

HUILA

According to our [2023 Subnational Risk Index](#), the greatest risk for the private sector in Huila is inefficiency in production and a lack of bilingual skills. Despite its strategic location, strong agricultural and oil industries, and opportunities in tourism and manufacturing, the department faces challenges like informal markets, inadequate infrastructure, and climate-related risks, which hinder its competitiveness and economic growth.

SECURITY:

Huila ranks as the seventh safest department in Colombia, with very low-security risk. In 2022, it had [24 homicides](#), [0.17 kidnappings](#), and [15.5 extortions](#) per 100,000 inhabitants. Despite the general safety, the presence of armed groups like [ELN and FARC dissidents](#) threatens development and causes forced migration. Neiva, the capital, faces urban crime, with [17 criminal organizations dismantled](#) in 2023. Extortion remains a significant issue, especially in commerce and transportation, where FARC dissidents have attacked trucks. To address these problems, a [COP 71 billion](#) security plan has been approved by the Governing Body of Huila in July 2024, focusing on intelligence and combating extortion, signaling the government's commitment to safety.

ECONOMY:

Huila has moderate economic risk. The [local economy](#) is mainly driven by agriculture, contributing 23.2% to the GDP, commerce (17.1%), and public administration (16.4%). In 2022, it ranked third nationally, with [81.66%](#) of adults having financial products, indicating a well-developed financial system that supports credit access, fiscal control, and business formalization. However, Huila faces challenges in its labor market, with only [42.42%](#) of the population having higher education and limited formal employment (525 companies per 10,000 people). Huila's [export basket](#) is highly concentrated in agricultural products, with coffee accounting for 80.7% of exports, making the department vulnerable to external market fluctuations and internal factors like fuel prices and road conditions.

INSTITUTIONALITY:

In 2021, it scored 67.1 out of 100 in the [Departmental Performance Measurement](#), reflecting adequate public spending efficiency. However, [irregularities](#) in 27 projects funded by COP 520 billion raise concerns about transparency. The department scored 77.8 out of 100 on the [Transparency Index](#) but faces corruption issues, including scandals involving former officials and unfinished projects worth [COP 5.3 billion](#). Despite these challenges, collaboration between institutions and participation in the [RAP-Central scheme](#) boost investment opportunities. Huila's 2022 [Digital Government Index](#) score of 69.5 out of 100 indicates room for improvement in administrative efficiency, which is vital for fostering a business-friendly environment. Strengthening transparency and combating corruption is critical to attracting investment.

SOCIETY:

Huila has a low social risk. The 2023 [Multidimensional Poverty Measurement](#) (MPM) ran 11th lowest in the country, with 11.9% poverty, improving from 13.3% in 2022. [Living conditions](#) have improved, especially sanitation, boosting worker productivity and attracting investment. In 2022, [100%](#) of Huila's population was insured in healthcare, education access was at [101.3%](#), and school dropout rates were [5.13%](#). While access to services is high, quality remains a concern. Government investments are helping reduce this. [Energy poverty](#) affects 12.8% of the population, with most homes having access to electricity, water, and natural gas.

ENVIRONMENT:

Huila has very low environmental risk. In 2022, it recorded a few cases of environmental pollution ([2](#)), illegal mining ([4](#)), and damage to natural resources ([8](#)) but had [49 cases](#) of illegal use of renewable resources. Despite some environmental impacts, these figures are low compared to other regions, supporting sustainable development. Deforestation increased by 192% in 2022, with 193 hectares lost. Huila was chosen as a pilot region for [EU Regulation 1115/2023](#). Efforts to comply include discussions among coffee producers to enhance competitiveness. Huila also invests [COP 60 billion](#) in water treatment to protect water sources. However, the region is vulnerable to climate events like 'El Niño.' 'La Niña' brings windstorms and landslides, with [46 risk zones](#) identified. The department has allocated over COP 20 billion for disaster risk management.

POLITICS:

Huila ranks 8th nationally and 2nd regionally for having low political risk. It has shown signs of stability in recent years, such as in 2022, when the region recorded very few victims of [public service-related crimes](#), minimizing legal and reputational risks for businesses. Additionally, during the 2023 local elections, only 2.7% of Huila's municipalities (1 out of 37) reported [risks of fraud](#) or violence, indicating a stable electoral process and vital transparency. However, between 2012 and 2023, five governors served instead of the expected three, with incidents like the removal of [Cielo González](#) for misuse of public funds.

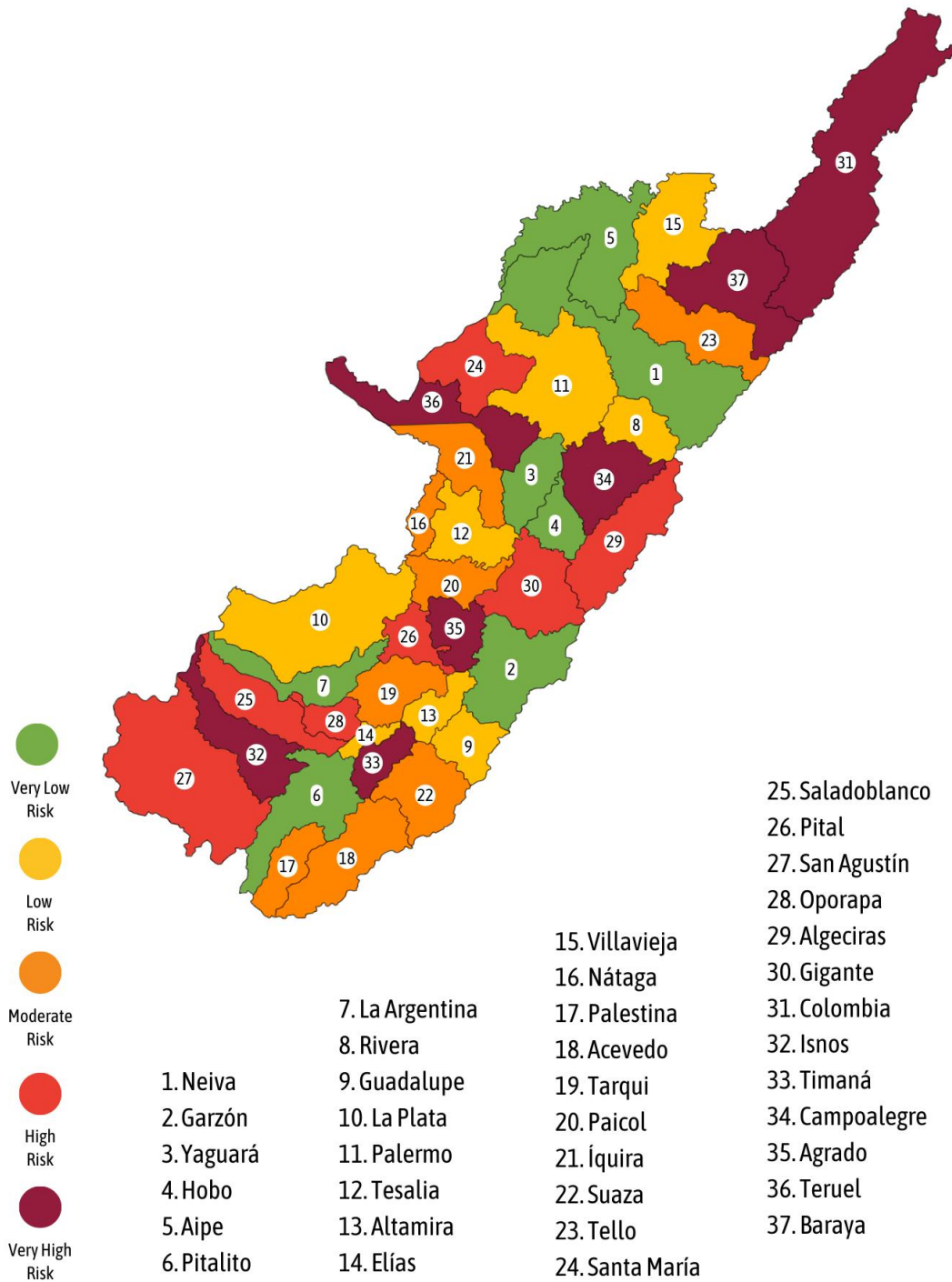
TRANSPORT INFRASTRUCTURE:

[Huila manages](#) 1,332 km of roads with varying conditions. Of first-order roads, 64.4% are paved, and of second-order roads, 48.2% are paved. Improvements in road conditions are vital for economic growth. Huila will be connected to Cauca and Putumayo through the '[Ruta al Sur](#)', a 4G project investing COP 4.7 trillion. This project aims to reduce transport costs, boost business operations, and attract investment. The department also invests in tertiary road improvements, including a COP 7.25 billion contract for building "[placa huella](#)" roads. Huila also develops river transport with [seven docks](#) along the Magdalena River, offering an alternative to poor road infrastructure. Plans to rehabilitate the [Neiva-Espinal-La Dorada railway line](#), which links the Pacific and Atlantic Oceans, will likely boost Huila's trade.

INVESTMENT SECTORS:

AGRICULTURAL SECTOR	Huila has been the country's leading coffee producer for 14 years. Its geographic and climatic characteristics allow for high-quality production with complex and distinctive flavors. Sugarcane and plantain also stand out, as does rice, representing more than half of the total output of temporary crops.
LIVESTOCK SECTOR	Huila leads national fish farming production. Cattle offer various opportunities, especially in producing meat and dairy products. Additionally, there is significant potential in producing leather textiles.
EXTRACTIVE SECTOR	The mining and quarrying sector was a significant contributor to the departmental GDP. According to the Colombian Natural Gas Association, Huila's gas fields have the potential to help meet the country's domestic demand.
TOURISM SECTOR	The department offers leisure, nature, archaeological, cultural, religious, rural, and astronomical tourism. The San Agustín Archaeological Park (part of the UNESCO World Heritage list) and the Tatacoa Desert are examples of the department's potential.
COMMERCE SECTOR	Huila's business fabric is mainly composed of commerce. The government has implemented initiatives such as creating a market intelligence tool to identify the supply and demand of goods and services in the department, successfully opening opportunities for merchants in various sectors.
MANUFACTURE SECTOR	Most industrial production came from processing coffee products. Other important manufacturing areas include the processing of other food products, the manufacture of basic chemicals, fertilizers, nitrogenous inorganic compounds, plastics, and synthetic rubber in primary forms, and the production of non-metallic mineral products.
CONSTRUCTION AND REAL ESTATE ACTIVITIES	At the end of March 2024, Huila saw a gradual increase in housing sales. This has been driven by the efforts of Camacol Huila through the ExpoVivienda fair to promote the marketing of homes, consequently increasing the demand for new projects.
TECHNOLOGY SECTOR	The technology sector in the department of Huila is experiencing growth, driven by both government interest and support from the private sector. Huila has motivation, access to materials, mastery of digital skills, and the use of technologies.
RENEWABLE ENERGY SECTOR	The department of Huila has excellent potential for solar energy generation in Colombia, thanks to its geographic location and favorable climatic conditions, with high solar radiation incidence throughout the year. The government of Huila is promoting the establishment of small hydroelectric plants and the integration of renewable energies in productive sectors such as livestock farming.

HUILA 2023 RISK MAP



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Colombia Risk Analysis is a political risk consultancy. We provide decision-makers with insights, analysis, context, and projections about the political, economic, and social environment in Colombia, enabling them to make informed decisions.