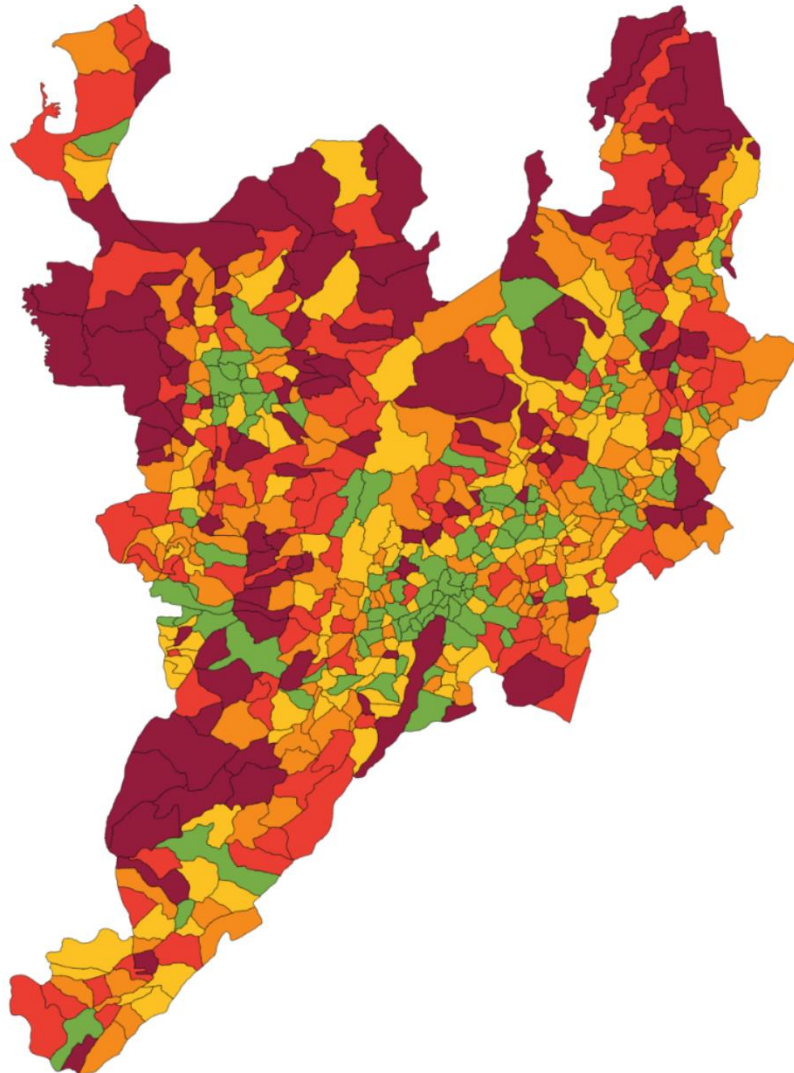


ANDEAN REGION:

The Andean region accounts for much of the country's economic engine. It includes the departments of Norte de Santander, Santander, Boyacá, Cundinamarca, Tolima, Huila, Antioquia, Caldas, Risaralda, Quindío, and Bogotá (the Capital District). In 2023, the ten departments plus Bogotá accounted for [64.7% of the national GDP](#). The region boasts a rich biodiversity of ecosystems and thermal floors that support the development of agroindustry and the extractive sector. Its diverse landscapes, climates, and rich gastronomy drive tourism. The region's climatic conditions also provide great potential for the [renewable energy sector](#) (hydroelectric, solar, and wind energy). Additionally, its geographic location, covering part of the northeastern and central regions of the country, positions some of the departments in this area as critical hubs for the collection and dispatch of goods. These departments have the highest number of primary roads, [various river ports](#), [airports \(national and international\)](#), and [railways](#) that facilitate cargo and passenger movement. With proper infrastructure, education, and business development support, the region can consolidate ongoing initiatives and [strengthen value-added industries](#), becoming a hub of economic and social growth, generating employment, and improving the quality of life for its inhabitants. Despite these competitive advantages, the region is vulnerable to domestic political changes, societal polarization, the complex conditions of armed conflict, the burden of structural social inequalities, and domestic and external economic shocks.

The [Risk Index for the Andean region](#) identifies problems such as the underutilization of river basins, the lack of development of the rail system, the poor condition of tertiary roads, the lack of industrialization and technological advancement in local economies, issues arising from international and domestic migration, and conflicts between local and departmental authorities and the National Government.

MUNICIPALITY RISK MAP OF THE ANDEAN REGION

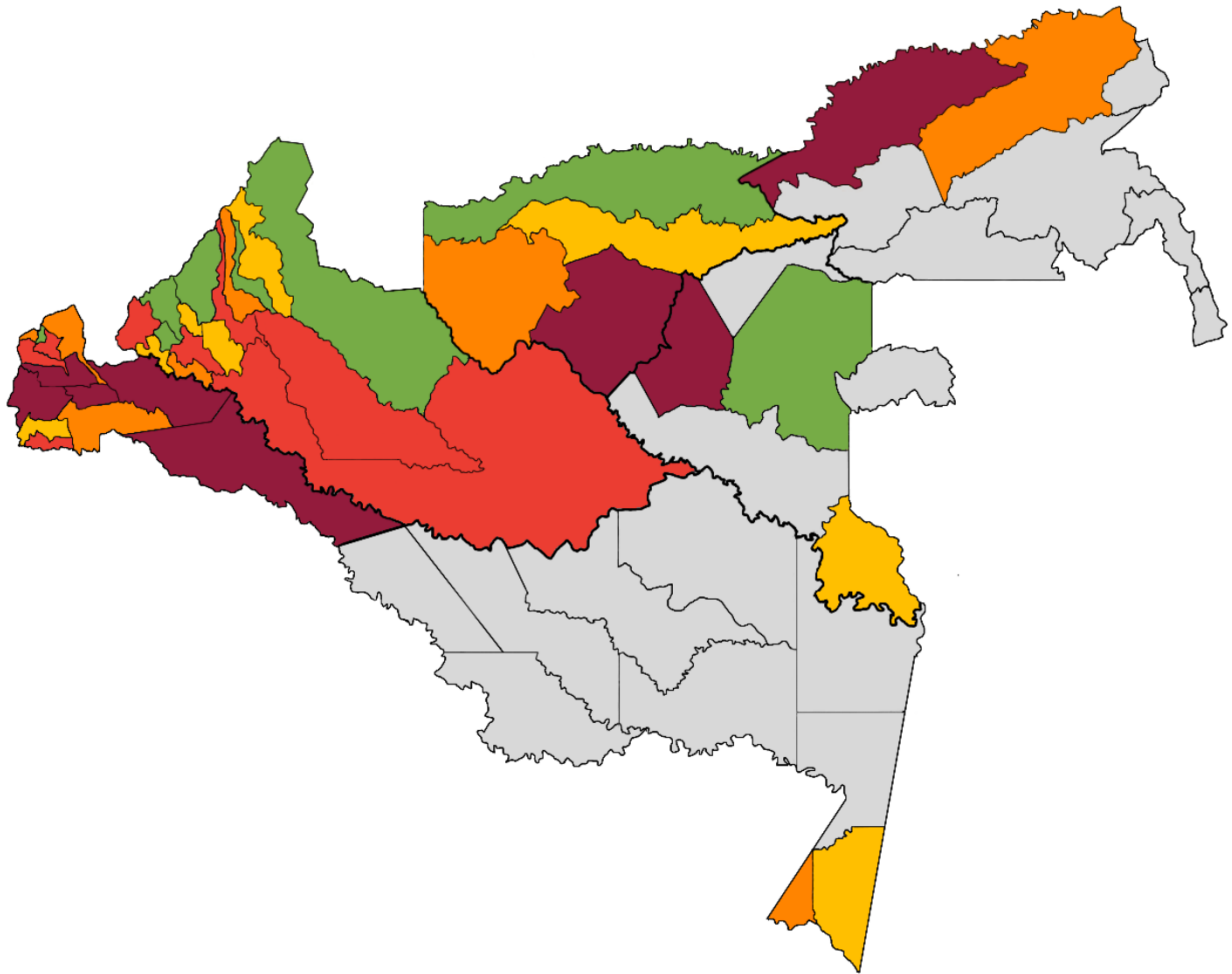


AMAZON REGION:

The [Colombian Amazon](#) covers part of the country's south and southeastern areas, with a total area of 50.35 million hectares, corresponding to 44.6% of the country's continental territory. It fully includes the departments of Putumayo, Caquetá, Amazonas, Vaupés, Guaviare, and Guainía and partially includes Nariño, Cauca, Meta, and Vichada. It also accounts for 6% of the total Amazon area. Its natural and cultural wealth offers opportunities for the sustainable development of the agricultural and tourism sectors. It also has excellent potential for generating [renewable energy](#), particularly solar, biomass, and geothermal. In addition, thanks to its vast territory, which serves as an important corridor for natural resources, the region facilitates the connection of the triple border between Colombia, Peru, and Brazil, promoting cross-border cooperation for the conservation and sustainable management of the environment. In 2023, the six departments accounted for only [1% of the national GDP](#). Despite the opportunities, the Colombian Amazon is highly vulnerable to climate change, increasing deforestation, the expansion of the agricultural frontier, the complex conditions of armed conflict, the burden of structural social inequalities, domestic and external economic shocks, and the lack of connectivity, which hampers mobility within the departments, between them, and with the rest of the country.

The [Risk Index for the Amazon region](#) identifies issues such as connectivity problems, economic dependence on public spending and the primary sector, the complex security situation, and environmental degradation.

MUNICIPALITY RISK MAP OF THE AMAZON REGION



THE IMPORTANCE OF FOREIGN DIRECT INVESTMENT:

Foreign Direct Investment (FDI) is crucial for developing emerging economies like Colombia, as it positively stimulates the performance of productive activities, job creation, innovation, technology transfer, and productivity.

In 2023, Colombia received [USD 17.145 billion](#) in foreign direct investment (FDI). The sectors that received the most investment were the extractive sector (USD 6.045 billion), financial and business services (USD 3.121 billion), manufacturing industries (USD 3.062 billion), trade, restaurants, and hotels (USD 1.654 billion), and transportation, storage, and communications (USD 1.161 billion). These activities drive the development of the regions and highlight the importance of the business sector not only for regional development but also for the national economy and the trade balance.

In different regions of the country, FDI has led to large projects that contribute to the [economic development of the territories](#). These projects generate income in the departments and have increased employment opportunities in various industries (hydrocarbons, mining-energy, logistics-port, tourism, among others). To attract more investment, various promotional agencies across the country aim to engage national and international investors in the different productive sectors of the departments to boost their socio-economic development. However, some departments lack these agencies (such as Chocó, Cauca, La Guajira, San Andrés, Arauca, Vichada, and the Colombian Amazon departments), limiting the attraction of investment and interest in these regions. This highlights the need to create such agencies to change this situation in the short term.

President Gustavo Petro's statements and announcements in his speeches and through social media no longer generate the same levels of mistrust in the markets as they did at the beginning of his term. However, the government has not yet relented in its effort to push through its social reforms. Although various parties have suggested modifications to the reforms' content, the government has chosen to break the coalition rather than concede or reach compromises on their content. These attempts to fundamentally reform the state continue to generate uncertainty in the business sector and among national and international investors.

Throughout 2023 and 2024, Colombia Risk Analysis conducted a series of indexes on the risks and opportunities present in the country's regions. In these regions, FDI plays a fundamental role in the socio-economic development of the communities and the business sector.

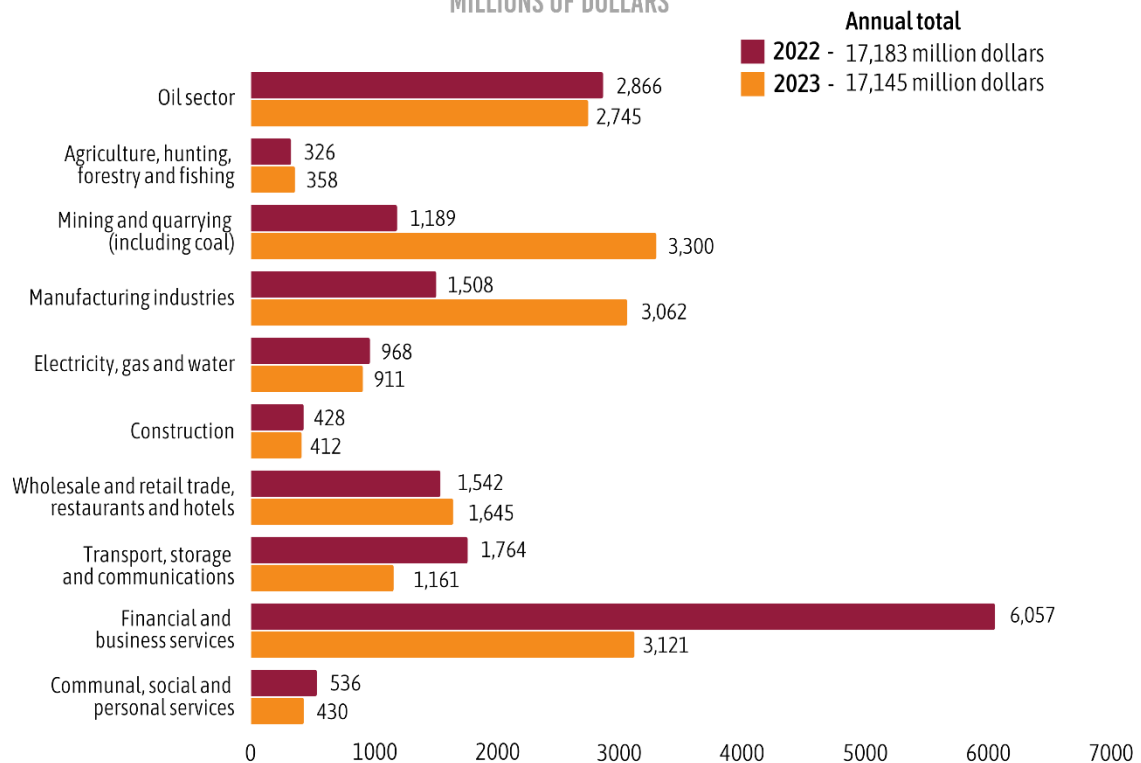
The lack of market confidence negatively affects the country's risk rating. Although Colombia has managed to avoid another downgrade in its [risk level](#) since 2021, multiple factors such as the business impact of new tax reform, the depreciation of the peso, the government's insistence on preventing new oil exploration and exploitation, announcements about a potential modification of the fiscal rule, and an unfunded budget all affect the country's fiscal revenue and trade balance. Credit rating agencies will consider these actions when updating Colombia's credit rating, negatively impacting the country's rating recovery.

It is worth mentioning that the peso's depreciation is an increasingly important concern. A depreciated exchange rate affects the purchasing of essential goods and inputs for industries. It increases the costs of accessing external financing and credit lines for the government, creating challenges for its sustainability.

In this scenario, Colombia does not operate in a vacuum; it is constantly compared with its peers, both regionally and globally. At Colombia Risk Analysis, we believe that investors often base their decisions on country risk, overlooking subnational conditions that would allow for a more localized analysis. This oversight can lead to missed opportunities for the country. This is why it is essential to have updated information on each department's specifics to analyze their stability in terms of security, politics, economy, institutions, social welfare, and the environment. This would provide national and foreign firms with a comprehensive perspective and contribute to informed decisions regarding local investment.

FOREIGN DIRECT INVESTMENT IN COLOMBIA 2022 AND 2023

MILLIONS OF DOLLARS



Source: Central Bank



CONTENT OF THE SUBNATIONAL RISK INDEX 2024

The Subnational Risk Index has six categories: security, politics, economy, institutions, society, and environment. This chapter explains each category and its constituent variables. Each category assesses a particular aspect of the departments, with its constituent variables included based on their reliability in evaluating the aspect to which that category pertains. It is worth noting that the variables were selected based on the most relevant aspects of each category and that as of October 2024, they included publicly available information from 2023 (for an in-depth look at the methodology and sources for each category, refer to Appendix 1 at the end of the report).

SECURITY:

The security category seeks to determine the risk to the physical integrity of investors and workers supporting operations due to illegal activities and groups. Therefore, it is considered one of the most essential categories for companies. This category consists of six variables that reflect security risks directly associated with the armed conflict. The variables included in this category have a direct and positive relationship with subnational risk; therefore, increases in these variables lead to increases in departmental security risk.

HOMICIDES PER 100 THOUSAND INHABITANTS: murder rate adjusted to the population of the department. Enables the analysis of the risk associated with being murdered in the department.

KIDNAPPINGS PER 100 THOUSAND INHABITANTS: kidnapping rate adjusted to the department's population. Enables the analysis of the risk to the physical integrity of investors and workers.

EXTORTIONS PER 100 THOUSAND INHABITANTS: extortion rate according to the population of each department. It reflects the risk to a company's assets -since this practice is associated with the collection of money in exchange for not attacking infrastructure-, as well as higher costs associated with security.

SOCIAL LEADERS KILLED: number of social, community and environmental leaders killed in each department for reasons related to their activities.

MASSACRES: number of massacres that occurred in each department. Reports the security risk related to the armed conflict and the presence of armed groups.

COCA HECTARES: total coca hectares per department. Enables the analysis of the risk associated with the presence of illegal groups and their activities related to drug trafficking.

POLITICS:

The policy category indicates whether each department has political stability. Six variables were considered, which indicate the rotation of governors in each department and the incidence of crimes related to the public sector that could affect the perception of each department's political stability. It is worth mentioning that the variables in this category have a positive relationship concerning risk.

ROTATION OF GOVERNORS: number of governors that each department has had during the last three electoral periods (between 2012 and 2022). Ideally, during these periods, each department should have had only three governors. In this sense, a high turnover of governors suggests risks of political instability that limit companies' room for maneuvers.

ELECTORAL RISK: evaluates factors indicative of electoral fraud and violence with transhumance. This accounts for each department's vulnerability to the disruption of the democratic contest, voter coercion, fraud, vote trafficking, among others, during an electoral period. It enables the analysis of the inefficiencies and irregularities of the departmental electoral system, which has an impact on the transparency of local institutions and the confidence they inspire on the business community.

VICTIM RATE FOR CRIMES AGAINST THE CONSTITUTIONAL AND LEGAL SYSTEM: number of people affected by crimes of rebellion, sedition, insurrection, among others, per 1,000 victims. For the business sector, these crimes suggest political violence and social instability, which could affect productive activities and workers.

VICTIM RATE FOR THREATS AGAINST HUMAN RIGHTS DEFENDERS AND PUBLIC SERVANTS: measures the vulnerability of leaders and officials to potential acts of violence per 1,000 victims. This type of action limits communication between the private sector, local government, and society, and impedes social and political coordination to carry out investment projects.

RATE OF VICTIMS OF CRIMES RELATED TO THE IMPROPER CONCLUSION OF CONTRACTS: indicates irregularities in public contractual processes per 1,000 victims, benefiting officials or third parties. This indicates a higher risk of acts of corruption for companies.

RATE OF VICTIMS OF ABUSE OF AUTHORITY BY ARBITRARY OR UNJUST ACT: it measures punishable conducts by public servants in the exercise of their duties per 1,000 victims. These irregularities could affect company workers and even hinder operations.

ECONOMY:

The economy category focuses on analyzing the state of the departmental economy and its integration into the national economy. The variables are designed to help companies observe four different aspects of the departmental economy: its sophistication, the characterization of the business environment, and its participation within the national economy. In this sense, the five variables that make up the category are inverse, meaning that a higher number of the variables indicates lower risk.

For IRS 2024, we removed the variables of human capital and departmental GDP growth rate and added the variables of surviving businesses by department and diversification of the export basket. Likewise, for this version, an adjustment was made to the business network variable. Thus, it changed from the number of companies generating formal employment per 10,000 inhabitants to the total number of companies per department. The above was done to improve the analysis of this category, focused on the departmental economic behavior and its influence on the national level.

BANCARIZATION: percentage of adults with active financial products in each department. This variable enables the analysis of the degree of sophistication and technification of the departmental market, given that a higher percentage is related to a more developed financial system.

BUSINESS FABRIC: total number of formal companies in each department, regardless of their size.

PARTICIPATION OF DEPARTMENTAL GDP IN NATIONAL GDP: the department's GDP participation in the total national. Shows the relevance of the departmental economy in relation to the national economy.

SURVIVING COMPANIES BY DEPARTMENT: percentage of companies that, after their creation in a base year, manage to remain active for five years. For the 2024 cohort, companies created in 2019 are considered, and their survival is verified until December 2023.

DIVERSIFICATION OF THE EXPORT BASKET: it assesses whether the department relies on a few products for its exports or if it has a wide range of exported products, which reduces economic risks by not depending exclusively on certain sectors.

INSTITUTIONALITY:

The institutional category seeks to determine the quality of departmental institutions through three variables. The first two (Departmental Performance Measurement and Digital Government Index) aim to capture the level of efficiency exhibited by local institutions. The third (Transparency, Access to Information, and Fight Against

Corruption Index) determines their capacity to combat corruption. This category is important for businesses as it provides insight into institutional capacity, meaning that more vital local institutions are understood to protect company investments and have a high level of trust in contract enforcement. The variables in this category have an inverse relationship to risk, meaning that a higher number of variables indicates lower risk.

DEPARTMENTAL PERFORMANCE MEASUREMENT: it measures the performance of each governorate based on its management capacity and development results.

DIGITAL GOVERNMENT INDEX: it shows the level of integration of Information and Communication Technologies (ICTs) the department's institutions.

TRANSPARENCY, ACCESS TO INFORMATION AND ANTI-CORRUPTION INDEX: it shows each department's public entities' capacity to articulate actions for the prevention, detection and investigation of risks in the administrative and mission management processes of public entities.

SOCIETY:

The society category seeks to evaluate the social conditions differentiated by department. Even so, businesses often do not highly evaluate this category, which limits their perspective on local socioeconomic conditions.

In the 2023 IRS, this category consisted of six variables. For this version, a new variable, higher education coverage, was added to increase its reliability.

MULTIDIMENSIONAL POVERTY INDEX (MPI): percentage of population living in poverty by department*. Thus, a higher MPI means a higher level of multidimensional poverty in the department.
*Understanding poverty as the sum of various deprivations.

HOUSING SHORTAGE: percentage of housing with structural deficiencies and requiring improvements by department.

HEALTH INSURANCE: percentage of the population of each department insured under the contributory and subsidized systems.

SCHOOL DROPOUTS: percentage of students by department who do not complete their schooling. This variable informs the business sector of the unskilled human capital that can be found in each department.

ACCESS TO SCHOOL EDUCATION: percentage of people with access to preschool, elementary and middle school education in each department.

HIGHER EDUCATION COVERAGE: the departmental coverage rate is defined as the percentage ratio between the total number of students enrolled in undergraduate programs offered in the department and the population aged 17 to 21 in the department.

MULTIDIMENSIONAL ENERGY POVERTY INDEX (MEPI): percentage of the population by department with energy poverty*.

*This is understood as the lack of an adequate and quality source of energy.

ENVIRONMENT:

Finally, the Index includes the environment category, which evaluates environmental impacts by department. This category aims to inform businesses about the departmental incidence of crimes and actions that affect ecosystems, natural resources, and health. The category comprises five variables identifying the irregular use of resources, environmental damage, and vulnerability to climate change in each department.

In the 2023 IRS, this category consisted of four variables. For this version, a new variable, climate change impacts, was added to increase its reliability.

CRIME RATE FOR ILLICIT USE OF RENEWABLE NATURAL RESOURCES: number of crimes committed in relation to the illegal exploitation of biodiversity, such as fauna and flora, among others, per 1,000 crimes.

CRIME RATE FOR ILLICIT EXPLOITATION OF MINERAL DEPOSITS AND OTHER MATERIALS: number of crimes committed in relation to irregularities or non-compliance in mining activities that generate damage to natural resources or the environment, per 1,000 crimes.

NATURAL RESOURCE DAMAGE AND ECOCIDE CRIME RATE: number of crimes committed for noncompliance with environmental laws and regulations, resulting in massive and widespread damage to natural resources and ecosystems, per 1,000 crimes.

ENVIRONMENTAL POLLUTION CRIME RATE: number of crimes that had direct or indirect harmful effects on the environment, natural resources and health through emissions, discharges, radiation, among other factors, per 1,000 crimes.

CLIMATE CHANGE IMPACTS: emergencies that occurred in each department, recorded by the National Unit for Disaster Risk Management. For this version, the following were considered: torrential rain, tropical cyclones, environmental pollution, rising water levels, spills, water shortages, erosion, frosts, floods, droughts, landslides, earthquakes, thunderstorms, and windstorms.

GENERAL ANALYSIS

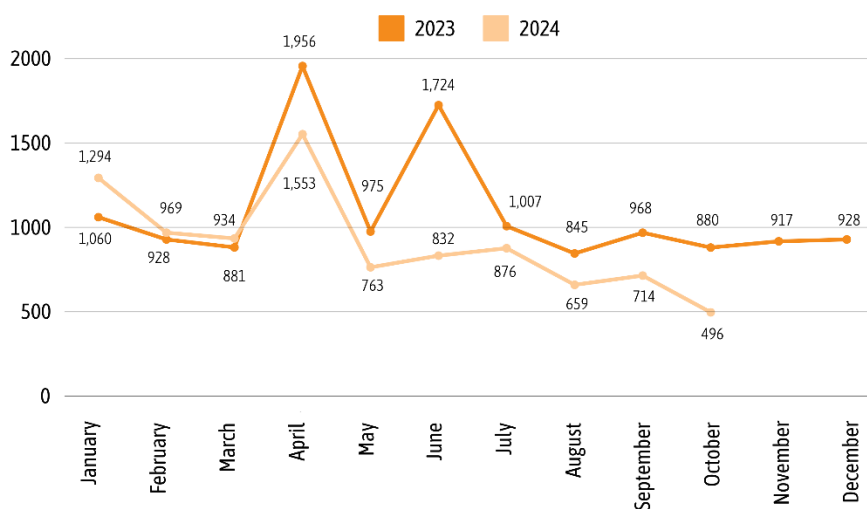
Colombia is an attractive country for international investment, not only because of its vast wealth in resources, privileged geographical location, and growing domestic market but also because the progress it has demonstrated over decades is evident. Despite this, the country is vulnerable to external economic and geopolitical shocks, domestic political changes, complex internal conflict conditions, and the burden of structural social inequalities. Therefore, we propose that national and international investors analyze the country through a lens of decades rather than quarters or semesters.

[Two years before the end of his term](#), President Gustavo Petro has had few significant victories on his legislative agenda. Constant crises have marked negotiations with armed groups under the "Total Peace" framework, the termination of ceasefires, and both sides' suspension of talks at various points. His second legislative period ended with significant losses, such as the [shelving of the healthcare reform](#) in its third debate in the Senate's Seventh Commission and the [failure of the education reform](#). At the same time, the president still hopes to approve [labor reform](#), [judicial reform](#), [reform to the general participation system](#), and potential reforms to [public services](#) and the mining code. The above makes it clear that the president is running out of political capital and that, in the lead-up to the 2026 elections, it will be even more difficult for more ambitious proposals to be successfully processed, as there is a risk they may fail at the final debate stage (as was the case with the education reform). Thus, it will be necessary for decision-makers to understand that there is a massive gap between what the government, through the president and his ministers, says and what it can do during the year and eight months remaining in his term.

The world is facing an economic difficulty marked by high interest rates, inflation, and a challenging situation for supply chains. Colombia, being an open and small economy with the composition of its export basket, cannot influence the direction of the global economy. However, the country has been severely affected by external events, such as [Russia's invasion of Ukraine](#), [the conflict in the Middle East](#), and now the likely [adverse implications for Colombia following Donald Trump's victory](#) in the United States and the potential repercussions of [Petro's strategy of increasingly aligning with China](#). This does not mean there will be no investment opportunities in Colombia or its regions. It implies that these opportunities are not evenly distributed, as risk perceptions make the central part of the country more attractive to investors, while departments on the periphery (with higher perceived risk) fall behind in investment opportunities. This is why it is important to understand the subtle—and not-so-subtle—differences between the country's regions regarding investing.

2023 ended with bittersweet news regarding the economy. Colombia experienced a growth of [0.6%](#), and [Foreign Direct Investment \(FDI\) decreased by 0.22%](#) compared to 2022. However, inflation has been controlled ([9.28% annually](#)), contributing to the Central Bank lowering its interest rate. Additionally, the annual unemployment rate ([10.2%](#)) dropped by one percentage point compared to 2022 (11.2%). These figures have created a complex economic outlook for 2024, compounded by slow budget execution by various entities, [a cut in the 2024 National Budget](#), [low tax collection](#), and [a continued decline in FDI](#). The above raises alarms about a deepening deficit, a potential breach of the fiscal rule, and a downgrade in the investment grade by credit rating agencies.

TOTAL INWARD FDI MILLIONS OF DOLLARS



Source: Central Bank



In 2022, the country shifted to the left, favoring alternative parties that promoted "change." However, 14 months into Gustavo Petro's term, disapproval of his administration (which, as of October, had a favorability rating of [34.4% according](#) to our IAFP), limited progress on his campaign promises, and various scandals within his inner circle hindered the Pacto Histórico from consolidating sufficiently popular candidates for the local elections on October 29, 2023. As a result, the country's political map once again granted a majority to traditional parties (Conservative Party, Liberal Party, and Party of the U) in the main governorships and mayoralties, something we had predicted since [September 2023](#). These results led to a reconfiguration of transactional power in Congress between the Executive and the parties, which, as we mentioned earlier, has made it difficult for the social reform agenda promised by the president during his campaign to pass. On the other hand, the national and local governments are not aligned with the executive agenda and have a tense relationship. This has led to clashes between local authorities and President Petro over proposals from both sides, each seeking to counterbalance the influence and power of the other.

Due to its large internal market and potential, investors cannot ignore Colombia, especially in comparison to regional peers like Peru, Ecuador, Venezuela, and Panama. However, before investing, they must know that each department has unique conditions. Each municipality can be dramatically different from another, as we have shown in our [regional risk index](#).

WHAT CHANGED AND REMAINED THE SAME BETWEEN THE IRS 2023 AND IRS 2024?

In our IRS 2023, Quindío, Bogotá, and Risaralda were the safest departments. For its part, in the IRS 2024, the safest departments were Quindío, Bogotá, and Risaralda. Thus, it is evident that the Andean region remains the safest and the most attractive for businesses to invest in. The most risky departments in the 2023 IRS were Vichada, Cauca, and Chocó. For its part, in the 2024 IRS, they were Putumayo, Vichada, and Chocó. This shows that the peripheral departments remain among the most unsafe, which will likely negatively impact the attraction of investment to these territories.

As we have mentioned before, our Index aims to analyze the characteristics of each department. This does not mean that different productive activities cannot be developed. Our intention is for businesses, investors, and political authorities at the national and local levels to make informed decisions and be able to plan for and prevent existing and potential risks in the territories.

SRI 2023 VS. SRI 2024

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
1	Quindío	18.24	Bogotá D.C	20.80
2	Bogotá D.C	20.26	Risaralda	24.20
3	Risaralda	21.51	Cundinamarca	24.85

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
31	Chocó	48.64	Chocó	45.56
32	Cauca	48.90	Vichada	46.84
33	Vichada	50.18	Putumayo	47.12

In the **security category** for the 2023 IRS, the safest departments were Guainía, Vaupés, and Vichada, which maintained their position in the 2024 IRS. The most risky departments in 2023 were Cauca, Arauca, and Putumayo. And in 2024, Cauca remains the most insecure department, followed by Putumayo and Valle del Cauca.

SECURITY

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
1	Guainía	1.14	Guainía	1.03
2	Vaupés	1.81	Vaupés	2.37
3	Vichada	3.16	Vichada	5.08

RANKING	SRI 2023		RANKING	SRI 2024	
	DEPARTMENT	SCORE		DEPARTMENT	SCORE
30	Putumayo	46.75	31	Valle del Cauca	44.99
31	Arauca	51.55	32	Putumayo	45.74
32	Cauca	56.51	33	Cauca	60.78

In the **political category** for the 2023 IRS, the least risky departments were Vaupés, Quindío, San Andrés, and Providencia, which maintained their position in the 2024 IRS. The most risky departments in the political category in 2023 were Cauca, Bogotá, and Antioquia. In the 2024 IRS, there was a change in the positions, with Bogotá being the most risky in the category, followed by Antioquia and then Cauca.

POLITICS

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
1	Vaupés	0.06	Vaupés	0.09
2	Quindío	4.32	Quindío	3.94
3	San Andrés y Providencia	5.80	San Andrés y Providencia	5.36

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
31	Antioquia	37.47	Cauca	29.39
32	Bogotá D.C	47.31	Antioquia	42.77
33	Cauca	55.53	Bogotá D.C	50.95

In the **economy category**, the least risky departments in the 2023 IRS were Bogotá, Antioquia, the Archipelago of San Andrés, Providencia, and Santa Catalina. In the 2024 IRS, Bogotá and Antioquia remain in the same position, and Valle del Cauca entered third place. For its part, the departments that presented the most economic risk in the 2023 IRS were Vichada, Vaupés, and Guainía. In the 2024 IRS, Vichada remains the department with the highest risk in this category, followed by Guainía and La Guajira.

ECONOMY

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
1	Bogotá D.C	8.57	Bogotá D.C	7.44
2	Antioquia	40.60	Antioquia	26.19
3	San Andrés y Providencia	46.21	Valle del Cauca	42.97

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
31	Guainía	87.18	La Guajira	89.31
32	Vaupés	92.53	Guainía	93.64
33	Vichada	93.11	Vichada	95.66

In the **institutional category**, in the 2023 IRS, Bogotá, Quindío, and Caldas were the least risky. In the 2024 IRS, the least risky department in the category was Cundinamarca, followed by Bogotá and Antioquia. In 2023, the most risky departments in the institutional category were Vichada, Arauca, and Putumayo. In 2024, they were Bolívar, Caquetá, and Arauca.

INSTITUTIONALITY

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
1	Bogotá D.C	4.70	Cundinamarca	9.93
2	Quindío	7.68	Bogotá D.C	10.24
3	Caldas	15.56	Antioquia	15.62

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
31	Putumayo	76.67	Arauca	82.17
32	Arauca	77.30	Caquetá	83.27
33	Vichada	99.10	Bolívar	90.94

In the **society category**, in the 2023 IRS, the three least risky were Bogotá, Atlántico, and Boyacá. In 2024, Bogotá maintains its position, followed by Boyacá and Santander. Regarding the most risky departments, Vichada, Vaupés, and Guainía remain the same in both 2023 and 2024.

SOCIETY

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
1	Bogotá D.C	8.39	Bogotá D.C	6.40
2	Atlántico	13.48	Boyacá	20.73
3	Boyacá	16.78	Santander	23.09

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
31	Guainía	69.00	Guainía	71.55
32	Vaupés	83.84	Vaupés	89.61
33	Vichada	93.74	Vichada	93.08

Finally, in the **environment category**, in the 2023 IRS, the least risky departments were Arauca, Vaupés, and Guainía. In 2024, they were Vaupés, Guainía, and Vichada. Among the most risky in the environment category for 2023 were Bogotá, Antioquia, and Santander. Meanwhile, for 2024, they were Antioquia, Cundinamarca, and Santander.

ENVIRONMENT

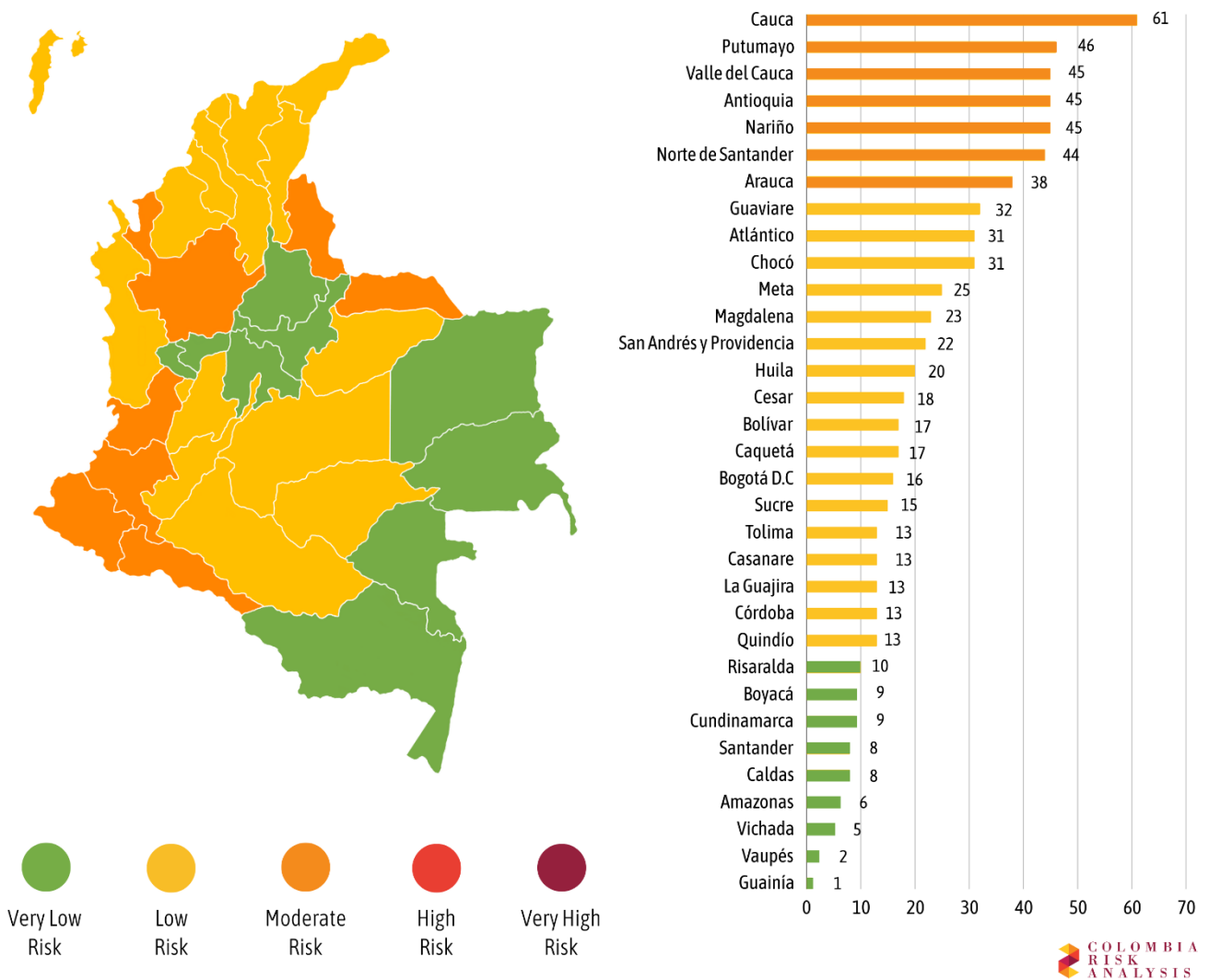
RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
1	Arauca	0.27	Vaupés	0.31
2	Vaupés	0.36	Guainía	1.16
3	Guainía	1.08	Vichada	1.26

RANKING	SRI 2023		SRI 2024	
	DEPARTMENT	SCORE	DEPARTMENT	SCORE
31	Santander	37.97	Santander	36.22
32	Antioquia	41.21	Cundinamarca	41.47
33	Bogotá D.C	50.23	Antioquia	59.15

RESULTS BY CATEGORY OF THE 2024 SUBNATIONAL RISK INDEX:

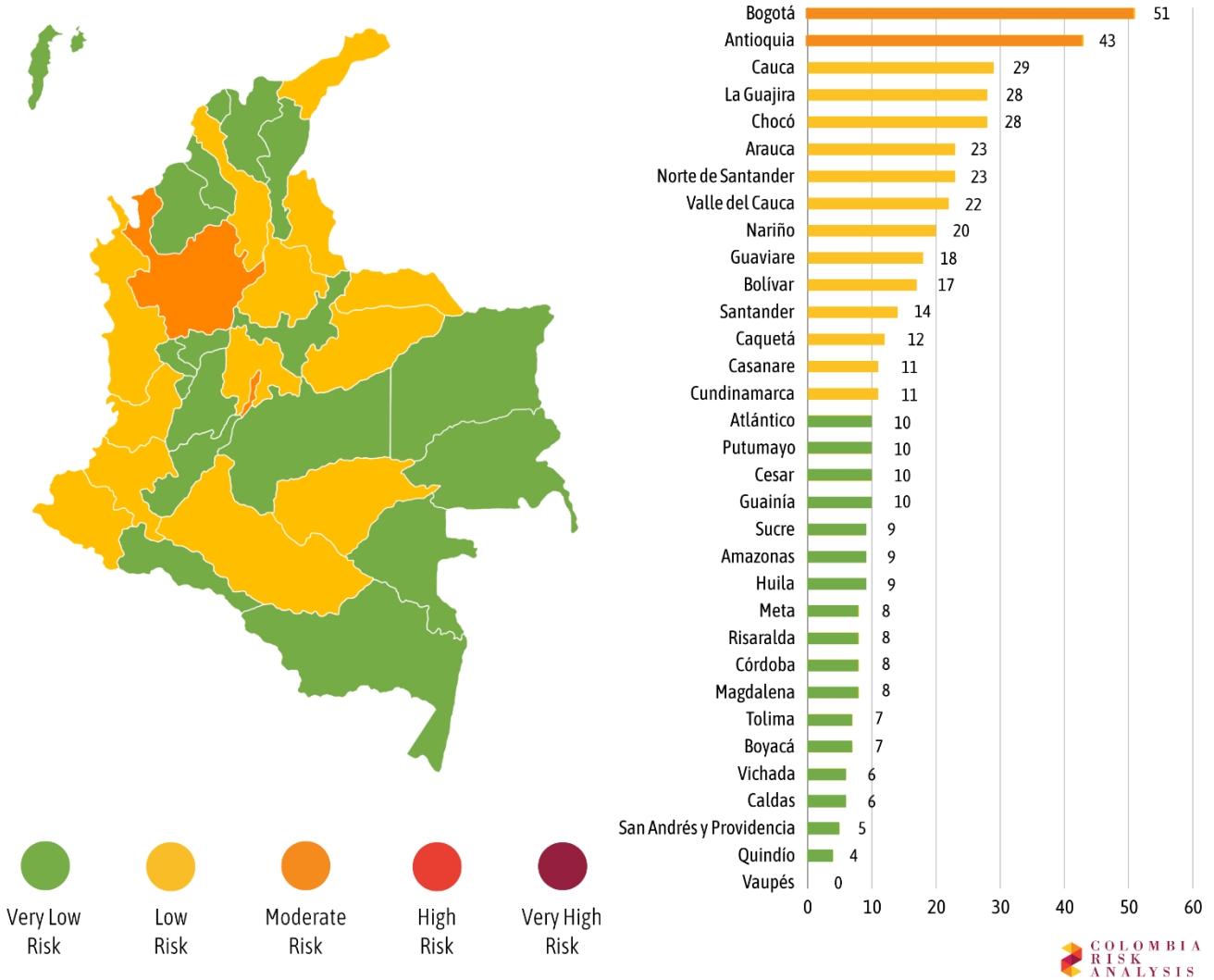
It should come as no surprise to many that the best-ranked departments in 2024 are those with greater state presence and those that are more developed in economic and social terms. These results, of course, are subject to annual variations depending on the performance of departmental or district administrations, security, or even political stability, which fluctuate. It is worth mentioning that these results are general and may differ from a more specific analysis, for example, a detailed analysis of the main cities where a particular sector may find the best conditions

SECURITY RISK 2024



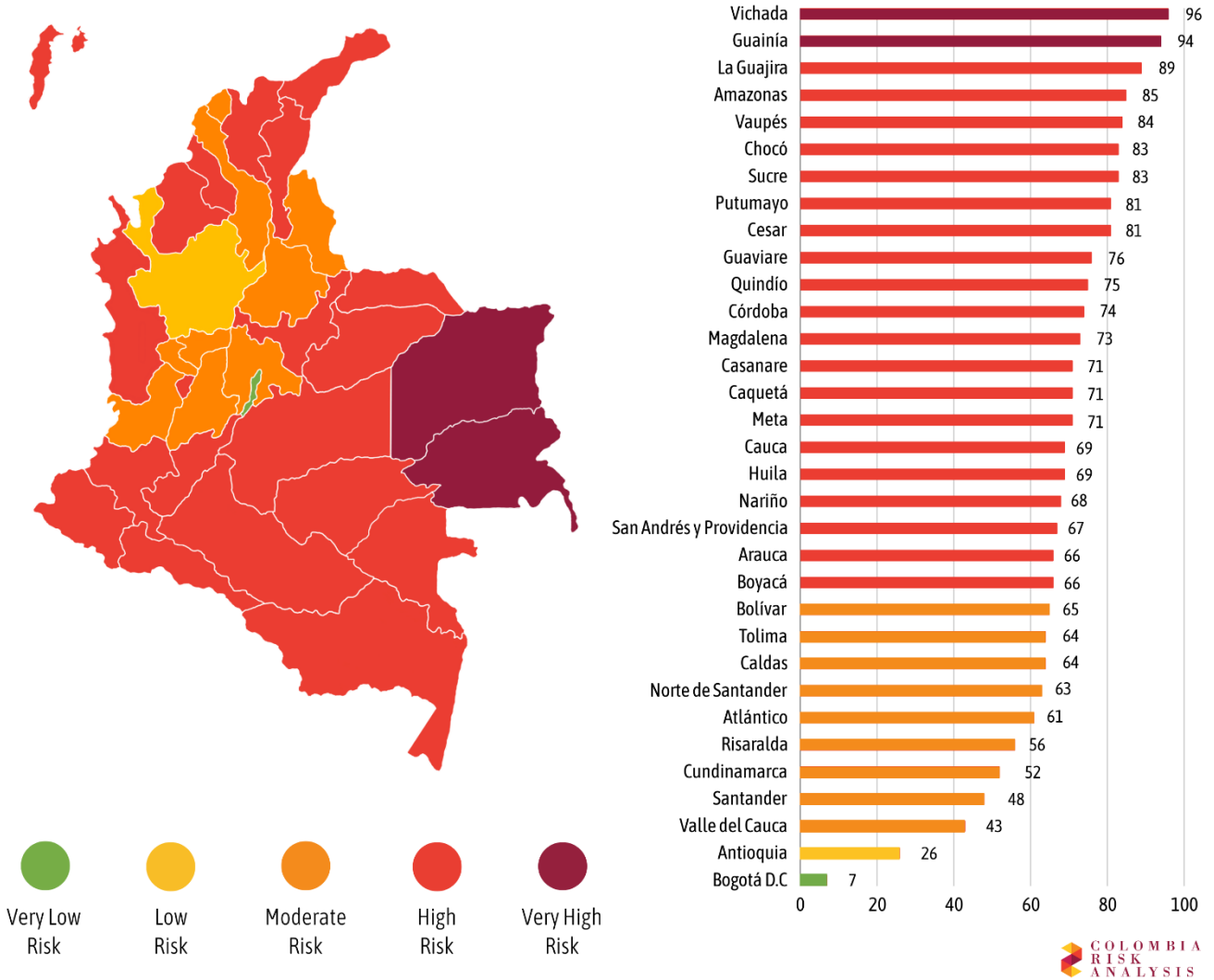
To dive deeper into the security category in each department, you can consult the [regional risk indexes](#).

POLITICAL RISK 2024



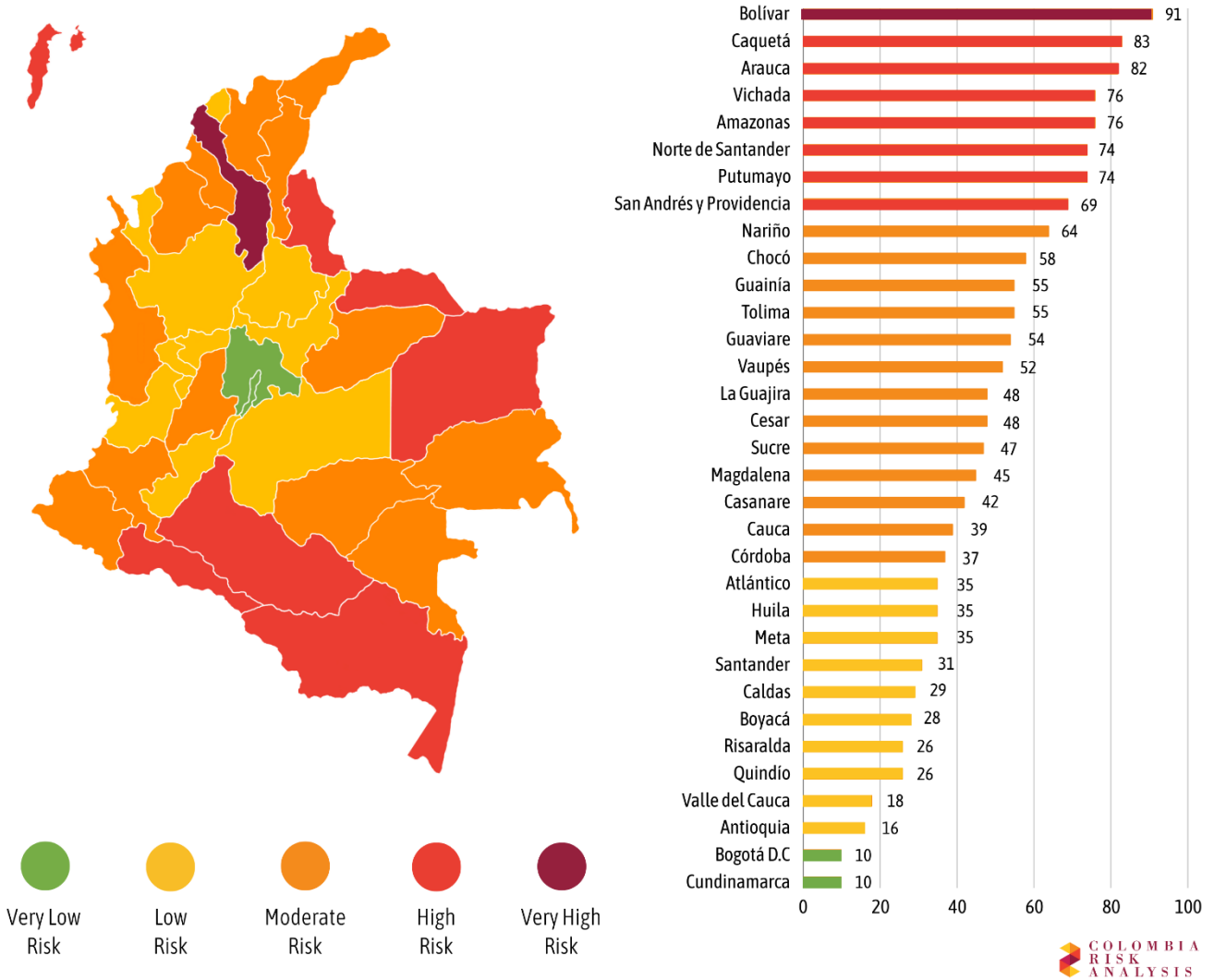
To dive deeper into the political category in each department, you can consult the [regional risk indexes](#).

ECONOMIC RISK 2024



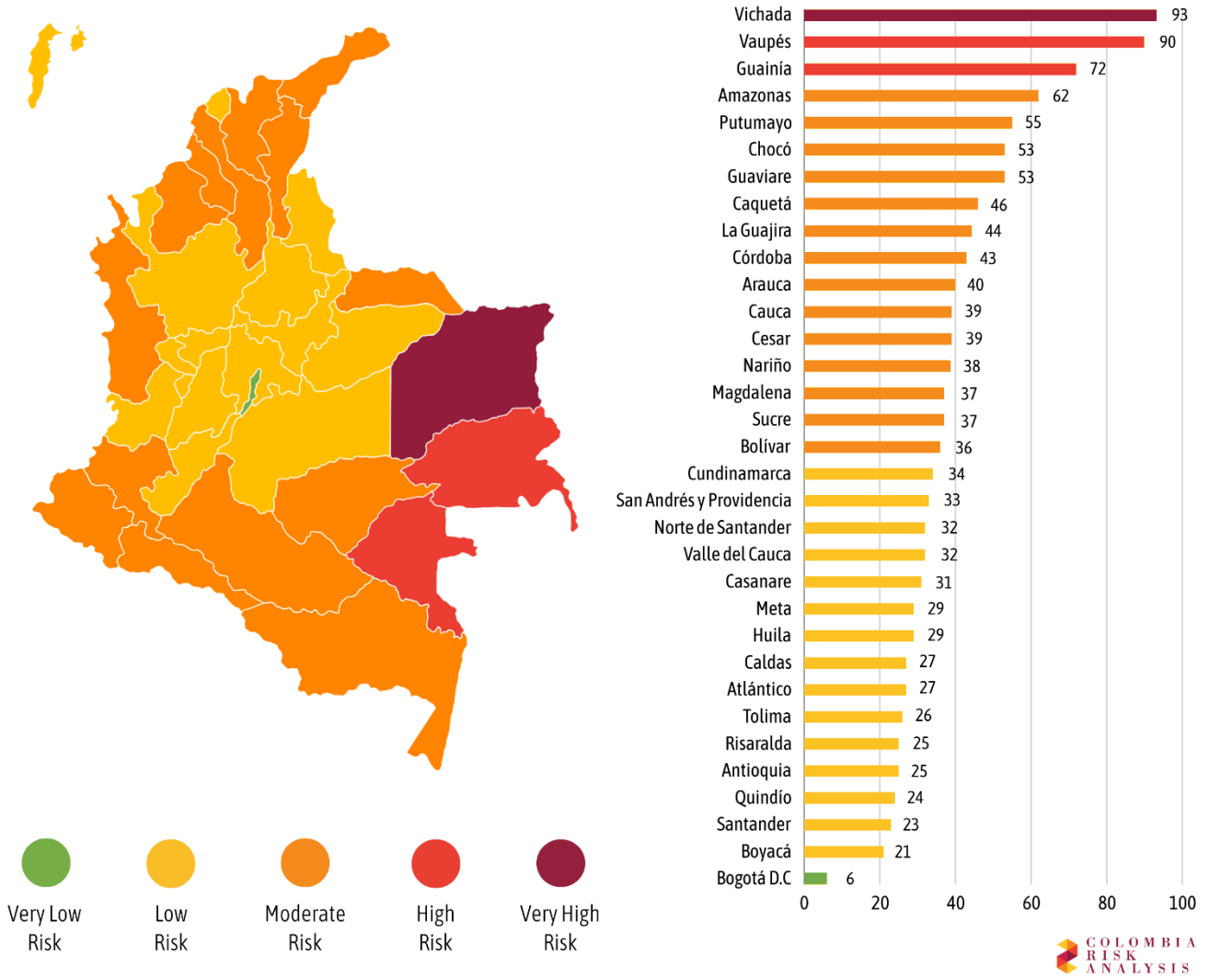
To dive deeper into the economic category in each department, you can consult the [regional risk indexes](#).

INSTITUTIONAL RISK 2024



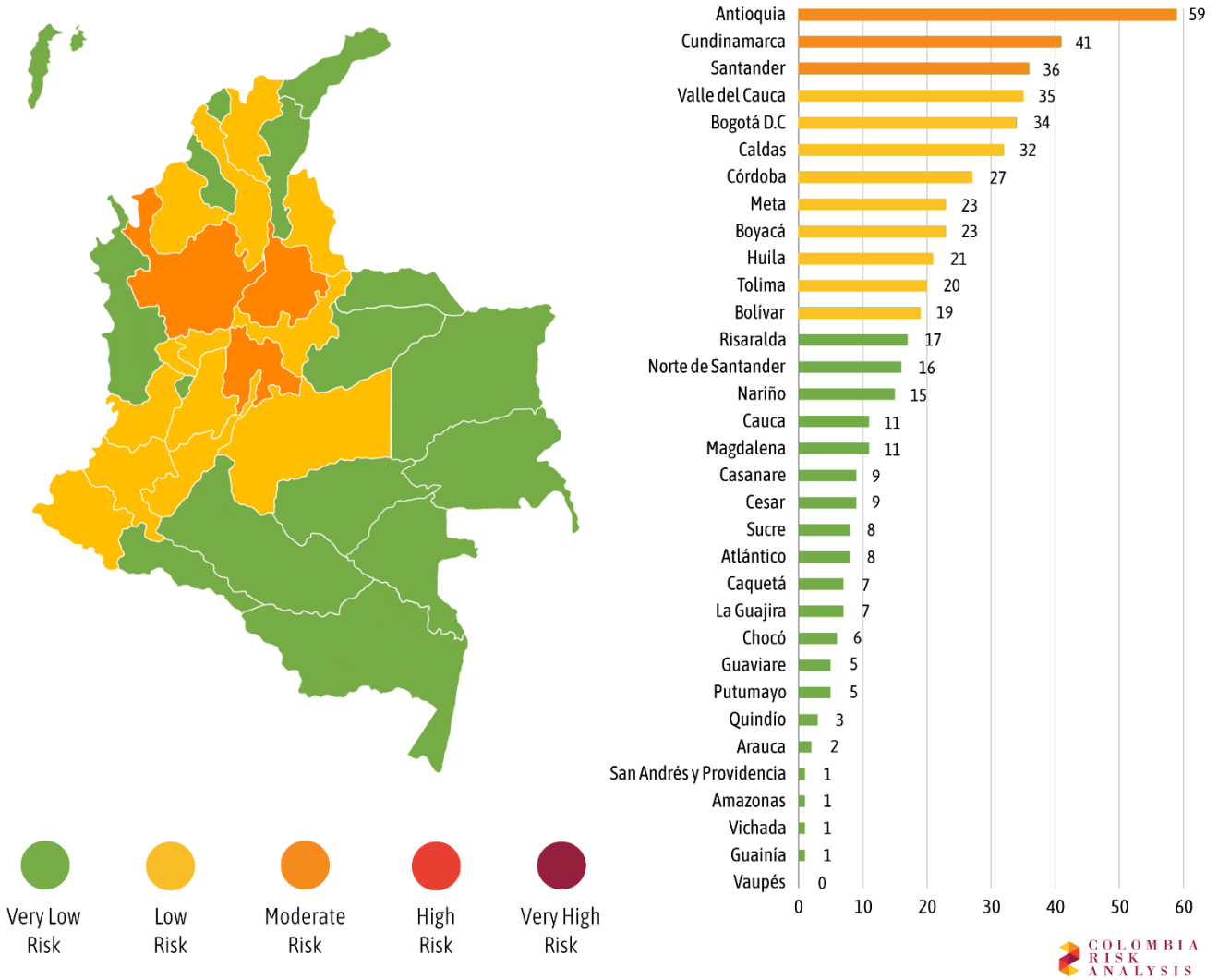
To dive deeper into the institutional category in each department, you can consult the [regional risk indexes](#).

SOCIAL RISK 2024



To dive deeper into the society category in each department, you can consult the [regional risk indexes](#).

ENVIRONMENTAL RISK 2024

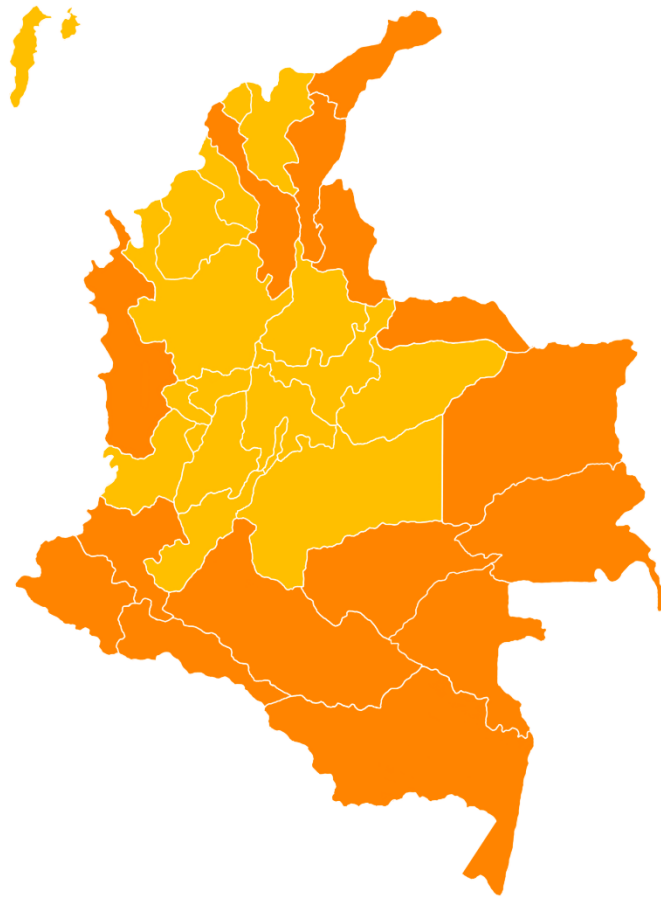


To dive deeper into the environment category in each department, you can consult the [regional risk indexes](#).

DEPARTMENTAL ANALYSIS

Our Subnational Risk Index aims to analyze risks at the departmental level. In the database created to obtain the result, Bogotá is included as a separate territory, so instead of 32 positions, there are 33 in total. Bogotá has the same administrative powers as those conferred on a department. In summary, the Subnational Risk Index continues to show the deep center-periphery divisions present in Colombia, which influence the levels of risk experienced by each department and, consequently, their attractiveness for business. In that sense, below, you will find a general overview of the departments, from the least risky to the most dangerous, in the 2024 Subnational Risk Index.

2024 SUBNATIONAL RISK MAP



SUBNATIONAL RISK INDEX 2024

RANKING	DEPARTMENT	CATEGORY					
		SECURITY	POLITICS	ECONOMY	INSTITUTIONALITY	SOCIETY	ENVIRONMENT
1	Bogotá D.C.	16,10	50,95	7,44	10,24	6,40	34,05
2	Risaralda	10,05	8,12	55,63	26,27	25,20	17,23
3	Cundinamarca	8,66	10,57	51,68	9,93	33,52	41,47
4	Santander	7,81	14,39	47,97	31,11	23,09	36,22
5	Boyacá	9,09	6,91	66,23	28,14	20,73	23,10
6	Quindío	12,80	3,94	75,43	25,58	23,81	2,99
7	Caldas	7,77	5,55	64,05	28,61	27,07	31,73
8	Atlántico	31,30	9,93	60,82	35,45	26,96	7,91
9	Casanare	13,46	11,29	71,48	41,80	30,61	9,12
10	Tolima	13,47	7,20	64,16	54,93	25,81	19,85
11	Huila	20,20	8,53	68,76	35,08	28,58	21,37
12	Meta	25,23	8,41	70,50	34,62	29,02	23,33
13	Valle del Cauca	44,99	21,94	42,97	17,91	31,87	35,39
14	Córdoba	12,93	8,01	73,89	37,35	43,22	26,86
15	Magdalena	23,29	7,99	72,51	44,74	37,45	10,92
16	San Andrés y Providencia	22,33	5,36	66,57	68,58	33,47	1,26
17	Antioquia	44,81	42,77	26,19	15,62	24,82	59,15
18	Sucre	15,36	9,41	82,86	46,63	36,89	8,41
19	Cesar	18,07	9,62	80,92	48,00	39,05	9,11
20	Vaupés	2,37	0,09	83,56	51,54	89,61	0,31
21	Guainía	1,03	9,54	93,64	55,47	71,55	1,16
22	Caquetá	17,20	11,56	71,46	83,27	45,61	7,07
23	La Guajira	13,10	28,09	89,31	48,26	44,01	6,51
24	Bolívar	17,21	17,07	65,24	90,94	35,77	18,88
25	Amazonas	6,27	8,64	85,38	75,97	61,57	1,21
26	Guaviare	32,29	17,98	76,38	54,22	52,92	4,60
27	Nariño	44,64	20,13	68,35	63,88	38,07	14,73
28	Norte de Santander	44,13	22,87	63,39	74,19	32,04	15,89
29	Arauca	38,17	23,37	66,45	82,17	39,99	2,38
30	Cauca	60,78	29,39	69,34	39,22	39,26	11,07
31	Chocó	30,81	27,72	83,14	57,88	53,04	5,89
32	Vichada	5,08	5,74	95,66	76,44	93,08	1,16
33	Putumayo	45,74	9,76	81,35	74,06	54,55	4,55

1. BOGOTÁ:

According to the 2024 Subnational Risk Index (IRS 2024) results, Bogotá has the lowest investment risk in the country. Bogotá stands out as Colombia's economic and cultural center, with strong potential in key sectors such as tourism, commerce, industry, technology, and financial services. Tourism, which has shown steady growth, benefits from a diverse offering that includes cultural, nature, and gastronomic experiences, attracting national and international visitors. Commerce, for its part, remains a fundamental pillar for revitalizing Bogotá's economy. Industry in Bogotá is diverse and has shown signs of recovery, especially in the pharmaceutical and textile sectors. The technology sector is another strong point, with solid digital infrastructure and a skilled workforce that drives innovation. Overall, the city has the potential to continue growing and establish itself as a national and international benchmark, but this will depend on the ability to overcome current challenges and seize development opportunities in each sector.

According to the 2024 IRS, the main risk for the business sector in Bogotá is political risk. Clashes between the mayor's office and the Executive and cases of corruption in public entities undermine trust in project management and participation in future contracts. Additionally, the capital also faces risks from environmental and security factors. The high air pollution deteriorates workers' health and is likely to increase costs associated with medical care and compliance with environmental regulations. The water shortage, exacerbated by population density and climate phenomena, also negatively impacts the production of various economic activities in the city, generating additional costs, obstacles for businesses and individuals, and operational risks. The poor waste management and the pollution of the Bogotá River exacerbate these issues, affecting the city's sustainability. On the other hand, extortions to businesses, the perception of insecurity, and social conflicts, such as blockades and protests, increase security costs and disrupt business operations.

CATEGORY	SCORE	NATIONAL RANKING
Security	16.10	16
Politics	50.95	33
Economy	7.44	1
Institutionality	10.24	2
Society	6.40	1
Environment	34.05	28

For more information about Bogotá, consult the [Risk Index of the Andean region](#).

2. RISARALDA:

According to our 2024 Subnational Risk Index (IRS 2024), Risaralda is the second department with the lowest risk for investment in the country. People consider Risaralda primarily a coffee-growing department, as it is part of the Coffee Triangle. However, coffee is the fourth most important crop in the department, preceded by sugarcane, plantains, and avocados. The diversity of climatic zones in Risaralda gives the department a competitive advantage not only for the agricultural sector but also to boost its tourism offerings. Industry and commerce are prioritized sectors that attract more investment and generate added value from the department. Additionally, the department's geostrategic location, a central point between Colombia's east, north, and Pacific coasts, gives it a competitive advantage for relocating national and international companies to its territory.

According to the 2024 IRS, the main risk for the private sector in the department is economic. Achieving greater investment from the business community in technology and innovation, working on strategies for adapting to climate phenomena, and the lack of financial tools are some of the challenges the business community faces in economic matters.

CATEGORY	SCORE	NATIONAL RANKING
Security	10.05	9
Politics	8.12	10
Economy	55.63	6
Institutionality	26.27	6
Society	25.20	6
Environment	17.23	20

For more information about Risaralda, consult the [Andean region's risk index](#).

3. CUNDINAMARCA:

According to our 2024 Subnational Risk Index (IRS 2024), Cundinamarca is the third department with the lowest risk for investment in the country. The proximity to the capital city favors the development of various economic activities, from agricultural activities to industrial sectors, with greater added value generation, which not only meets local demand but also contributes to the needs of the people in Bogotá. Additionally, joint initiatives between the Bogotá mayor's office, the municipal mayors' offices, and the Cundinamarca governor's office optimize the use of financial and technical resources, facilitate the movement of people and goods, boost trade, and attract investments that generate employment and economic growth for Cundinamarca.

According to the 2024 IRS, the most significant risk for investment in Cundinamarca is economic risk. The department has a diversified economy driven by manufacturing industries, which generate added value. However, among the main challenges the department faces is the lack of specialized labor. It is one of the regions

in the region and the country with more unskilled labor than skilled labor, which poses challenges for hiring local workers for positions requiring a certain level of specialization. Additionally, there is still room to increase the formalization of businesses and individuals, encouraging greater banking inclusion through traditional banking or new digital financial platforms. Additionally, the department faces environmental challenges due to damage to natural resources, environmental pollution, and high vulnerability to the impacts of climate change.

CATEGORY	SCORE	NATIONAL RANKING
Security	8.66	7
Politics	10.57	19
Economy	51.68	5
Institutionality	9.93	1
Society	33.52	16
Environment	41.47	31

For more information about Cundinamarca, consult the [Andean region's risk index](#).

4. SANTANDER:

According to our 2024 Subnational Risk Index (IRS 2024), Santander is the fourth department with the lowest risk for investment in the country. Santander is known for being the land of cured meat, having magical places like Barichara or San Gil and breathtaking landscapes such as those of the Chicamocha Canyon and the Chicamocha National Park. Manufacturing industries are the main economic activity in Santander, which explains why it is the fourth department with the highest contribution to the national GDP. The department also has an agricultural vocation. It is the country's leading producer of cocoa and lime and has great potential in buffalo farming. Its diversified economy and strategic geographic location make Santander an attractive department for national and international companies to settle.

According to the 2024 IRS, the main risk for the Santander business sector is economic. Among the most significant challenges are the dependency on oil exports, which exposes the department to the volatility of international oil prices; the low experience of its manufacturing industry in foreign markets, which limits its expansion capacity; and the high informality rate, which affects the formalization and profitability of businesses. Additionally, the environmental risk in Santander, exacerbated by illegal resource exploitation and pollution, is the third highest in Colombia, according to the 2024 IRS. Weak institutional management and the lack of sanctions have allowed the degradation of ecosystems and water resources.

CATEGORY	SCORE	NATIONAL RANKING
Security	7.81	6
Politics	14.39	22
Economy	47.97	4
Institutionality	31.11	9
Society	23.09	3
Environment	36.22	30

For more information about Santander, consult the [Risk Index of the Andean region](#).

5. BOYACÁ:

According to our 2024 Subnational Risk Index (IRS 2024), Boyacá is the fifth department with the lowest risk in the country. Boyacá is known as the land of potatoes, ruanas, and carranga music, with the agricultural sector being one of the main drivers of the department's economy. Furthermore, the department produces the world's best emeralds, highlighting its importance in the precious stone market and the potential to energize the department's economy. The industry is one of the prioritized sectors that boost the socioeconomic development of the department through the generation of greater added value and positioning Boyacá as an attractive department for national and international companies to settle in.

According to IRS 2024 data, the main risk for the private sector in the department is economic. Human capital flight, increasing business investment in technology acquisition, developing strategies for climate adaptability, and reducing informality are some of the key challenges businesses face in the department to strengthen productivity and socioeconomic development.

CATEGORY	SCORE	NATIONAL RANKING
Security	9.09	8
Politics	6.91	6
Economy	66.23	12
Institutionality	28.14	7
Society	20.73	2
Environment	23.10	24

For more information on Boyacá, consult the [Risk Index of the Andean region](#).

6. QUINDÍO:

Quindío ranks as the sixth least risky department in the country, according to the 2024 Subnational Risk Index (IRS 2024). The department of Quindío, located in the Coffee Axis, is characterized by its coffee plantations, mountains, valleys, and traditional towns that showcase the rich Quindian culture. Its diverse economy strongly emphasizes agricultural, commercial, and tourism activities. While coffee is an integral part of its culture, it is the department's eighth most crucial permanent crop. The main crops include plantain, orange, and avocado, which have opened various internationalization opportunities and generated added value for Quindío's producers. The department also boasts iconic places such as the Cocora Valley, the Coffee Park, and the National Park of Agricultural Culture (Panaca), which have contributed to building a tourism narrative based on its agricultural tradition and natural beauty. Additionally, being the second smallest department in the country, it facilitates control tasks concerning security and the environment.

According to the IRS 2024 data, the main risk for the private sector in the department is economic. Sources consulted by Colombia Risk Analysis mentioned that among the main challenges are the lack of generational replacement in the agricultural sector, the shortage of labor for operational activities and specialized labor for higher value-added sectors, the need to strengthen wages to make them more competitive; and the goal of attracting more investment from the business community in technology and innovation to enhance productive processes.

CATEGORY	SCORE	NATIONAL RANKING
Security	12.80	10
Politics	3.94	2
Economy	75.43	23
Institutionality	25.58	5
Society	23.81	4
Environment	2.99	6

For more information on Quindío, consult the [Risk Index of the Andean region](#).

7. CALDAS:

According to our 2024 Subnational Risk Index (IRS 2024), Caldas is the seventh least risky department to invest in the country. Being located in the Coffee Region, there is a perception that Caldas is primarily a coffee-producing department. However, although coffee is the main export product, it is currently the fifth-largest crop produced in the department, with sugarcane, plantains, and avocados being the primary crops. This is due to the diversity of thermal floors present in the department, which gives it a competitive advantage to continue diversifying agricultural production. In addition, sectors such as services and life sciences are prioritized productive areas to add value to Caldas' economy.

According to the data collected by the IRS in 2024, the main risk for the business sector is economic. The lack of greater banking inclusion, a more specialized human capital in technology, and export basket diversification are among the main challenges for the business sector in the Department of Caldas.

CATEGORY	SCORE	NATIONAL RANKING
Security	7.77	5
Politics	5.55	4
Economy	64.05	9
Institutionality	28.61	8
Society	27.07	9
Environment	31.73	27

For more information on Caldas, consult the [Risk Index of the Andean region](#).

8. ATLÁNTICO:

According to the IRS 2024, Atlántico is Colombia's eighth department with the lowest investment risk. The department has a diversified agricultural basket with crops such as mango, guava, plantain, lime, orange, yuca, corn, melon, rice, and watermelon. Additionally, in Atlántico, agroindustry has been promoted to transform raw materials, generate added value, and achieve greater productivity in the agricultural sector. Barranquilla is the "home of the national team," making the tourism sector in Atlántico a key driver of economic development and a source of job creation. The department has a strategy for diversifying destinations and prioritizing the international promotion of its natural, cultural, and community tourism offerings, focusing on inclusion, sustainability, and diversity.

Atlántico has one of the most important ports in the region and the country. The Port of Barranquilla is a key entry and exit point for international trade, facilitating the exchange of goods, promoting connectivity with global markets, and generating employment. Finally, the renewable energy sector is emerging as a key driver of progress and development in the department. Promoting this sector would contribute to diversifying the energy matrix, reducing greenhouse gas emissions, increasing the number of energy suppliers, and helping to lower electricity rates (one of the significant challenges in the Caribbean).

Although the perception suggests that the main risk for Atlántico is security, according to the IRS 2024, the most significant risk for businesses is economic. The low percentage of surviving businesses over the last five years, informality in various productive activities, and high electricity costs are challenges limiting sector growth and attracting more investment to the department. On the other hand, the presence of various criminal groups exacerbates the security situation in the department. According to sources consulted by Colombia Risk Analysis, extortion, which suffers from significant underreporting, continues to be a major issue affecting merchants, small

business owners, and transport services. The above discourages the creation of new businesses, limits the growth of the business fabric, and explains, to some extent, the low survival rate of companies in Atlántico.

CATEGORY	SCORE	NATIONAL RANKING
Security	31.30	25
Politics	9.93	18
Economy	60.82	7
Institutionality	35.45	12
Society	26.96	8
Environment	7.91	12

For more information on Atlántico, consult the [Risk Index of the Caribbean region](#).

9. CASANARE:

According to our IRS 2024, Casanare is the ninth department with the lowest investment risk nationwide and the second department with the highest oil production in the country. The current geopolitical situation, with conflicts in Ukraine and the Middle East, has increased the demand for hydrocarbons. Thus, having the largest proven gas reserves and the second-largest proven oil reserves, Casanare is well-positioned to take advantage of this situation. The agricultural sector in Casanare also has great potential. One of the products that cannot be missing from Colombian meals is rice. A product with a high probability of coming from Casanare, as it is the department that concentrates the largest rice production in the country and is one of the leading industries within the department's agricultural sector.

Additionally, it has the second-largest cattle herd in the country, alongside Meta, and the eighth-largest equine population. Livestock farming in the department has become a source of employment and contributes to the collection of taxes in the region. On the other hand, tourism is the second most important economic activity in the department's economy. Casanare has tourist attractions such as the Tinije Lagoon and the Hato Natural Reserve, and in recent years, ecotourism has been promoted thanks to its vast savannas and diverse ecosystem.

The most significant risk for investment in Casanare is economic. The department's economy is highly concentrated in the extractive sector, making it more vulnerable to external shocks, such as fluctuations in global oil prices, and internal ones, such as the Petro government's stance on the hydrocarbon industry. This dependence also impacts international trade by focusing the export basket on crude oil. The department also faces security challenges, mainly due to extortion. Both the business sector and ordinary citizens are affected by this scourge, as various prisons across the country call, pretending to be members of armed groups and threatening physical harm or damage to property if they refuse to pay. Similarly, there have been kidnappings of ranchers, landowners, and contractors, which raises alarms for the private sector in Casanare.

CATEGORY	SCORE	NATIONAL RANKING
Security	13.46	13
Politics	11.29	20
Economy	71.48	20
Institutionality	41.80	15
Society	30.61	12
Environment	9.12	15

For more information on Casanare, consult the [Orinoquía Risk Index](#).

10. TOLIMA:

According to our 2024 Subnational Risk Index (IRS 2024), Tolima is the tenth department with the lowest risk for investment in the country. The department connects the Coffee Region, the Colombian Pacific, the Llanos, and the central region. Tolima has a diversified economy. The department develops agricultural activities, such as the production of sugarcane, plantain, avocado, coffee, rice, and arracacha, which contribute to the department's food security and promote the growth of agroindustry and exports. Cattle farming in the department encompasses various ranches that boost food production and contribute to other industries, such as the textile industry. In addition, Tolima offers a diverse range of tourist attractions, positioning it as an unmissable destination for national and international tourists. Notable destinations include the Los Nevados National Natural Park, iconic spots like the Combeima Canyon, and historically and culturally rich cities such as Ibagué and Honda.

According to the IRS 2024 data, the main risk for the private sector in the department is economic. Strengthening human capital to increase the availability of skilled labor, reducing informality, which impacts people's quality of life and demand for goods and services, and diversifying the department's export basket are some of the main economic challenges that Tolima faces. Although people generally consider the department safe, armed groups and criminal gangs in the southern region, bordering Valle del Cauca and Cauca, create security risks. Additionally, the department has a high percentage of impunity for crimes against public administration, which creates risks and discourages contracting with departmental entities.

CATEGORY	SCORE	NATIONAL RANKING
Security	13.47	14
Politics	7.20	7
Economy	64.16	10
Institutionality	54.93	22
Society	25.81	7
Environment	19.85	22

For more information on Tolima, consult the [Risk Index of the Andean region](#).

11. HUILA:

According to our 2024 Subnational Risk Index (IRS 2024), Huila ranks 11th out of 33 overall. The department's strategic position as a gateway and connection point between the Pacific, the central region, and the Colombian Amazon gives it a competitive advantage to boost the development of its productive sectors and attract national and international investment. Huila has excellent potential for agricultural production. It is the leading coffee producer in the country and is focusing on its industrialization and export potential. It also leads the national fish farming production, promoting education programs and eliminating intermediaries to improve producers' income. The department is also positioning itself as a leader in sustainable tourism, aiming to be a reference in experiences such as astronomy, leveraging the potential of destinations like the Tatacoa Desert. Agricultural production is the department's foundation for industrial development, with coffee-derived products and the iconic achiras. This outlook highlights the department's potential to attract investment and strengthen and diversify its productive basket.

Despite its potential, according to the IRS 2024, the main risk for the private sector in the department of Huila is economic. Challenges such as the lack of skilled labor, the high incidence of the primary sector (agricultural and extractive activities), the lack of diversification in exports, and, according to sources consulted by Colombia Risk Analysis, the lack of generational succession and delays in the implementation of techniques to increase production efficiency, make Huila vulnerable to both external and internal factors. External factors, such as a rise in input prices and fluctuations in raw materials prices in international markets, and internal factors, such as increases in fuel prices and the state of the roads.

CATEGORY	SCORE	NATIONAL RANKING
Security	20.20	20
Politics	8.53	12
Economy	68.76	16
Institutionality	35.08	11
Society	28.58	10
Environment	21.37	23

For more information about Huila, consult the [Andean region's risk index](#).

12. META:

Meta ranks 12th out of 33 in our 2024 Subnational Risk Index (IRS). Meta is the largest oil producer in the country and one of the top royalties recipients, which has allowed it to invest in infrastructure projects in sports, education, and services. The department has great potential as an agricultural hub, considering it is the country's largest producer of soy and genetically modified corn. In this regard, Meta has great potential to replace imports of these products and meet domestic demand. On the other hand, the tourism sector has experienced significant growth following the signing of the Peace Agreement. Natural attractions such as Caño Cristales, classified as the most beautiful river in the world, the Guape River Canyon, and cultural events like the International Joropo Tournament highlight the tourism potential and diverse offerings of the department, enabling the diversification of its productive basket and boosting its socioeconomic development.

According to IRS 2024, the greatest risk for the business sector falls under the economy category. The economy's high dependence on the extractive sector increases the department's economy's vulnerability to external shocks, such as fluctuations in international oil prices, and internal shocks, such as the Petro government's stance on the hydrocarbon industry. This dependence also impacts its international trade, as the export basket is focused on crude oil. Additionally, according to sources consulted by Colombia Risk Analysis, there is a need for greater coordination between higher education institutions and the business sector to leverage the department's human capital within the region so that people do not migrate or enter the informal economy. On the other hand, the department is also affected by armed groups, particularly in the south, which has raised concerns among citizens and businesses in Meta. The clashes for territorial control have also led to dynamics of kidnappings and extortions. Additionally, the development of illegal mining and land conflicts prolong the cycles of violence in Meta.

CATEGORY	SCORE	NATIONAL RANKING
Security	25.23	23
Politics	8.41	11
Economy	70.50	18
Institutionality	34.62	10
Society	29.02	11
Environment	23.33	25

For more information about Meta, consult the [Orinoquía Risk Index](#).

13. VALLE DEL CAUCA:

Valle del Cauca ranks 13th out of 33 in the 2024 IRS. At the national level, Valle stands out as an agricultural and agro-export platform. Sugarcane is the second most produced crop in the department, and the sugar industry is one of the jewels of the region's productive sector. The sugar industry contributes to job creation and has positioned itself within the renewable energy sector through bioethanol production. Tourism and commerce contribute the most to the department's GDP. The diversity of tourist offerings and the easy connectivity to and within the department, both by land and air, enhance the sectors and drive the region's socioeconomic development. Valle is also known for the development of the manufacturing sector. The development of the agro-industrial, pharmaceutical, software, and personal care and beauty sectors highlights the department's potential for relocating national companies and attracting foreign investment.

Another factor driving business development in Valle is the cluster initiative by the Cali Chamber of Commerce. The clusters function as a network of connections for companies, strengthening the links in the production chains, facilitating the sharing of innovation strategies, and enabling more precise analysis of the challenges and opportunities within each established sector. Lastly, Valle is home to one of the country's most important ports: the Port of Buenaventura, which handles a large portion of the non-mining and non-energy trade at the national level.

According to the 2024 IRS, security is the most significant risk for businesses in Valle del Cauca. In the department, the ELN, the Gulf Clan, and criminal gangs (such as Los Flacos, La Oficina de Tuluá, Los Shottas, and Los Espartanos) converge, which increases physical risks and threats to assets in the region, with high rates of homicides, kidnappings, and extortions. In rural areas, the clashes occur due to the fight for control of territories and the management of drug trafficking routes. Similarly, the presence of these groups generates other social and security issues, such as child recruitment, forced displacement, prostitution, and forced confinement. These events disrupt the department's development by forcing the local workforce to migrate and halting productive activities in the territories.

CATEGORY	SCORE	NATIONAL RANKING
Security	44.99	31
Politics	21.94	26
Economy	42.97	3
Institutionality	17.91	4
Society	31.87	13
Environment	35.39	29

For more information about Valle del Cauca, consult the [Risk Index for the Pacific region](#).

14. CÓRDOBA:

Córdoba ranks 14th out of 33, according to the 2024 IRS. Córdoba has excellent agricultural potential to meet the needs of its population and contribute to food production for the entire country. The department produces various products, including plantains, cotton, cacao, corn, and fruits. Specifically, Córdoba's cacao has gained international recognition by being ranked among the top 50 in the world. On the other hand, the availability of sunlight year-round, access to coastlines and ports, and the favorable condition of its land all contribute to the success of the livestock sector in Córdoba. The department is a national leader in livestock, ranking among the regions with the largest herds of cattle, buffalo, pigs, horses, and sheep. Livestock farming in Córdoba is increasingly adopting sustainable practices, which has allowed it to access various international markets and boost its profitability. Beekeeping is another industry in which the department has significant potential to drive its socioeconomic development and attract foreign investment.

Córdoba has great potential for developing renewable energy and the country's energy transition, not only due to its geography, which facilitates solar energy production, but also because it is the only department in the country where nickel extraction, one of the critical minerals, occurs. This highlights the department's opportunities to generate added value and attract both national and international investment.

According to our 2024 IRS, the most significant risk for the private sector in Córdoba is economic. The department must still strengthen banking services to address other issues like informality. A poorly diversified export basket also impacts the region's international trade and business growth. The department also faces challenges in social welfare and security. Unmet basic needs and the lack of public services reduce worker productivity and increase the likelihood of clashes with communities due to the absence of the State. Although the department is generally considered safe, its borders with Antioquia and Bolívar to the south pose security risks due to the presence of armed groups and criminal gangs in the region. This has led to cases of forced displacement, child recruitment, and a decline in agricultural production in areas affected by violence.

CATEGORY	SCORE	NATIONAL RANKING
Security	12.93	11
Politics	8.01	9
Economy	73.89	22
Institutionality	37.35	13
Society	43.22	24
Environment	26.86	26

For more information about Córdoba, consult the [Risk Index for the Caribbean region](#).

15. MAGDALENA:

According to our 2024 IRS, Magdalena ranks 15th out of 33. The department presents great opportunities in agriculture, with bananas being the main permanent crop. Historically, this crop has brought foreign investment to the department and is its main export product. Palm oil also offers opportunities to boost the department's socioeconomic development. In addition to job creation, it allows for the generation of added value through biodiesel production, presenting itself as an energy alternative and a boost to the agroindustry in the department. Another important sector for Magdalena is tourism. The department has diverse tourism offerings, including beach, cultural, nature, nautical, and religious tourism. The department's capital, Santa Marta, is the only city in the country with Blue Flag certification for two beaches (Playa Blanca and Bello Horizonte), providing additional appeal and assurance regarding service quality, bathing water, and safety.

According to experts consulted by Colombia Risk Analysis, Magdalena, especially Santa Marta, has become an attractive destination for purchasing vacation homes, boosting the construction and tourism sectors. Like the rest of the Colombian Caribbean, Magdalena has great potential for developing solar energy and hydropower in the Magdalena-Cauca macro-basin. This becomes particularly important when considering this region's high electricity cost. Renewable energy development would help reduce the costs that businesses and individuals must allocate for energy payments, thereby increasing their income and productive capacity. The two port areas of the department, Santa Marta and Ciénaga, also offer significant investment opportunities to boost the logistics-port sector and the internationalization of businesses in the department, the region, and the rest of the country.

According to the IRS 2024, the most significant risk faced by the business sector in Magdalena is economic. The department has a low percentage of businesses that have survived over the last five years, likely related to high informality levels and human capital loss. Informality increases social vulnerability, with the population relying more on public spending. It also exacerbates inequality and reduces productivity. In addition, it creates unfair competition for established businesses, which, by meeting their legal responsibilities, operate with higher costs. Experts explained that the lack of opportunities has led many people from Magdalena to move to other cities in the region or the country's interior in search of better prospects. The department also faces social challenges. Deficiencies in water, sewage, and electricity services affect the quality of life of communities, leading to protests

and clashes with the companies responsible for these services. In terms of security, although the department generally has a low-risk level, various armed groups and criminal gangs are present in the area, which pose a challenge to both urban and rural security in Magdalena.

CATEGORY	SCORE	NATIONAL RANKING
Security	23.29	22
Politics	7.99	8
Economy	72.51	21
Institutionality	44.74	16
Society	37.45	19
Environment	10.92	16

For more information about Magdalena, consult the [Risk Index for the Caribbean region](#).

16. SAN ANDRÉS Y PROVIDENCIA:

The archipelago ranked 16th out of 33 in the IRS 2024. Due to its island status, artisanal fishing is one of the department's strengths. Driven by cooperatives and associations, fishermen have sought to increase their profitability by transforming fish into frozen products. Tourism is the archipelago's main economic activity. Remittances received by the department from international tourism help stimulate and increase the income of local businesses. Similarly, remittances represent an opportunity for the financial sector to generate transactions and movements, boosting the development of companies on the island. On the other hand, developing the renewable energy sector, such as biomass and solar energy, in San Andrés presents an opportunity to expand electricity coverage and tackle the persistent challenges of high energy costs in the Colombian Caribbean. Implementing such initiatives not only brings investment opportunities but also fosters intersectoral collaboration and will generate jobs during the construction and operation of energy generation facilities. Additionally, the island could have potential for offshore energy generation.

According to the IRS 2024, the most significant risk for businesses in San Andrés and Providencia falls under institutional capacity. Sources consulted by Colombia Risk Analysis confirmed that the archipelago experiences frequent internet connection issues, and sometimes, the network goes down completely. This hinders the digitalization of procedures, slowing down the activities of businesses and citizens, which leads to lower productivity on the island. Additionally, there have been alleged cases of corruption in various institutions in the department, leading to a deterioration in the population's well-being and discouraging private sector involvement. The archipelago also faces economic challenges. The island's marked dependence on tourism, along with the weak business fabric and lack of diversification in its export basket, increases its vulnerability to external shocks, such as fluctuations in international prices, changes in tourist demand, or airline crises.

Its island nature also makes it highly vulnerable to climate phenomena, such as hurricanes, which decision-makers in both the public and private sectors must consider. On the other hand, its geographic location has made it a transit hub for illicit economies, including drug trafficking, smuggling, human trafficking, and irregular migration. This increases security risks for local entrepreneurs and investors looking to establish themselves in the department.

CATEGORY	SCORE	NATIONAL RANKING
Security	22.33	21
Politics	5.36	3
Economy	66.57	14
Institutionality	68.58	26
Society	33.47	15
Environment	1.26	4

For more information about San Andrés and Providencia, consult the [Risk Index for the Caribbean region](#).

17. ANTIOQUIA:

According to our Subnational Risk Index 2024 (SRI 2024), Antioquia ranks 17th out of 33 in the overall ranking. Antioquia is the second department with the largest share of the country's national GDP, highlighting the importance and development of its regional economy. The department has a diversified economy, ranging from the primary sector (with agricultural production and mining industry) to the quaternary sector (with technology-based companies, such as health tech). Additionally, the department is prioritizing sectors like infrastructure and logistics to strengthen the production chains of various industries and sustainable energy to contribute to the country's energy security and independence in the medium and long term.

The department is divided into nine subregions (Urabá, Occidente, Suroeste, Norte, Oriente, Bajo Cauca, Nordeste, Magdalena Medio, and Valle de Aburrá), each with its unique context. According to the IRS 2024, the greatest risk for businesses in the department is environmental risk. Illicit exploitation of natural resources, illegal mining, environmental pollution, and vulnerability to climate change impact the department's ecosystems, wildlife, and flora, negatively affecting agricultural activities and tourism development. Antioquia also faces security challenges. The department has at least 360 criminal structures, including organized armed groups, residual organized armed groups, and groups involved in organized crime. According to sources consulted by Colombia Risk Analysis, this situation results from the department's geographic location, which serves as a mobility corridor connecting the eastern part of the country and the border with Venezuela to the Caribbean Sea, in the Gulf of Urabá and the Pacific Ocean, passing through Chocó. This has led to a convergence of illicit activities, such as drug cultivation, illegal mining, and extortion. Additionally, clashes between armed groups hinder the development of economic activities.

CATEGORY	SCORE	NATIONAL RANKING
Security	44.81	30
Politics	42.77	32
Economy	26.19	2
Institutionality	15.62	3
Society	24.82	5
Environment	59.15	32

For more information about Antioquia, consult the [Risk Index for the Andean region](#).

18. SUCRE:

According to the IRS 2024, Sucre ranks 18th out of 33. In the agricultural sector, one of the most promising crops in the department is oil palm, as it creates opportunities to add value and modernize agriculture through the production of biodiesel and energy. Cassava has also contributed to Sucre's agribusiness through the "Nativa" beer, which has formed significant partnerships with multinational companies and helped revitalize the starch company in Sucre. Through sheep production, Sucre's livestock sector has opened international markets, such as the Arab market, demonstrating the department's potential to attract both national and international investment in this product. Tourism is the department's second most important economic activity, offering diverse experiences, including ecotourism, nautical tourism, and cultural tourism. It is also one of the sectors where local and regional authorities are most focused on attracting more international visitors. The Port Zone of the Gulf of Morrosquillo is essential for the western Caribbean, as it provides the closest access to foreign trade for products from Córdoba, eliminating the need to transport goods to Cartagena or Santa Marta ports. Finally, Sucre's geographic location, which is favorable for producing solar and wind energy and its energy needs, provides strong incentives for developing such projects. These initiatives have the potential to enhance the stability of the energy supply and reduce rates.

According to the IRS 2024, the main risk for investment in Sucre is economic. The department's high dependence on the public sector increases its vulnerability to external and internal shocks. Additionally, the lack of a diversified economy has led to a low business survival rate and limited diversification in the export basket. The department also experiences high levels of informality and unemployment, which increase inequality and result in lower productivity. On the other hand, although the department presents a low-risk level in the IRS 2024, it is important to note that the presence of armed groups such as the Gulf Clan, the Norteños, and the Military Resistance poses a security threat that must be considered when assessing both rural and urban security in the department.

CATEGORY	SCORE	NATIONAL RANKING
Security	15.36	15
Politics	9.41	14
Economy	82.86	27
Institutionality	46.63	17
Society	36.89	18
Environment	8.41	13

For more information about Sucre, consult the [Risk Index for the Caribbean region](#).

DEPARTMENTS WITH MODERATE RISK:

MODERATE RISK

19. CESAR:

According to the IRS 2024, Cesar ranks 19th out of 33. Oil palm production is one of the department's main strategic priorities. In addition to providing employment, oil palm cultivation enables the creation of added value by producing crude palm oil. This crop has gained greater importance for exports since the onset of the Ukraine conflict, as it is used to make biodiesel and generate electricity and heat. The onset of the Ukraine conflict has increased the importance of this crop for exports, as it is used to produce biodiesel and generate electricity and heat. This quality becomes especially relevant given the energy uncertainty Europe is facing. Tourism is showing significant growth, particularly in natural and cultural tourism, with notable destinations such as Valledupar and events like the Vallenato Festival. The department also boasts important resorts like El Mojao and natural attractions like the Zapatosa Swamp and the Perijá Mountain Range. The extractive sector is the department's main economic activity, making it the leading coal producer at the national level. Regarding renewable energy, the department has great potential for solar energy development, especially in the northern region along the border with La Guajira. A clear example is that the department currently hosts the largest solar plant in the country, operated by Enel Green Power in the municipality of El Paso.

According to IRS 2024, the most significant risk for investment in Cesar is economic. The department's strong dependence on the mining sector increases its vulnerability to external shocks, such as fluctuations in coal prices on the international market, and internal shocks, such as the uncertainty generated by the National Government's stance on the extractive industry. This dependence is linked to the low diversification of the department's export basket, highlighting the need to promote the internationalization of other sectors. On the other hand, although the department has a low-risk level, its shared border with Venezuela makes it a strategic point for armed groups, increasing the risks to the physical safety of communities, workers, and investors, as well as to infrastructure and assets, particularly in the rural areas of the department.

CATEGORY	SCORE	NATIONAL RANKING
Security	18.07	19
Politics	9.62	16
Economy	80.92	25
Institutionality	48.00	18
Society	39.05	21
Environment	9.11	14

For more information about Cesar, consult the [Risk Index for the Caribbean region](#).

20. VAUPÉS:

According to our Subnational Risk Index 2024 (IRS 2024), Vaupés ranks 20th out of 33 overall. The department offers security guarantees due to the increased military presence in the main populated areas. In addition, the limited exploitation of resources has helped preserve biodiversity and the environment, creating an attractive setting for tourism and business activities. These conditions favor businesses as they build confidence in investing and operating in the department. At the same time, having a very low political risk reinforces the stability and credibility of the business environment. Vaupés boasts great natural wealth, with vast tropical rainforest areas and a forest landscape. With more than 25 indigenous communities, the department is home to various indigenous languages and cultural traditions, including ancestral practices in medicine, craftsmanship, and ecotourism.

According to IRS 2023, despite the department's potential, the main risk for the private sector in Vaupés is social. The department faces high levels of poverty, challenges in accessing education, and a significant number of homes with structural deficiencies or in need of repairs. Additionally, the department faces challenges due to a lack of sufficient resources for investment, limiting its ability to implement social intervention programs and improve productive sectors. These factors limit development opportunities and negatively impact entrepreneurs' perception of the department. There are also significant challenges related to the economy. In addition to logistical difficulties arising from the department's geographical conditions and limited access, factors such as the lack of skilled labor, low diversification of the productive basket due to heavy reliance on public investment and spending, a small business ecosystem, and low export competitiveness hinder the socioeconomic development of Vaupés and prevent the department from being seen as an attractive destination for national and international investment. On top of all this, the lack of information in the media complicates analysis, making it difficult to identify the department's current challenges and opportunities. The lack of accurate and up-to-date data hinders informed decision-making and the strategic planning needed for economic and business development.

CATEGORY	SCORE	NATIONAL RANKING
Security	2.37	2
Politics	0.09	1
Economy	83.56	29
Institutionality	51.54	20
Society	89.61	32
Environment	0.31	1

For more information about Vaupés, consult the [Risk Index for the Amazon region](#).

21. GUAINÍA:

According to our 2024 Subnational Risk Index (IRS 2024), Guainía ranks 21st out of 33. Guainía centers its agricultural basket around crops such as pineapple, plantain, cocoa, cassava, and various Amazonian fruits, which create diverse opportunities for local economic diversification by producing derivatives for local, regional, national, and international markets. The potential for growing tourism has also gained momentum within the department and the region. Its variety of river basins (the department's name, which translates from the Yurí language as "land of many waters"), vast forested areas, and diverse ethnic population not only contribute to the department's history and culture but also generate a significant tourism offer with a sustainable focus and a strong connection to local communities and the land. Another noteworthy aspect is its border condition. This feature presents an opportunity to strengthen a transitional relationship with Brazil and Venezuela, where the focus is on protecting the Amazon, combating deforestation, taking action against climate change and illegal mining, and enhancing cross-border trade.

According to the 2024 IRS, the main risk for the business sector in Guainía is economic. The department faces logistical challenges due to its remoteness and internal transportation issues. The lack of access to financial institutions limits formalization and credit, and the dependence on the public sector as the economic driver increases its vulnerability. In addition, the limited knowledge of the department among investors makes it less attractive for investment and development. In social terms, Guainía is the third department with the highest risk in this category. The unmet primary conditions in housing, education, and public services limit the productive capacity of the population and increase tensions due to the lack of state intervention. Although the security risk is very low, according to the 2024 IRS, its jungle conditions facilitate the presence of armed groups and illegal economies, undermining legal productive activities and territorial control by the Public Force.

CATEGORY	SCORE	NATIONAL RANKING
Security	1.03	1
Politics	9.54	15
Economy	93.64	32
Institutionality	55.47	23
Society	71.55	31
Environment	1.16	2

For more information about Guainía, consult the [Risk Index for the Amazon region](#).

22. CAQUETÁ:

According to our Subnational Risk Index 2024 (IRS 2024), Caquetá ranks 22nd out of 33. Caquetá is one of the gateways to the Amazon. It has a range of economic activities, including the production of traditional crops such as sugarcane, plantains, and cassava and the extraction of timber and rubber. In addition, the department's livestock potential is serving as an example of sustainability and environmental conservation. The department boasts a diverse tourism offer framed by hydrographic basins and Amazonian diversity.

According to the IRS 2024, institutional risk is the most significant private sector risk in Caquetá. The department has reported irregularities in projects financed by the General Royalties System and accusations against public officials. The lack of efficient administrative control in public service creates distrust and doubt among the business community. Transparency indicators suggest that there is no effective oversight of public resources nor that corruption cases will be resolved quickly by the control bodies. This negatively impacts investors' perception of the department. Caquetá also faces economic challenges. The payday loans, the lack of a more specialized workforce, dependence on public spending and the primary sector, and a poorly diversified export basket are some of the challenges faced by the business community in the Department of Caquetá. Additionally, security factors discourage Caquetá from being considered an investment destination, as the activities of armed groups and criminal gangs undermine the security environment in rural areas. These criminal organizations benefit from illegal economies such as illegal mining, illegal logging, and illicit crops, as well as the extortion of local merchants and businesses.

CATEGORY	SCORE	NATIONAL RANKING
Security	17.20	17
Politics	11.56	21
Economy	71.46	19
Institutionality	83.27	32
Society	45.61	26
Environment	7.07	11

For more information about Caquetá, consult the [Risk Index for the Amazon region](#).

23. LA GUAJIRA:

La Guajira ranked 23rd out of 33 in our 2024 IRS. The main expansion opportunities lie in banana cultivation, which presents significant potential for agroindustry and international trade. Plantains have also grown and facilitated diversification in the value chain, producing derivatives such as flour and organic fertilizers. In the livestock sector, sheep and goat farming is important, with production focused on obtaining wool and meat. This offers significant opportunities to develop a textile industry and agroindustrial products with added value while strengthening local traditions. Tourism is one of the main activities driving the department's economy, and authorities have worked to maintain it by investing in infrastructure in Riohacha, such as the 'Malecón,' building jetties to improve boat access to the maritime complex, and designing experiences based on ancestral practices. These efforts create business opportunities for indigenous communities.

The extractive sector focuses on coal mining, positioning La Guajira as the country's second-largest mineral producer. This creates opportunities amid the energy crisis in both the country and Europe. The Manaure Salt Flats also offer potential for economic diversification through salt production, generating jobs and meeting a large portion of the country's demand for this product. La Guajira has higher wind and solar radiation levels than the rest of the country. This abundance of natural resources offers the opportunity to diversify the department's energy matrix and contribute to climate change mitigation. In addition, developing clean energy projects would boost the local and regional economy, generating employment and attracting investments in sustainable energy infrastructure.

According to IRS 2024, the greatest risk faced by the private sector in La Guajira falls under the economy category. Promoting greater financial inclusion, weak business fabrics, low company survival rates, and high dependence on coal exports limit international trade and increase the department's vulnerability to internal and external shocks. The department also faces challenges in social welfare, with high levels of housing deficits and energy poverty. Additionally, the business sector needs to consider the dynamics of coexistence within the indigenous communities of the department, as they require a particular approach to establish a good relationship with them.

CATEGORY	SCORE	NATIONAL RANKING
Security	13.10	12
Politics	28.09	30
Economy	89.31	31
Institutionality	48.26	19
Society	44.01	25
Environment	6.51	10

For more information about La Guajira, consult the [Risk Index for the Caribbean region](#).

24. BOLÍVAR:

Bolívar is the tenth department with the highest investment risk, according to the IRS 2024. The department's agricultural sector presents opportunities for crops such as oil palm and cassava, as they provide a solid foundation for agro-industrial development and export, especially in light of the growing demand for biofuels and starch-based products. Tourism is the department's main economic activity. The capital, Cartagena, is the cultural gem and its main tourist attraction, with sites such as the Walled City, San Felipe Castle, and various islands and beaches. Additionally, city-region initiatives have emerged to promote and diversify tourism to other areas of the department, such as Mompox, Montes de María, and San Basilio de Palenque—initiatives that have the potential to contribute to the socioeconomic development of these regions.

One of the sectors with the greatest investment in the department is the manufacturing industry. The region is consolidating its position as the leading producer and exporter of petrochemical products in Colombia. Furthermore, the development of COTECMAR has the potential to position the national shipbuilding industry as a regional benchmark, where both national and international vessels receive repairs. Cartagena has one of the most important ports in Colombia and the largest on the Caribbean coast, serving as the country's principal port area and the fourth most important in Latin America in terms of container traffic. Like the rest of the Caribbean coast, Bolívar has excellent potential for developing renewable energy, particularly solar power.

According to the IRS 2024, the most significant business risk is institutional. The department's low performance and corruption cases reduce its revenues, resulting in decreased public resources available to address its challenges and needs. Additionally, such actions will likely diminish the business sector's confidence in engaging with the public sector, as they increase potential reputational and legal risks. Despite its productive potential, the department faces economic challenges related to the low survival rate of businesses and high levels of rural poverty and informality, increasing the department's disparities. Additionally, the department, especially in the south, faces security challenges due to the presence of armed groups, which increases the physical risk and the risk to assets.

CATEGORY	SCORE	NATIONAL RANKING
Security	17.21	18
Politics	17.07	23
Economy	65.24	11
Institutionality	90.94	33
Society	35.77	17
Environment	18.88	21

For more information about Bolívar, consult the [Risk Index for the Caribbean region](#).

25. AMAZONAS:

According to our Subnational Risk Index 2024 (IRS 2024), Amazonas is the ninth department with the highest risk for investment. Amazonas is [the largest department in the country](#), covering an area of 109,665 square kilometers and having a population of just 83,808 inhabitants. The department produces traditional crops such as plantains, cassava, and Amazonian fruits like copoazú, asaí, and uva caimaron. In addition, tourism offers various opportunities, being the second most important economic activity for the department, thanks to its hydrographic basins, jungle areas, and the variety of ethnic groups that enrich the department's history and culture. Another important aspect is that the department can strengthen tri-national relations with Peru and Brazil, focusing on protecting the Amazon, which they are working to preserve from climate change, deforestation, and illegal mining.

According to the IRS 2024, economic risk is the greatest risk for the Amazonas business sector. The low percentage of banking access and human capital, along with the lack and poor condition of road infrastructure due to jungle-related difficulties, hinder the growth of the private sector and limit the department's attractiveness as a destination for investment in higher-value-added sectors. In addition, Amazonas is the department with the lowest sophistication and diversification of its export basket and destinations. While being a border department could stimulate the local economy through trade with Peru and Brazil, the jungle conditions make it difficult to control smuggling, which harms the dynamics of local businesses and threatens the stability of the business fabric. Additionally, deficiencies in public management, corruption, and low transparency reduce trust in institutions, affecting socioeconomic development and increasing the perception of institutional risk in the Department of Amazonas. The department is home to armed groups, gangs, and transnational criminal organizations that take advantage of both the porous border and the challenges posed by the jungle to traffic various illegal economies. Furthermore, it is important to mention that the jungle extension of the department complicates mobility and the response capacity of the Public Force. Thus, this poses security risks that the business sector must consider.

CATEGORY	SCORE	NATIONAL RANKING
Security	6.27	4
Politics	8.64	13
Economy	85.38	30
Institutionality	75.97	29
Society	61.57	30
Environment	1.21	3

For more information about Amazonas, consult the [Risk Index for the Amazon region](#).

26. GUAVIARE:

Guaviare has great opportunities within its agricultural sector. Crops such as plantains, contadino, and panela are generating employment for demobilized individuals and rural communities, and they have the potential to contribute to value-added production through the creation of derivative products like biodegradable bags, snacks, animal feed concentrate, and biofuels. Additionally, producers in Guaviare have gained recognition for their cattle ranching at events like Agroexpo, where they have highlighted the quality of the meat, milk, and cheese produced in the region. Similarly, initiatives like showcase farms have stood out, promoting a sustainable approach to cattle ranching, with one of the main objectives being to reduce the department's deforestation rates.

As one of the departments where the Amazon foothills begin, Guaviare offers a diverse range of tourist attractions, characterized by its varied hydrography, rock paintings, festivals, and Llanos and Amazonian customs. Ecotourism has great opportunities where initiatives have emerged from indigenous, rural, and reintegrated communities to showcase their territories and culture. This contributes to the diversification of the economy and a greater generation of green jobs and community employment while promoting the preservation of the Amazonian soil.

While the perception suggests that the main risk for Guaviare is security, according to the IRS 2024, the greatest risk for the business sector in Guaviare is economic risk. Threats and extortions from illegal armed groups create distrust, increasing the risks to the safety of people and assets. This discourages private investment and perpetuates cycles of violence, hindering development. The department's economy depends on the public sector, which creates vulnerability to internal changes. Additionally, the lack of specialized labor limits the technological development of the agricultural industry and reduces its competitiveness. The limited knowledge of the department among national and international investors reduces its appeal for investment and development. The geographic location is also a challenge: the lack of land connectivity makes transporting goods and passengers more difficult, increasing travel times and costs.

CATEGORY	SCORE	NATIONAL RANKING
Security	32.29	26
Politics	17.98	24
Economy	76.38	24
Institutionality	54.22	21
Society	52.92	27
Environment	4.60	8

For more information about Guaviare, consult the [Risk Index for the Amazon region](#).

27. NARIÑO:

Nariño is the seventh department with the highest investment risk, according to the IRS 2024. The department has a diversified agricultural basket, with notable potatoes, plantains, and cassava production and a strong positioning of other products such as coffee, sugarcane, and citrus. This contributes to a greater supply and demand for jobs, boosting the department's economy through the technological advancement of agriculture and the implementation of new technologies. Regarding the livestock sector, Nariño has a significant presence in dairy companies such as Andilac, Power Milk, and Lácteos Porvenir, positioning the department as a regional leader.

Tourism offers a variety of cultural and religious experiences, such as visits to the Sanctuary of Our Lady of Las Lajas or ecotourism in the Juanambú Canyon Park. Regarding the textile sector, the department is home to initiatives such as NariñoTex, which has been vital in promoting commercial partnerships between Colombia and Ecuador. This represents a great opportunity to reduce the import of threads and avoid the tariffs on imported garments. Additionally, Nariño's geographic location positions it as a department with commercial opportunities other regions do not have, particularly toward the Asia-Pacific markets and more directly with Ecuador on the border.

According to the IRS 2024, the main risk faced by businesses in Nariño is economic. The prevalence of payday loans over formal banking makes it difficult for the latter to reach more people, resulting in individuals taking on debt with very high interest rates. Likewise, there is a brain drain to other parts of the country, such as Cali or Bogotá, due to the vast employment opportunities in these cities. The low level of human capital translates into a poorly specialized labor market and represents an obstacle for businesses in sectors with higher added value, as they face difficulties in hiring local labor, ultimately negatively impacting the department's competitiveness. The department also faces challenges in terms of security. The presence of various armed groups poses a threat to the operations of businesses and their workforce, leading to displacement and forced confinement, as well as a deterioration of the agricultural economy. Additionally, its geographic location makes it a geostrategic point for

the trafficking of various illegal economies, such as drug trafficking. In 2023, Nariño was the department with the country's largest coca cultivation area.

CATEGORY	SCORE	NATIONAL RANKING
Security	44.64	29
Politics	20.13	25
Economy	68.35	15
Institutionality	63.88	25
Society	38.07	20
Environment	14.73	18

For more information about Nariño, consult the [Risk Index of the Pacific region](#).

28. NORTE DE SANTANDER:

According to our 2024 Subnational Risk Index (IRS 2024), Norte de Santander is the sixth department with the highest investment risk. The department has four border points with Venezuela: the Simón Bolívar International Bridge, the Atanasio Girardot Bridge, the Francisco de Paula Santander Bridge, and the Unión Bridge. Dynamism and trade exchange are key factors in the department's economy. Therefore, the border closure in 2015 severely impacted the private sector. Today, public spending is the primary driver of the department's economy, partly due to the decline in trade and tourism following the border closure. However, with the reopening of the border, there is an expectation to diversify the department's productive activity, boosting the development of trade, tourism, the agricultural sector, and manufacturing industries.

According to the IRS 2024, contrary to some perceptions about the department, institutional risk for the private sector in Norte de Santander is the most significant risk. The department still has room to improve in areas such as public spending efficiency, social investment, the integration of ICT, transparency, and its capacity to prevent and fight corruption. The department also faces economic challenges, including high levels of informality, which negatively impact indicators of inequality and productivity, as well as smuggling dynamics due to the porous border with Venezuela. On the other hand, there are also significant security risks and political factors to consider. Its geostrategic location makes it ideal for drug trafficking routes and the smuggling of migrants to and from Venezuela. Likewise, the country's most prominent armed groups conflict with illicit economies and operate both in Cúcuta and in rural areas. Additionally, cases of corruption, the alleged links with paramilitaries, and scandals involving the political clans of the department create a complex environment for businesses. This hinders the emergence of new businesses and affects the productivity and transparency of institutional investments.

CATEGORY	SCORE	NATIONAL RANKING
Security	44.13	28
Politics	22.87	27
Economy	63.39	8
Institutionality	74.19	28
Society	32.04	14
Environment	15.89	19

For more information about Norte de Santander, consult the [Risk Index for the Andean region](#).

29. ARAUCA:

According to IRS 2024, Arauca is the fifth department with the highest investment risk at the national level. The department has significant productive potential based on oil extraction. It is the third-largest oil producer in the country, accounting for almost half of its GDP. On the other hand, Arauca also has significant agricultural production, such as cacao, which positions the department as the second-largest producer in the country and has been recognized internationally for its quality. Similarly, banana production is significant, as it is a primary source of employment in the regions of Arauca. In this way, the department's economic basket is diversified, helping to reduce its dependence on the extractive sector and fostering entrepreneurship and new jobs focused on environmental sustainability and territorial development. Regarding the livestock sector, Arauca has great potential in meat and milk production, which would increase the supply of these products in the country and reduce dependence on imports of certain food products derived from them.

According to IRS 2024, the department's most significant risk is institutional. According to sources consulted by Colombia Risk Analysis, the public perception of corruption is harmful and has become normalized. For the business sector and investors, this increases risks and reduces the department's attractiveness, as they face dynamics that elevate legal and reputational risks. Additionally, the institution's failure to address corruption hinders territorial development, allowing the misallocation of resources and harming the business sector. Arauca also faces economic challenges. The department is a firm reliant on exploiting natural resources and agriculture. Instead, activities that are intensive in specialized labor have developed marginally. As a result, diversification impacts the economy and job creation. Furthermore, relying heavily on extractive activities and the primary sector makes Arauca's economy more vulnerable to price fluctuations and climate conditions.

Arauca has been one of the departments most affected by armed conflict in the country, which has led to cases of homicides, kidnappings, extortions, and the assassination of social leaders. Additionally, the disputes between different armed groups hinder the development of the private sector due to threats and attacks on their assets and workers.

CATEGORY	SCORE	NATIONAL RANKING
Security	38.17	27
Politics	23.37	28
Economy	66.45	13
Institutionality	82.17	31
Society	39.99	23
Environment	2.38	5

For more information about Arauca, consult the [Risk Index of the Orinoquía region](#).

30. CAUCA:

According to IRS 2024, Cauca is the fourth department with the highest investment risk. Cauca's agricultural production has great potential in coffee cultivation. It is renowned for its high quality and exports to Germany, Belgium, and the United States. There is also an emerging potential in the legal production of marijuana and the utilization of coca leaves for legal purposes, particularly with indigenous communities. These communities have developed products such as Coca-Pola, a microenterprise entirely from Cauca created by the NASA people. Regarding tourism, Cauca boasts significant advantages with its diverse natural and cultural attractions, such as the Puracé National Park and the historic center of Popayán. Additionally, it offers a rich and varied gastronomic experience. This contributes to the economic dynamism of the department, fostering job creation focused on sustainability and promoting awareness of the cultures and traditions of the indigenous populations in its territories.

On the other hand, the manufacturing sector is diversified into activities such as the food, paper, and cleaning products industries, benefiting from tax incentives and free trade zones that have attracted large companies like Colombina and Nutresa. Similarly, Cauca is investing in Industry 4.0 projects, promoting technological clusters to increase the efficiency and productivity of the private sector. This reflects a diversified industry in production, ranging from food products to cleaning supplies, personal care items, and technologies aimed at enhancing the efficiency of the business sector.

According to IRS 2024, despite the department's potential, the main challenges for businesses in Cauca are related to economic factors and security concerns. The department faces significant challenges due to low levels of banking, which reflect an underdeveloped financial system and limit formal employment and economic development. Additionally, the department has a high percentage of informality, which increases inequality gaps and lowers productivity. Moreover, it creates unfair competition for formal businesses, which must face higher costs due to their obligations to the state. Cauca is the most insecure department at the national level. The presence and territorial disputes among armed groups prolong the cycles of violence in the department. In

addition to the direct impacts on the population, this creates disincentives for attracting investment and new businesses, negatively affecting the department's competitiveness.

CATEGORY	SCORE	NATIONAL RANKING
Security	60.78	33
Politics	29.39	31
Economy	69.34	17
Institutionality	39.22	14
Society	39.26	22
Environment	11.07	17

For more information about Cauca, consult the [Risk Index of the Pacific region](#).

31. CHOCÓ:

According to IRS 2024, Chocó is the third riskiest department for investment in the country. However, there are great opportunities around its agricultural basket. The department has great potential to attract banana processing industry, which would contribute to the diversification of the economy and reduce dependence on the primary sector. As for cocoa, it has been growing with associative initiatives among producers, which enhances access to new markets and the creation of innovative products. The department also has potential in poultry production, where the majority of producers are dedicated to the commercialisation of meat and eggs, in turn boosting the organic fertiliser industry based on poultry waste.

In terms of tourism, Chocó has a wide biodiversity, ecosystems and indigenous and Afro communities, which makes it an attractive destination for ecotourism and community-based tourism. The promotion of natural and scientific tourism is a niche for the sector to experience better development and provide greater employment opportunities for the communities. This is because there is a wide variety of plants with healing properties in the department, which would help to develop medicines or personal care products, generating more jobs and opportunities for sustainable enterprises. Regarding the extractive sector, Chocó is a major producer of platinum and silver, as well as construction materials.

According to IRS 2024, the biggest risk for the business sector in the department is economic. Chocó has a strong dependence on the agricultural and extractive sector, which increases its vulnerability to external and internal shocks. In addition, the department has a low level of banking, business fabric and surviving enterprises, which hinders the diversification of the productive basket and the generation of added value. Chocó also faces social welfare challenges, such as a high housing and energy poverty deficit, which affects people's productivity and increases the likelihood that they will resort to de facto means in the absence of the state. Finally, it is important to consider the security conditions facing the department. The constant cases of confinements and forced

displacements as a result of armed strikes and threats from groups such as the ELN, show a risk to the physical security of communities, investors and workers.

CATEGORY	SCORE	NATIONAL RANKING
Security	30.81	24
Politics	27.72	29
Economy	83.14	28
Institutionality	57.88	24
Society	53.04	28
Environment	5.89	9

For more information about Chocó, consult the [Risk Index of the Pacific region](#).

32. VICHADA:

According to IRS 2024, Vichada is the second department with the highest investment risk at the national level. Vichada's productive landscape presents significant potential in several key sectors. Regarding the extractive sector, Vichada has potential primarily in construction materials and strategic minerals such as niobium, gold, tantalum, and tungsten. In the agricultural sector, beekeeping opportunities add value to cashew crops, where the natural pollination process helps improve fruit productivity. Recently, a processing plant was established in Puerto Carreño to strengthen agroindustry, increase the added value of crops, and venture into exports to international markets. This contributes to diversifying the department's economy and generating better job opportunities for its residents.

Another activity incorporating sustainable practices is the forestry sector, where projects like InverBosques are taking place. These projects cover more than 11,000 hectares of pine trees planted in Puerto Carreño. In this way, the commercialization of forestry products such as pine resin and colophony is being strengthened, with uses across various industries, from petrochemicals to cosmetics. Furthermore, carbon sequestration resulting from tree planting represents a great opportunity, especially considering the environmental focus of the Petro government. The department also has great tourism potential with activities such as sport fishing and visits to rock art sites.

According to IRS 2024, the most significant investment risk in Vichada is economic. The majority of the departmental economic activity is within the primary sector. Vichada has significant deficiencies in banking services, which limit the creation of businesses or the expansion of existing ones. There is also a weak business network, which increases informality and negatively impacts the department's socioeconomic development. The department also faces issues related to the social welfare of the population, with a high percentage of multidimensional poverty and housing deficits, which highlight unmet basic needs and increase the likelihood of communities resorting to direct action in the absence of the state.

CATEGORY	SCORE	NATIONAL RANKING
Security	5.08	3
Politics	5.74	5
Economy	95.66	33
Institutionality	76.44	30
Society	93.08	33
Environment	1.16	2

For more information about Vichada, consult the [Risk Index of the Orinoquía region](#).

33. PUTUMAYO:

According to our 2024 Subnational Risk Index (IRS 2024), Putumayo has the highest investment risk in the country. Its diverse economic activities include agriculture, livestock, fishing, and a significant oil and mining industry. The department has various tourist attractions with great potential, thanks to its river basins and ecosystems teeming with wildlife and flora. In addition, its border location with Ecuador gives the department an advantage in enhancing tourism and trade, positioning it as a hub for development and investment attraction in the Amazon region.

According to IRS 2024, economic risk is the most significant risk for businesses in Putumayo. Payday loans, the lack of a more specialized workforce, dependence on the extractive sector, and a poorly diversified export basket are some challenges businesses face in the Department of Putumayo. The armed conflict and the private sector's lack of territorial knowledge have contributed to the department's delayed growth and hindered the diversification of the local economy. Strengthening the business network still requires significant efforts to complement those already underway since the signing of the Peace Agreement, particularly with rural and indigenous populations, by diversifying employment options.

Putumayo also faces challenges in institutional matters. Institutions' lack of efficiency in managing resources and their lack of integration of ICT in institutional processes create distrust and make them less agile, discouraging the private sector's arrival in the department. Moreover, the lack of control and transparency in institutions facilitates corruption dynamics, which go against citizen welfare and create anxiety and uncertainty in the private sector, increasing the likelihood that they will abandon projects in collaboration with local authorities. Additionally, it is important to consider the security risks arising from illegal armed groups in the department. The perception of insecurity is likely to discourage investment in the department, stagnating its socioeconomic development.

CATEGORY	SCORE	NATIONAL RANKING
Security	45.74	32
Politics	9.76	17
Economy	81.35	26
Institutionality	74.06	27
Society	54.55	29
Environment	4.55	7

For more information about Putumayo, consult the [Risk Index of the Amazon region](#).

FINAL COMMENTS

At Colombia Risk Analysis, we aim for each version of the Subnational Risk Index to serve as a crucial tool for decision-makers, investors, and policymakers who seek to identify each department's advantages and limitations. This understanding helps pinpoint the most suitable territories for establishing businesses.

The risk levels in each department vary based on events that directly affect the variables that make up the Index. This version of the Index has undergone methodological changes that have improved the identification of risks across the different categories. We remain aware of this exercise's limitations and will continue working to ensure that future versions build upon what has already been accomplished. We hope that future versions of the Index will incorporate new variables (such as money laundering, theft, and bilingualism) to help identify risks, changing trends, and outlier cases.

We reiterate what we have been saying for several years: "Colombia is a country of regions." Although it sounds cliché, the deep center-periphery divisions regarding state capacity, presence of the Public Force, armed actors, economic development, and infrastructure influence the uneven development across the different departments. The center-periphery relationships in the country (such as departments in the Andean region vs. those on the country's extremes, capital cities vs. other municipalities, or municipal centers vs. rural areas) reflect the territorial differences in development. This influences the perceived risk levels that companies may encounter in their market analyses. In this sense, the Index provides concrete, measurable, and relevant indicators to analyze the performance of the departments.

We believe that Colombia remains an attractive destination for long-term investment, regardless of the immediate political context. Investors should evaluate investments in the country not based on quarterly or annual returns but over the following decades. Although the enormous center-periphery differences make significant year-to-year variations unlikely, measuring the variables is likely to help decision-makers in investment and public policy prioritize their future interventions.

At Colombia Risk Analysis, we are convinced that strategies to mitigate risks can only be developed by understanding them. This Index is our contribution to that effort.

Various colleagues, clients, subscribers, and academic community members have shared with us that this document has helped enhance the understanding of risks in the country and serves as a reference tool for multiple audiences. Additionally, we celebrate the fact that several media outlets have widely used the different versions of the IRS, including the regional indices, and their findings to highlight the issues faced by the departments and underscore opportunities that should be considered. We believe that these indices have opened conversations and spaces for debate. Now, they can be used as input by the private sector (both national and international) and political authorities (at the local, departmental, and national levels) for informed decision-making.

SCOPE, LIMITATIONS, AND FUTURE CONSIDERATIONS OF THE SUBNATIONAL RISK INDEX

At Colombia Risk Analysis, we understand that our Subnational Risk Index (IRS) is not the final answer for understanding the specific conditions of the country's departments. In this regard, we acknowledge the need to outline the IRS's scope and limitations. Thus, this chapter is structured to discuss three aspects of the IRS. First, we present how the IRS is truly useful. Subsequently, we discuss the IRS's limitations to understand its shortcomings. Finally, we include a section that introduces future considerations for subsequent versions of the IRS.

SCOPE:

- One of the Index's main objectives is to disaggregate the risks that businesses face in the country. Unlike all national indices, which consider aggregated categories, the IRS is designed as a tool that allows business owners and investors to understand the country and focus their investment decisions based on the realities of each department.
- The IRS is a tool that allows companies to gain an initial understanding of the country's diverse levels of development. In this sense, it is a good indicator of the variability in terms of risk between the departments of Colombia.
- By mapping the information provided by the IRS, a difficult socioeconomic reality emerges that companies, particularly foreign ones, must take into account: in social and economic aspects, the best performance is almost always associated with the center of the country — in the Andean region, as well as the main ports in the Caribbean (Bolívar and Atlántico) and the Pacific (Valle del Cauca) — while peripheral departments are above the national risk average.
- The IRS formula is centrally aimed at capturing the factors that directly affect businesses, based on the experience of Colombia Risk Analysis. Thus, the IRS assigns greater weight to categories we consider more important for companies when making investment decisions.
- Given the need to consolidate analysis categories based on variables, at Colombia Risk Analysis, we have tried to establish useful variables based on theory and then unify them in terms of directionality to create robust yet simplified categories for analysis.
- The IRS's analysis is based on information from open and, in most cases, official sources. Therefore, there is likely differing information in other sources that could alter the perspectives of the analysis.
- To improve the results and better reflect departmental reality, the measurement of our IRS 2024 removed, replaced, and added some variables in the categories of economy, society, and environment.

LIMITATIONS:

- Some variables are limited by periodicity, age, and availability. Even though the team found that some variables would theoretically be suitable to measure a category, the available information was outdated, making it unsuitable for use or simply did not exist at the departmental or municipal level.
- In some departments, cities or large municipalities can significantly affect the aggregated sample, as they considerably influence specific indicators, which skews the analysis. Therefore, there is a barrier to fully understanding the department's reality. In this sense, some capital cities have significant results for the entire department, overshadowing the other municipalities. It is important to mention that this is a standard factor in Colombia, considering that the country is urbanized, with 70% of the population living in large cities, and that the availability of statistics in public databases would limit the analysis at the municipal level.
- When interpreting the categories, it is important to remember how they are constituted, as in some cases, the variables have opposing directionality that had to be adjusted to fit the model.
- Even with the model's weighting, some categories and specific variables may carry more weight in the Index. This is particularly evident in the case of the environmental category, which significantly reduces San Andrés' risk, placing it in the category of departments with very low risk, as we do not consider variables such as natural phenomena due to the lack of available data on this topic.
- Similarly, in the environmental category, we believe air quality is an important variable. However, since no database covers all departments equally but only certain cities, we could not include it in the category's measurement, as it would skew the result.
- The data collection for calculating our IRS 2024 took place between August and October 2024 to obtain the most up-to-date information from public entities. However, in some cases, 2023 data is published in November or December of 2024, so we could not consider that information.
- Some information sources (such as the Oral Penal System of the Attorney General's Office, TerriData from the National Planning Department, or the data available in tools from the National Administrative Department of Statistics) constantly update their information and, at times, generate variations in their records from previous years.

FUTURE CONSIDERATIONS:

- Although we changed some variables, we did so to continue consolidating each category. For this reason, we do not rule out changes in future versions to achieve robust and definitive categories. However, we recommend selecting variables updated with annual information rather than static data or data from five years ago.
- Considering the relevance of transportation infrastructure (land roads, ports, airports, and railways) for developing the business sector in the territories. In the future, as long as official data is available, it will be important to consider a category that allows for the analysis of this issue. We believe that after creating the regional indices, good sources of information could include INVÍAS, the Departmental Development Plans, the Superintendence of Transportation, the Civil Aviation Authority, the ANI, and the Ministry of Transport.

- For future versions, it is important to consider topics such as the orange and digital economies. Therefore, it would be advisable to include these topics as variables in the economy category as long as official data is available.
- If data on social conflict against businesses is published in the future, it would be important to consider this information as a variable within the category of society. The Defensoría del Pueblo Annual Report on Manifest Social Conflicts could serve as a source.
- In the future, we will continue using petitions to request information from public entities on the data of variables that require updates. However, if delays in obtaining the data are detected, we will consider changing the sources of information.
- Due to the changes in variables in the economy, society, and environment categories, a bias will likely arise in the analysis between the 2023 IRS version and the 2024 IRS version. Therefore, we will continue evaluating which variables are the most suitable to establish permanently in future versions, allowing us to analyze with consistent data.
- In the near future, we will not continue producing the regional risk indices. However, we will continue to focus all our efforts on updating the Subnational Risk Index each year.
- Although the security and institutional categories have been established with a high degree of reliability, we do not rule out expanding the scope of these categories to strengthen the analysis, for example, by including variables related to lower-impact crimes like theft or other offenses like money laundering.

ANEXXES

ANNEX 1 – METHODOLOGY AND SOURCES:

This section presents the formulas and coefficients for calculating IRS 2024 and provides the sources for measuring each category.

Consult the complete Annex 1 of this report [here](#).

ANNEX 2 – RELIABILITY OF THE CATEGORIES:

This annex presents the reliability of each category formed and used by Colombia Risk Analysis to calculate the IRS 2024.

Consult the complete Annex 2 of this report [here](#).

BIBLIOGRAPHY

Consult the bibliography of the sources used to prepare this report [here](#).