



PATHWAYS TO ENERGY TRANSITION

# Colombia

Colombia intends to conditionally reduce its greenhouse gas (GHG) emissions by at least 30% by 2030. The country's nationally determined contributions (NDCs) under the Paris Agreement include a commitment to reduce fugitive emissions through the deceleration of oil and coal production.




Colombia's new Energy Transition Law, enacted in July 2021, signifies the government's commitment towards achieving its climate change objectives and achieving a net-zero national energy mix. Data and multi-stakeholder dialogue will be key to inform sustainable transition pathways and monitor climate commitments.

56%

*of total national exports came from the extractives sector in 2019<sup>1</sup>*

## How EITI data and dialogue can be used

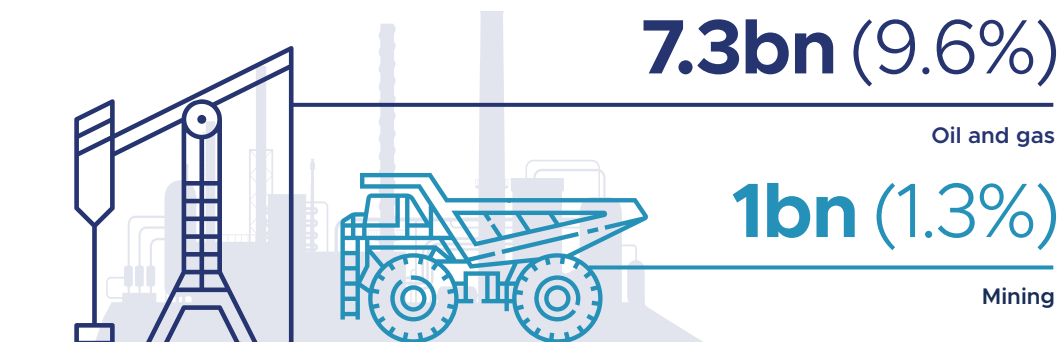
Data reported through the EITI can serve as an entry point to inform debate and policymaking related to Colombia's climate targets. EITI data-driven forecasting can help to address the economic implications of the energy transition, support the implementation of the 2021 Energy Transition Law and provide evidence for policymakers to manage risks and leverage opportunities.

Issue	Key questions for debate and analysis	Data reported through the EITI
 <p><b>Revenue resilience and optimisation</b></p>	How much government revenue is Colombia's petroleum sector expected to generate, and how will these revenues be affected under different transition scenarios?	Comprehensive disclosure of taxes and revenues (Requirement 4.1) Revenue management and expenditures (Requirement 5.3)
 <p><b>Public finance at risk</b></p>	How much public finance is invested in the extractive industry through state-owned entities and assets, and what is the expected return on the investments?	State participation (Requirement 2.6) Transactions related to state-owned enterprises (Requirement 4.5)
 <p><b>Energy transition policies</b></p>	Is the government taking measures to address opportunities and potential governance challenges related to critical minerals exploration, production and exports?	Legal framework and fiscal regime (Requirement 2.1)

1 EITI Colombia, *Informe EITI Colombia 2019*, <https://eiti.org/document/colombia-2019-eiti-report>.

# Colombia's extractive sector in numbers

Extractive sector contribution to government revenue (USD, 2019)<sup>2</sup>



5%

Contribution of mining and petroleum sector to national GDP in 2019<sup>3</sup>

USD 340m

Value of petroleum subsidies in 2020<sup>4</sup>

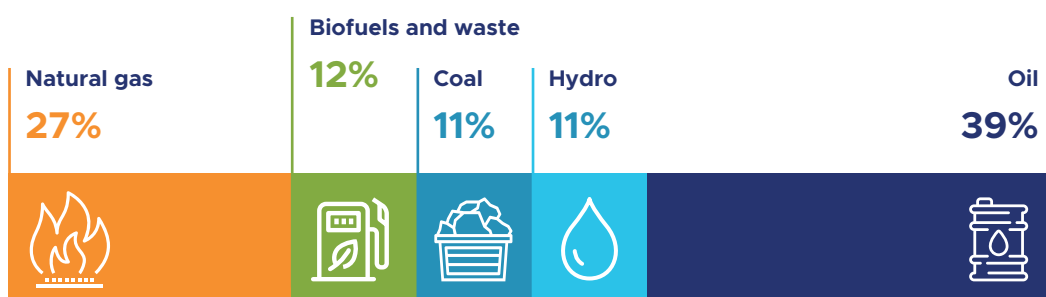
322m

Barrels of oil produced in 2019<sup>5</sup>

Exports (USD)



Total energy supply (by source, 2019)<sup>6</sup>



## Laws and policies

Energy Transition Law (Law No. 2099 of 2021)

Comprehensive management plan for climate change in the energy mining sector, 2018

Law 1964/2019 promoting the use of electric vehicles, 2019

Law 1819/2016 on tax deductions for renewables and carbon tax

Law 1715/2014, regulating the integration and promotion of non-conventional renewable energy (FNCER)

## ENERGY TRANSITION IN ACTION

### Colombia's 2021 roadmap for hydrogen development

In 2021 Colombia launched an initiative for hydrogen development, financed by the Inter-American Development Bank (IDB). Under the plan, the country will launch its green hydrogen pilot test project in 2022 and will fast track development of blue hydrogen. The plan aims to reduce CO<sub>2</sub> emissions by 51% by 2030, attract investments of USD 5.5 billion, create between 7,000 and 15,000 jobs and, at its height, generate 3-GW through green hydrogen electrolysis and 50 units of blue hydrogen energy annually.

Colombia's national oil company, Ecopetrol, will undertake a pilot to produce hydrogen by electrolysis, which will help the government understand the potential use of water from refinery processes and stability of the technology. Colombia's Multi-Stakeholder Group (MSG) could track data on Ecopetrol's transactions and payments to monitor the economic implications of the pilot's implementation.

2 EITI Colombia, Informe EITI Colombia 2019, <https://eiti.org/document/colombia-2019-eiti-report>; Ministerio de Hacienda y Crédito Público, Presupuesto Ciudadano 2019, <https://www.pte.gov.co/WebsitePTE/Documentos/PresupuestoGeneralNacion2019.pdf>

3 EITI Colombia, Informe EITI Colombia 2019, <https://eiti.org/document/colombia-2019-eiti-report>.

4 International Energy Agency, "Energy Subsidies", <https://www.iea.org/topics/energy-subsidies>.

5 EITI Colombia, Informe EITI Colombia 2019, <https://eiti.org/document/colombia-2019-eiti-report>.

6 International Energy Agency, "Colombia", <https://www.iea.org/countries/Colombia>.