

GENERAL ANALYSIS – ANDEAN REGION

The Andean region is a significant economic driver for the country due to its biodiversity, favorable climate for agriculture, its resource abundance for extractive industries, and its natural beauty which has potential for tourism. It also holds solid prospects for [renewable energy](#). Its central location makes it a key hub for transportation and logistics, with significant infrastructure such as roads, [ports](#), [airports](#), and [railways](#). However, the region faces political instability, social inequality, armed conflict, and economic disruptions. Political obstacles remain for the region to reach its full potential considering ongoing feuds between local leaders and the national government, which have delayed project completion or held back project finance approval which in turn increase uncertainty for investors. National and international challenges often have an impact on investment plans suggesting that understanding each region's unique circumstances is key.



THE UNDERUTILIZATION OF RIVER BASINS:

The Magdalena River basin surrounding the Andean region is underutilized despite its vast potential for business development across agriculture, tourism, and hydropower generation. Only [6%](#) of the 18.5 million hectares suitable for irrigation have adequate infrastructure, limiting agricultural productivity and diversification. Improving navigability and river ports are likely to also enhance industrial development and reduce logistics costs. The river's biodiversity offers opportunities for ecotourism and the culinary industry, promoting local economies. Given the energy crisis, [small hydropower plants](#) on the Magdalena probably also help achieve energy self-sufficiency for river-basin communities and supply excess production to the rest of the country.

THE LACK OF DEVELOPMENT OF THE RAIL SYSTEM:

The Andean region of Colombia has [two key railway](#) corridors and several [prioritized projects](#) to enhance the rail system, which is vital for connecting the country's interior with its coastal regions. The development offers opportunities for public-private partnerships to boost socio-economic growth, supported by [government plans](#) that likely ease regulatory burdens. However, challenges include the politicization of projects (the Bogota Metro project is an example of this, complex geography, and potential changes to [rail specifications](#), which is likely to extend project timelines.

THE POOR CONDITIONS OF THE TERTIARY ROADS:

Although the primary and secondary roads in the Andean region are generally in good condition, the tertiary roads within the departments have a different situation. A significant challenge for socio-economic development in rural communities is the lack of connectivity between remote villages and municipal centers. The inadequate state of these roads hurts producers and complicates mobility for workers and students. Furthermore, this affects access to essential services like health and education, worsening the quality of life in these areas. To address this issue, new local governments must prioritize investment in road infrastructure, which is likely to enhance the transportation of goods and people, increase farmers' profits, and create opportunities for tourism and commerce.

THE LACK OF INDUSTRIALIZATION AND TECHNOLOGICAL ADVANCEMENT IN LOCAL ECONOMIES:

The Andean region is a key industrial hub for the country, particularly in cities like Bogotá and Medellín. Still, many municipalities rely heavily on the primary sector and lack processing capabilities. This forces farmers to sell their products to intermediaries, resulting in lower incomes and increased vulnerability. Despite its strategic location, poor tertiary roads and inconsistent public services limit industrial growth in rural areas, leading to isolation. Additionally, a shortage of specialized labor means most agricultural activities remain artisanal. To overcome these challenges, creating processing factories for finished products offers a chance to diversify local economies. This requires improving education, adopting technology, and implementing sustainable practices.

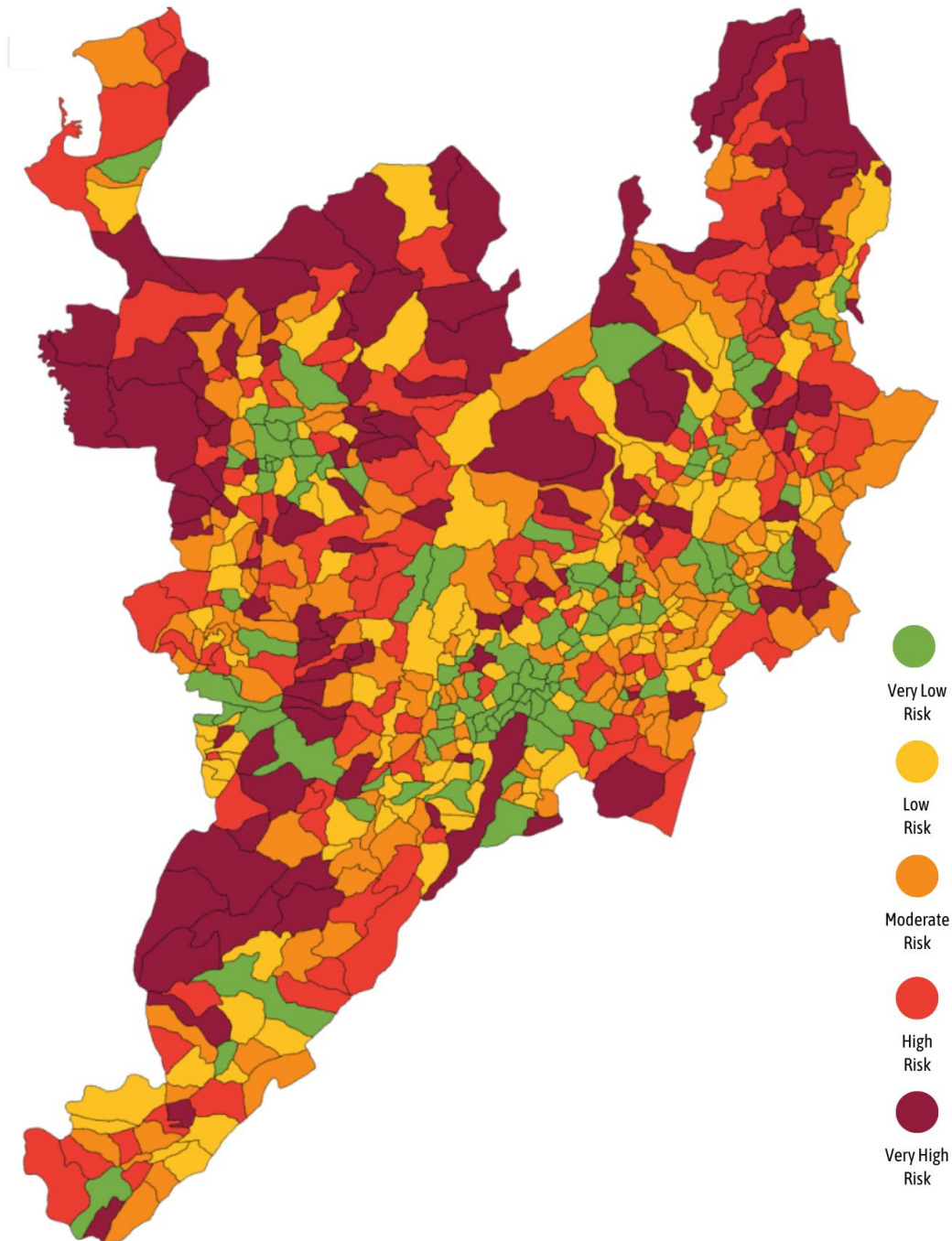
THE PROBLEM ARISING FROM INTERNATIONAL AND NATIONAL MIGRATION:

As of March 2024, Colombia hosts [2,839,150 Venezuelan migrants](#), both regular and irregular, with 61.5% (1,745,550) concentrated in the Andean region and Bogotá. Their arrival presents challenges for national, departmental, and local authorities, including increased pressure on health, education, and housing services and issues like unemployment, underemployment, and labor exploitation. Social problems such as discrimination and xenophobia also arise, but there are opportunities for young migrants to contribute to local economies and counteract demographic aging. Additionally, armed conflict, poverty, and environmental factors drive internal migration within Colombia. As of June 2024, authorities recorded [9,564,845 victims of the armed conflict](#) which includes threats, forced displacement, and property loss. Moreover, in 2023, natural disasters affected [399,000 people](#) forcing many to go elsewhere. Internal migration creates significant challenges, including impacts on receiving areas, increased inequality, and violence against migrants. However, it also offers important development and social cohesion opportunities, such as demographic rebalancing and heightened demand for goods and services.

THE CLASHES BETWEEN LOCAL AND DEPARTMENTAL AUTHORITIES AND THE NATIONAL GOVERNMENT:

Departmental initiatives aimed at strengthening the fiscal autonomy of regions through [referendums](#), including proposals from the National Government to amend regulations on future funding for infrastructure projects, are set for extensive debate in Congress and the courts. Conflicts between local authorities, departmental governments, and the executive branch will unlikely decrease during the remaining two years of President Petro's term. This lack of coordination and cooperation is likely to result in delays or even cancellations of important infrastructure projects, negatively impacting local economies and job creation and potentially deterring new investments due to a lack of guarantees.

MUNICIPAL RISK MAP OF THE ANDEAN REGION



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