

CALDAS

According to our [2023 Subnational Risk Index](#), the greatest risk for the Caldas private sector is climate change, price volatility, and infrastructure challenges, particularly in agriculture and tourism. While industries like agribusiness and technology show potential for innovation and growth, issues like illegal mining, declining manufacturing output, and limited bilingualism pose significant challenges to competitiveness and economic development.

SECURITY:

Caldas is the fourth safest department, with a very low-security risk. In 2022, it had the sixth lowest homicide rate ([13.6 per 100,000 people](#)), eighth lowest extortion rate ([8 per 100,000](#)), and seventh lowest kidnapping rate ([0.1 per 100,000](#)). The [absence of armed groups](#) contributes to safety, reducing violence, narcotrafficking, forced displacement, and child recruitment. However, criminal gangs, such as [Bloque Capital](#), pose risks, particularly in Manizales, through extortion and drug trafficking, impacting small businesses and transport operations. Increased [road theft](#) affects tourism and business costs. Strengthening security along transportation routes is a crucial challenge for the region.

ECONOMY:

Caldas has moderate economic risk. Its [economy is diverse](#), with key sectors like commerce (18.1% of GDP), agriculture (14.5%), and manufacturing (11.6%). The department has 677 companies generating formal employment per 10,000 inhabitants (according to DANE), highlighting its robust business environment. It ranks eighth in the country for business density and seventh in the 2023 [Competitiveness Index](#). However, Caldas is the department with the lowest banking coverage in the Andean region ([60.9%](#)), below the national average. Caldas also boasts a well-educated workforce, with [53.57%](#) having higher education, although there is a need to align education with market demands in areas like innovation and digital tools. Unemployment is lower than the national average, with [10.9%](#).

INSTITUTIONALITY:

Caldas ranks third in low institutional risk. In 2021, it had the second-highest score in the [Departmental Performance Measurement](#) (87.9/100), showing strong public spending, social investment, and governance. It also ranked fifth in the [Digital Government Index](#) (83.6/100), indicating a high integration of digital tools for efficient administration, which boosts business operations. Caldas ranked eighth in the [Transparency, Access to Information, and Anti-Corruption Index](#) (88.8/100), reflecting effective measures to combat corruption, create a safer environment for investment, and improve its reputation. Regional collaboration is strong, highlighted by projects like the [RAP del Agua y la Montaña](#) with Antioquia and the [Eje Cafetero RAP](#), enhancing competitiveness and fostering joint development.

SOCIETY:

Caldas ranks 11th in low social risk. Its [Multidimensional Poverty Measurement](#) (MPM) dropped from 10.5% in 2022 to 7.4% in 2023, making it the fourth-lowest in poverty nationally and second in the Andean region. Health coverage includes [89.1%](#) of the population, and [21.4%](#) of homes need structural improvements. Caldas has strong [public service](#)

[coverage](#), with 70.8% of homes connected to natural gas, 99.2% to electricity, 82.3% to water, and 74.6% to sewage. Only [5.2%](#) lack adequate energy, providing good living conditions. Education access reached [93.5%](#) in 2022, with a 3.81% [dropout rate](#), and the department has 11 higher education institutions. Expanding public services beyond the capital remains challenging, requiring updated territorial planning to improve environmental management and business risk.

ENVIRONMENT:

Caldas has low environmental risk, ranking fourth in the Andean region. In 2022, it had 19 [illegal uses of renewable resources](#) and four [environmental contamination](#) cases. However, it ranked fifth nationally for [illegal mining](#) (34 cases) and [ecocide](#) (16 cases). Deforestation in 2022 dropped by 33%, indicating better ecosystem conservation. The [Nevado del Ruiz](#) volcano poses risks like seismic activity and eruptions. Water source protection is another challenge, addressed through eight watershed management plans that balance economic development and resource conservation.

POLITICS:

Caldas has low political risk, ranking sixth in the Andean region. From 2012 to 2022, the department had [eight governors](#) instead of the expected three, limiting project continuity. In 2022, Caldas had no victims from [constitutional and legal regime crimes](#), was the eighth lowest in the country and first in the region for threats against human rights defenders and public servants ([65 victims](#)), and the third lowest in the region for improper contract award crimes ([11 victims](#)). In 2023, no municipalities faced [electoral risk](#). The most significant crime affecting public service was abuse of authority through arbitrary acts, ranking eighth nationally and fourth in the region with [165 victims](#). Overall, Caldas offers political stability for businesses and investors, reducing risks related to local institutional operations.

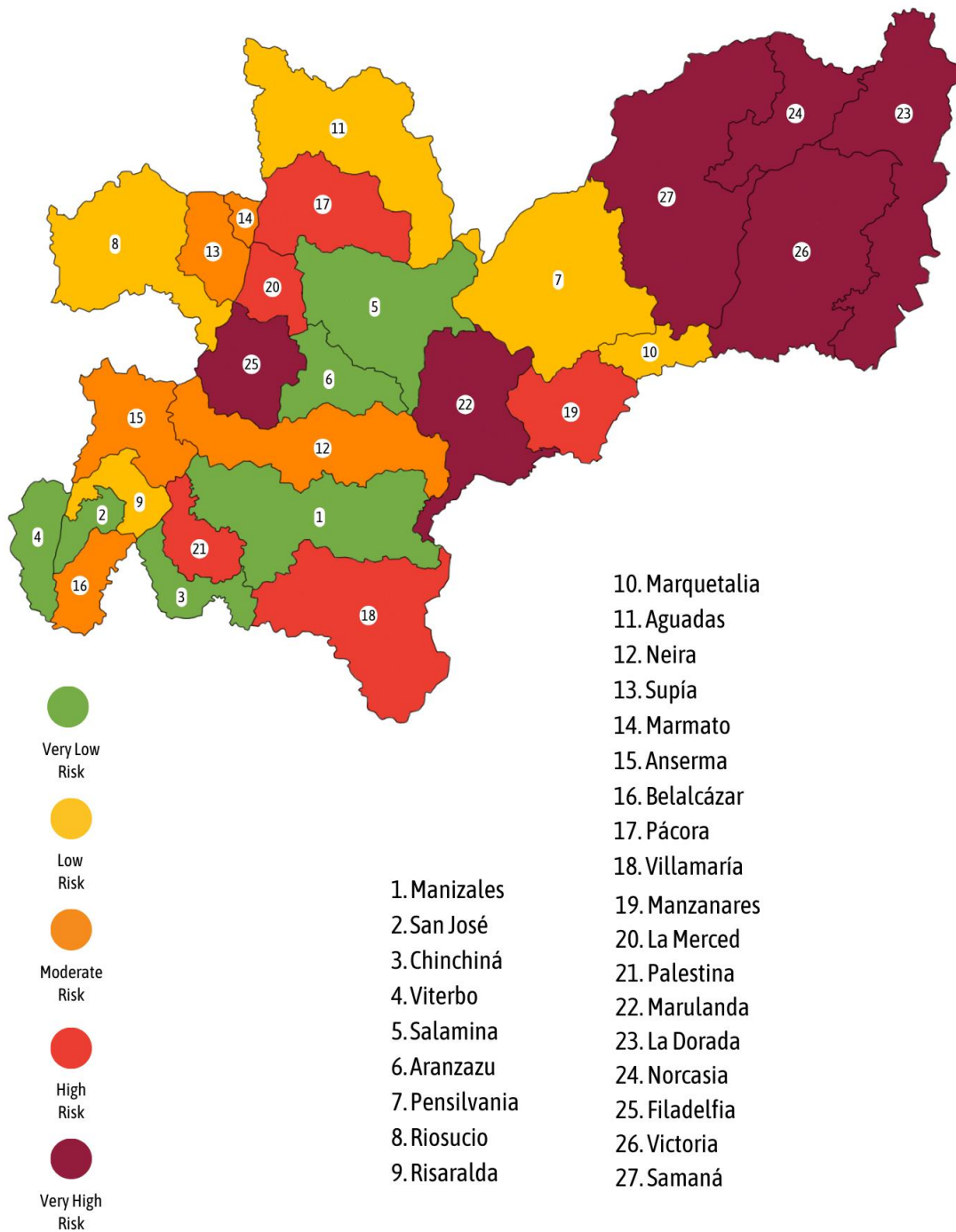
TRANSPORT INFRASTRUCTURE:

The road network in Caldas spans 2,572.5 km, with 51.5% being gravel roads, which pose logistical challenges, especially during rains. Key projects like the Pacífico Tres highway ([99.9%](#) complete by Feb 2024) and the [Honda-Manizales](#) corridor (98% complete by Sept 2023) aim to reduce transport times and boost economic activity. Additional projects, such as the [Supía-Caramanta](#) road and the [Cartagena-Aerocafé](#) connection, aim to improve connectivity and foster urban development. Caldas also has [river transport infrastructure](#) but needs port improvements and better oversight. The '[Plan Maestro de Transporte Intermodal \(PMTI\) 2021-2051](#)' proposes significant investments, including railways like La Dorada-Chiriguana, which are likely to benefit the department.

INVESTMENT SECTORS:

AGRICULTURAL SECTOR	By 2022, sugarcane was the most important permanent crop in the department. This scenario opens up various opportunities for the private sector beyond producing sugarcane, as Caldas processes sugarcane for bioethanol production in the country.
LIVESTOCK SECTOR	Caldas is among the departments practicing regenerative livestock farming, where sustainable processes increase productivity and reduce production costs.
EXTRACTIVE SECTOR	The main minerals extracted in the department include construction materials, precious metals such as gold and silver, and, to a lesser extent, asphaltite, limestone, marble, and clays.
TOURISM SECTOR	Tourism is the sector that contributes the most to the departmental GDP. The Department of Caldas stands out for its natural, cultural, and historical wealth, making it an attractive tourist destination.
COMMERCE SECTOR	The department offers various opportunities for the growth and development of the retail sector. Events like the Riosucio Carnival, the Coffee Festival, and the renowned Manizales Fair drive this sector significantly.
MANUFACTURE SECTOR	In Caldas, the government has made a noticeable effort to promote reindustrialization. Food production plays a crucial role alongside the processing of coffee products, and the textile sector holds a prominent position in the economy.
CONSTRUCTION AND REAL ESTATE ACTIVITIES	The real estate sector in the department of Caldas shows excellent potential for project development, thanks to its diversified economy, low unemployment rate, and wide range of services. The national government's investment in infrastructure in Caldas, such as the construction and improvement of roads and bridges, provides opportunities for construction companies.
TECHNOLOGY SECTOR	The technology sector in the department of Caldas is experiencing significant growth, supported by strong efforts to strengthen its foundations. The construction of the Villamaría Technology Park provides a conducive environment for technology companies to establish and operate, acting as a magnet for multinational companies in the industry.
RENEWABLE ENERGY SECTOR	The increasing contribution of renewable sources, including solar parks and new hydroelectric plants, to the department's energy matrix helps reduce the use of fossil fuels, thereby strengthening local energy capacity.

CALDAS 2023 RISK MAP



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